



REPORT TO: Wealthier & Fairer Group

SUBJECT: Possible RAF / MOD rationalisation in Moray

BY: Calum MacPherson

1. REASON FOR REPORT

At the previous Strategy Group meeting in January it was recognised that as in 2005 the RAF bases in Moray faced the threat of rationalisation. The Board acknowledged that the downscaling in RAF Kinloss was already underway.

This paper outlines some of the activity undertaken to date, and is intended to stimulate discussion on the way forward.

2. RECOMMENDATION

The Wealthier & Fairer Theme Group is asked to

- a) Confirm the appropriate location within the Community Planning structure to progress this issue.
- b) Consider the need for a revised economic strategy for Moray going forward.
- c) Acknowledge the activity undertaken to date.
- d) Consider a two line approach, one to retain the maximum MOD presence in Moray, and second to mitigate the impact on the area.

3. BACKGROUND

As in 2005, the announcement carried strong messages about the need to reduce the level of RAF personnel with speculation as to the future of one or both of the bases in Moray. In 2005 it was estimated that the bases collectively supported around 7,257 FTE jobs in the local economy.

From the December announcement and subsequent conversations with the RAF it is anticipated around 300 jobs may go in the first half of 2010. In the last few weeks the BAE Systems contractor Cobham announced 108 job losses at Kinloss. We have had confirmation from RAF staff that "premature voluntary redundancy" terms have been relaxed which will quicken the natural

turnover of staff leaving the bases. We anticipate further formal announcements in March when the current Nimrod fleet ceases to operate.

In addition to the current job losses there is significant concern over the outcome of Strategic Defence Review proposed for later in 2010. The loss of either base would result in the loss of around 3,500 FTEs.

In 2005 the Moray 2020 strategy was devised and agreed by partners as a joint response to the threat facing the economy. This strategy was endorsed by the then Local Economic Forum.

Around 44 of the 55 actions identified in that document have been achieved or are ongoing. A summary of these activities are attached to this paper.

Whilst the actions identified in this strategy brought considerable benefits to the area, I would propose to the Group that time is right to refresh Moray's economic strategy for the following reasons;

- The passage of time since Moray 2020 was conceived (2005)
- The changes to public bodies during that time.
- The economic changes in Moray over the last 5 years
- The wider economic climate.

Simultaneous to any economic response, it was proposed at the Task Group meeting that a political campaign should commence as soon as possible.

I would suggest the Theme and Task Groups consider which arguments should be engaged going forward, i.e. economic, defence capability, social impact etc.

4. SUMMARY OF IMPLICATIONS

To date the following activity has been undertaken by HIE and Community Planning partners;

PACE initiative	PACE meeting convened in January and February, affected staff receiving support.
Economic data update	Contract issued to update economic information, due for completion in March 2010.
RAF skills audit	Completed Jan 2010
Speed networking event 11/2/10	For RAF leavers but extended for contractors
Community Planning Partnership	Emergency CP Board meeting called on 10 th February and 8 th March
Inward investment	Enhanced marketing campaign over the next 18 months to promote inward investment and in particular HIE property infrastructure.
Communication	Regularised meetings with wing commanders established.
Political perspective	Meetings with Moray MSP and MP held.

In continuing to deliver the above activity, and that which may be required, Community Planning Partners will require to allocate additional time and resource.

This will no doubt be a challenge for all partners at a time of declining budgets.

5.0 CONCLUSION

The rationalisation of the RAF and wider decrease in public service employment in Moray provides the area with a significant challenge. The Theme Group is asked to consider the recommendation outlined above.

Author of Report: Calum MacPherson
Background Papers: Moray 2020 paper attached.
Ref:

Signature: 

Date : 5/3/10

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Moray 2020 Project Update - 1. Investing In New Assets

