

Inward Investment Support Evaluation – Economic spillovers: A Case Study Analysis



1. Overview

As part of the Scottish Government's measurement and evaluation framework for inward investment support, the working group of government officials and delivery partners agreed that case studies would provide insight into the wider, spillover benefits that inward investment brings to the Scottish economy. The following project – Orbex's Forres HQ - was completed in 2019.

One of the key values explored in Scotland's IIP [Shaping Scotland's economy: inward investment plan - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/inward-investment-plan-2019/pages/2-introduction-to-the-plan.aspx) is that of delivering high-value jobs to the Scottish economy. The following case study example demonstrates how support in the Highland and Islands region helped deliver for Scotland.

2. Case Study: Orbex

Orbital launch services company Orbex, based in Forres in Moray, has been working with Highlands and Islands Enterprise (HIE) for more than five years, in a successful relationship that is delivering new high-value jobs to the Scottish economy.

Together, the company, which is on course for the first launch of its innovative Prime rocket from Sutherland, and the regional development agency are at the forefront of Scotland's growing role as a player in the international space sector. Orbex plans up to 12 launches a year, carrying small satellites into Low Earth Orbit from Sutherland Spaceport (formerly known as Space Hub Sutherland), which is currently under construction on the north coast of Scotland.



The establishment of the commercial vertical launch spaceport is expected to support around 250 new employment opportunities in the Highlands and Islands over the coming years, including 40 jobs in Sutherland and Caithness. Economic impact assessments commissioned by HIE have concluded the facility has the potential to generate almost £1 billion in gross value added (GVA) for the economy over the next three decades.

As the first launch approaches, Orbex has ramped up recruitment activities, adding dozens of highly skilled staff to its team in Forres, where the Prime rocket is being manufactured.

Orbex, which was established in 2015, first started working with HIE when, as an early-stage, pre-revenue company, it was exploring options for a location for its

operations and for funding to take its rocket from the research and development phase to commercialisation.

Scott McKnockiter, senior development manager with HIE in Moray, says:

“The company came in as an inward investment proposition and was looking at various potential locations for its base. Moray ticked a lot of boxes. We had the infrastructure required, as well as relevant skills from two large military bases, the oil and gas industry and the area’s indigenous advanced engineering and fabrication sectors. Everything aligned for us. We had a vacant 14,000sq ft building at Enterprise Park Forres, which matched the company’s requirements for headquarters, a rocket design and integration facility and a space mission control centre.”

Orbex, which also has design facilities in Denmark and a registered office in England, officially opened its HQ in Forres in February 2019. In January 2020, HIE approved investment of up to £1.5 million in the company, comprising a loan of up to £675,000 and a grant of up to £825,000.

By May 2021, Orbex’s workforce had grown to 63, an increase of around 125% on the previous year, with many of its new employees bringing previous professional experience from NASA, the European Space Agency (ESA) and other commercial spaceflight organisations. The company now occupies three buildings at Enterprise Park Forres, where it has established a specialised manufacturing facility in addition to its other operations.

Orbex has also constructed the first orbital rocket launch platform in the UK for more than 50 years on its test site at Kinloss. The platform, built by Motive Offshore Group, a Scottish company specialising in design and manufacture for marine and lifting equipment, is being used for dress rehearsals for launch procedures for the renewable biofuel-powered Prime rocket. Last year it was confirmed Orbex would oversee the construction and assume full operational management of Sutherland Spaceport, on the A’Mhoine peninsula, in north-west Sutherland. The company’s leading role in the project is expected to stimulate significant private investment that will benefit the local community through job creation, supply chain opportunities and other associated economic benefits.

With international professional and technical services company, Jacobs, in the role of prime contractor, construction at the site, leased by HIE from Melness Crofters Estate, began in May this year. Backed by a £14.6 million investment package from HIE, the Nuclear Decommissioning Authority, the UK Space Agency and the Scottish Government, Sutherland Spaceport is intended to become the world’s greenest spaceport, both in terms of its construction and its operation. Throughout its relationship with Orbex, HIE has used an account team approach with the company.

Mr McKnockiter adds:

“Orbex is a very important business for us and for the region. A lot of people across HIE have been working with the company as it has developed and grown. That close, successful relationship is continuing as the first launches from Sutherland Spaceport approach.”

Kristian von Bengtson, Orbex’s chief development officer and interim chief executive officer, says:

“We spent time working with HIE prior to making the decision to base our UK headquarters in Forres. They helped us to understand the support available, both long and short-term. We have developed very strong relationships with the HIE team over the last five years, which has been integral in being able to grow and develop the company. In Moray, we found that we had access to skilled people that could join the team as it grew. There are synergies between some of the disciplines in the oil and gas industry and in the aerospace skills held by many ex-RAF Kinloss and Lossiemouth personnel who live in the area.”

“Another key aspect was access to good quality and suitable building infrastructure. We have also been able to work closely with Kinloss Barracks in relation to the development of our test site, which is only a few miles from the Enterprise Park in Forres. We have benefited from an excellent support infrastructure. As well as HIE, the Scottish Government, Moray Council, and local groups have been incredibly supportive. HIE was integral in making the right introductions to other stakeholders in the area.”

Mr von Bengtson also says that the company’s headquarters in Forres offered a location with short travel distances for satellite companies based in Scotland and to Sutherland Spaceport.

“It is also an amazing location for people joining the team to come live. It’s near Aberdeen and Inverness, but also the mountains and coast are close by, and the team and their families are able to experience an excellent quality of life.”