

REPORT TO: Community Planning Partnership Board
SUBJECT: Economic Impact Appraisal of Moray RAF Stations
BY: Calum MacPherson

INTRODUCTION

Due to the announcement of the Strategic Defence & Security Review (SDSR), the Moray Area Office of Highlands & Islands Enterprise (HIE) have commissioned an economic impact appraisal for RAF Kinloss and RAF Lossiemouth. The study provides an economic impact appraisal of the RAF presence in the Moray region and assesses the impact on the local economy of RAF activity. It also takes into consideration the wider impact on local services and infrastructure.

The details of this have been shared with the Wealthier & Fairer Theme Group, and also the RAF Task Force group. The findings of the study are now in the public domain and will hopefully inform discussions going forward.

FINDINGS FROM THE ECONOMIC IMPACT STUDY

It is clear that the economy and population of Moray is heavily dependant on the RAF, probably more so than any other region of the UK. The bases collectively support 5,711 FTE jobs in the local economy, this equates to 16% of all FTE employment within Moray. Direct on-site employment has been identified as 4,037 FTEs. The total RAF Kinloss and RAF Lossiemouth economic impacts are detailed as;

RAF Station	Base Employment (FTE)	Gross Income
Kinloss	2,341	£68.0m
Lossiemouth	3,370	£90.3m
Total	5,711	£158.3m

The wider impact on population is significant, with RAF personnel families accounting for 1,457 spouses, and 1,919 children, up to 16 years of age. The RAF households alone account for 7% of the total population of Moray and 8% of its working age population.

Families of RAF personnel contribute strongly to the local economy i.e. at least 15% of all NHS staff have partners connected to the RAF activity in Moray. In some departments such as midwifery, district nursing and cardiology up to 25% of staff have spouses or partners within the RAF Bases.

MEDIA COVERAGE

Along with Moray, many areas of Scotland rely heavily on defence as a core part of their economy and will suffer significantly both economically and socially from any further significant reductions to the defence footprint. There is significant interest from the media on this subject; the publication of the economic impact appraisal has resulted in the following interviews and articles between Monday 16th August and Saturday 21st August;

- Monday 16th August; An interview on STV News at Six with Calum MacPherson.
- Monday 16th August; Interviews on BBC Radio Scotland, Highland and Moray Firth Radio with Calum MacPherson.
- Tuesday 17th August; Daily Telegraph Scotland article detailing how the RAF bases facing the axe contribute to the local economy.
- Tuesday 17th August; Daily Record article detailing how the Air Force Stations are vital to the region.
- Tuesday 17th August; Scottish Daily Mail article stating how shutting Lossiemouth and Kinloss bases would be devastating to the local economy.
- Tuesday 17th August; Scottish Daily Express, stating the roles played by RAF Kinloss and RAF Lossiemouth in the local area.
- Tuesday 17th August; Courier and Advertiser article detailing how the value of the RAF bases has been revealed.
- Tuesday 17th August; The Times article stating how the local economy depends on the RAF presence.
- Tuesday 17th August; The Press and Journal articles detailing how the major study warns closure would be harsh on Moray and how it is a boost for the campaign to save the two RAF bases.
- Tuesday 17th August; The Herald article stating how the RAF bases facing the axe bring 160m to Highland economy.
- Tuesday 17th August; The Scotsman article detailing how 5,711 jobs and £158m is riding on the future of the under threat RAF stations.
- Tuesday 17th August; Aberdeen Evening Express article detailing how the Air bases are vital to the region.
- Wednesday 18th August; The Press and Journal article stating the disappointment over the Defence Secretary's decision to refuse talks with the action group.
- Friday 20th August; The Press and Journal article stating the MoD's decision that the meeting with Moray taskforce is premature.
- Saturday 21st August; The Press and Journal article stating that the talks on the Moray air bases remain secret.

Overall good coverage was achieved, and recognition was given to the support from CP partners and the RAF in gathering the information.

ENGAGEMENT

The issue was raised by Highlands & Islands Enterprise Chief Executive Alex Paterson when he met with Danny Alexander MP, and at the time of writing a meeting is planned with Michael Moore, Secretary of State for Scotland on 8th September 2010.

The First Minister for Scotland and the Secretary of State for Scotland's offices have also requested copies of the economic impact assessment. This will assist Scottish Government to continue to progress thinking in relation to mitigating the social and economic impact of any likely outcomes from the SDSR; however this is extremely difficult without details of specific proposals for example base closures.

HIE will continue to gather meaningful economic data to inform ongoing discussion, and Partners support is sought in progressing the political and defence based arguments.

RESPONSE

The SDSR is widely expected to lead to a significant reduction in Military personnel and assets across the UK. Decisions are likely to lead to base reductions and closures; cancellation of defence contracts and a significant contraction in the UK's defence capability. Each of these decisions has the potential to have a serious impact on the Moray region.

The rationalisation of the RAF and wider decrease in public service employment in Moray provides the area with a significant challenge. With input from the Wealthier and Fairer Theme group, work is under way to create a new economic strategy for Moray.

Work is also underway to consider what measures may be taken to mitigate the impact of any rationalisation. Any suggestions about themes or ideas which could be built on would be appreciated.

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