No	Project	Outline Of Proposal	Cost To HIE	Lead Org (In Bold) And Partners	Status
1.1	Speculative office at Keith	This proposal provides for the development of a small office to allow the targeting of potential inward investment opportunities and public sector relocations.	£1000k	HIE Moray Council	Completed
1.2	Business Park with Speculative office at Buckie	This proposal provides for the development of a small office to allow the targeting of potential inward investment opportunities and public sector relocations.		HIE Moray Council	Underway
1.3	New Business Park Elgin	Elgin is the regional capital and requires a modern Business park environment to take advantage of growth in new sectors, and as a resource to encourage transformation of existing urban land use patterns for the future This project proposes the establishment of initial site development infrastructure, as a means of stimulating future private sector development activity together with one speculative office development.	£15k	HIE Moray Council Private Sector	Underway
1.4	New 1350 Sq Mtr clean manufacturing facility Forres	Advancing the planned construction of a new clean manufacturing facility targeting the electronics and aviation industry for Forres.	£1900k	HIE	Completed
1.5	Infrastructure Development feasibility work	Establish early cost and design issues to facilitate early design, risk management and procurement strategies for the development of new Business infrastructure in Moray.	£145k	HIE	Completed
1.6	Transport Links Rail	Dual tracking at selective points in the Inverness Aberdeen line to allow increase in rail volume and alteration of bridge heights to allow greater freight loads.		CPP Partners HITRANS NESTRANS	Ongoing
1.7	Transport Links Road	Elgin to Inverurie dual carriage way, single carriageway upgrading and selective dual stretches between Elgin and Inverness.		CPP Partners HITRANS NESTRANS	Ongoing
1.8	City of Elgin Urban economic transformation programme	Recognising the strategic role of Elgin in the wider Moray economy, develop a strategy and feasibility report leading to series of economic transformational urban projects, that will present Elgin as a modern vibrant and dynamic location for Business, Culture and prosperity.	£8k	Moray Council HIE UHI Private Sector	Ongoing
1.9	Moray Towns economic transformation project	A series of economic development initiatives to encourage individual town centre urban transformation and regeneration.	£120k	Moray Council HIE	Completed
1.10	Extend roads and soft infrastructure The Enterprise Park (Includes costs for 3 speculative units)	Continue the investment in roads and paths infrastructure opening up the next generation of sites at The Enterprise Park, and early intervention planting to facilitate early impact.	£6500k	HIE	Ongoing
1.11	Science Campus building East Moray	A new facility to house a range of science and other knowledge based activities in a new modern landmark building on the waterfront at Buckie. The facility will allow the area to be competitive in attracting mobile research and development projects, and other technology driven projects.	£3k	HIE Moray Council	Amended (See 1.2 Above)

1.12	Create a new business park for Lossiemouth	This proposal provides for the development of a small office to allow the targeting of potential inward investment opportunities and public sector relocations.		HIE Moray Council	To Be Undertaken
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Moray 2020 Project Update - 2. Developing Our Business And Sectoral Assets

No	Project	Outline Of Proposal	Cost To HIE	Lead Org (In Bold) And Partners	Status
2.1	Institute for Food & Drink Technology	Establish a research base in Horizon Scotland at Forres to examine and capitalise on the Food and Drink Sector carrying out research and product development and commercialisation of emerging R&D ideas. Initial 5 year commitment from Network.	£208k	HIE UHI Private Sector	Underway
2.2	New Research Institute Distance Lab	Establish a new research institute based in Horizon Scotland at Forres to examine and capitalise on the IT development of human interaction over distance, and incorporating commercialisation of emerging R&D ideas. Initial 5 year commitment from Network.	£1500k	HIE UHI Private Sector	Completed
2.3	Sustainability North Forres	A new facility to support the continued development of the emerging environmental research cluster at The Enterprise Park Forres currently centred on the Sustainable Development Research Centre and the recently announced UHIMI/University of St Andrews Academic joint Academic Chair of CSR and Sustainable Technologies.	£80k	HIE UHI Private Sector	Completed
2.4	Realising and marketing Moray's Health and Social Care potential	Major feasibility studies to refine four initiatives around generic medical skills and technologies for practice in remote and rural areas and training those managing integrated health care systems.	£22k	NHS HIE UHI Moray College Moray Council	Completed
2.5	International learning centre for health and community care in remote and rural areas	The Learning Centre would focus on the development of generic skills among medical and associated staff who plan to work in remote and rural areas. Associated residential accommodation.	£22k	NHS HIE UHI Moray College Moray Council	Underway
2.6	Managing integrated health and social care	Feasibility study, product development and market development strategy for promotion of Moray expertise in this area.	£42k	NHS HIE UHI Moray College Moray Council	Completed
2.7	Detailed research into sectoral strategies for growth	In consultation with SDI, commission a series of studies to consider the existing sectoral strengths of the Moray economy in detail, analyse business activity and potential for growth particularly at the higher knowledge end of the markets.	£173k	HIE CPP Partners	Ongoing
2.8	Chair in Food & Drink Technology	Establish a UHI Chair as a key part of the development of the Food and Drink Technology Institute.		UHI HIE	To Be Undertaken
2.9	Food & Drink knowledge sharing event	Using Moray's pre-eminence in Food & Drink manufacture to support annual knowledge sharing event on food technology till it becomes self sustaining.	£10k	HIE Private Sector	Completed

2.10	Timber Industry Conference	Building on the pilot this year, support regular timber industry knowledge creating and knowledge sharing event till it becomes self sustaining.	£4k	Forestry Commission HIE Private Sector	Completed
2.11	Sustainable Design and Construction Centre	Niche research and consultancy unit focusing on sustainable design and construction in northern climates.		HIE UHI Private Sector	To Be Undertaken
2.12	Chair in Sustainable Design and Construction	Establish a UHI Chair as a key part of the development of the Sustainable Design and Construction Centre.		UHI HIE	To Be Undertaken
2.13	Moray Arts and Design Centre	Combining performing arts with visual arts. Includes a Theatre that is available to both UHI and also operates as a local commercial theatre, and also houses UHI's premier Arts and Design School in Elgin.	£123k	HIE Moray Council SAC Big Lottery Fund	Completed
2.14	Promoting Moray as a source of North of Scotland health services	Feasibility study and market development strategy for promotion of Moray medical resources across North of Scotland.	£47k	NHS HIE Moray Council	Completed
2.15	Research and development in distance technology	Working closely with Distance Lab to develop a specific local specialism in technological support to medical staff in remote and rural areas. Would include the establishment of a Chair in Remote Medicine Technology.		UHI HIE Private Sector	Underway
2.16	Chair in Healthcare Training in remote and rural areas	Establish a UHI Chair as a key part of the development of the International Learning Centre.		UHI HIE NHS	To Be Undertaken
2.17	Chair in Integrated Health Care Management	Establish a UHI Chair as a key part of the development of the International Learning Centre.		UHI HIE NHS	To Be Undertaken
2.18	Promoting the Moray area as a place in which to live work and visit	Undertake analysis of the key marketing messages and themes that might be promoted as part of a sustained marketing.		Moray Council HIE Visit Scotland	Ongoing

Moray 2020 Project Update - 3. Developing Our People

No	Project	Outline Of Proposal	Cost To HIE	Lead Org (In Bold) And Partners	Status
3.1	Bespoke Job Brokerage Service for Moray pilot and roll out	Initiate a pilot proactive job brokerage service where a sales teams visits local employers with a portfolio of skilled CVs and secures interviews, inductions and 'trial' periods with local companies. The initial pilot will focus on RAF leavers with the intention of rolling out more widely if it is successful.	£47k	HIE Private Sector Careers Scotland Jobcentre Plus MoD	Completed
3.2	Employers Jobs Fair programme	Bespoke Jobs events focused on RAF leavers to enable better networking and sharing of information on forthcoming opportunities, including support to establish a branch of the Services Officers Association in Moray.	£21k	HIE Careers Scotland Jobcentre Plus	Completed
3.3	Pilot volunteer recognition programme with Moray Council	A pilot Community awards and volunteer recognition programme to encourage greater community involvement in Moray and to fill the vacuum caused by key people leaving from the RAF. In partnership with the Moray Council.		Moray Council HIE MoD Communities Scot	To Be Undertaken

3.4	A community project management customer service and management skills development programme pilot accredited and linked to SVQ's	To enhance the building of community capacity in Moray and provide incentives to volunteers by allowing them to build marketable skills which could be used in securing better paid employment. In partnership with other inner Moray Firth LEC's.	£15k	HIE Moray Council Communities Scot	Completed
3.5	Build a life in Moray	A comprehensive programme aimed at young people who wish to settle in Moray. This will include those who have left Moray to go to University to return, or who are in Moray and seeking extended vocational training. Support will include local job placements and help with initial housing.	£137k	Moray Council Communities Scot HIE Jobcentre Plus	To Be Undertaken

Moray 2020 Project Update - 4. Developing Our Nascent Assets

No	Project	Outline Of Proposal	Cost To HIE	Lead Org (In Bold) And Partners	Status
4.1	Bespoke Advice and Information service for new and existing businesses	Provision of advice and information with a key emphasis on businesses in the RAF supply chain or for individuals leaving the RAF. Walk in and mobile advice and information centres for businesses with on-line access and meeting space, access to professionals in business information. All of which is a significant enhancement on existing services.	£69k	HIE Private Sector Shell Livewire PSYBT MoD	Completed
4.2	Defence Diversification Agency Technology Development Manager	Support the establishment of a DDA TDM for the HIE area based at Horizon Scotland to enable the development of technology and knowledge transfer ideas between MoD and the Private sector and address issues of Entrepreneurship in the RAF.	£43k	HIE DDA MoD	Completed
4.3	Promoting SME start up from the RAF	Consultancy project working closely with the RAF and the DDA to identify and explore the scope for local spin outs by RAF leavers, based on their high level skills, experience and management expertise.	£10k	HIE MoD	Completed
4.4	Promoting entrepreneurship and creativity	An annual week long series of activities focusing on events surrounding the promotion of entrepreneurship and creativity, combining business innovation, technological innovation and creativity and the arts. A partnership approach to delivery, private and public sector. It would also include a Master Class series of key speakers on fostering entrepreneurship, management excellence and creativity, and conclude with a climax of an international 'big name'.	£25k	HIE DDA Moray Council Highland 2007	Completed
4.5	Moray the Brand	Developing Moray as a brand and raising awareness of it as a place to encourage immigration to work and live and visits for education and recreation. The project will be concerned not only with communication outside our borders but also in altering perceptions within Moray particularly amongst young people.		HIE Moray Council Visit Scotland Private Sector	Underway
4.6	Micro business project for achievement in HR Moray Mikroscope	Focus on recruitment, in work skills and learning, microbusiness leader development and succession planning.	£43k	HIE Learndirect Scotland Private Sector	Completed
4.7	Growing businesses of scale promoting management excellence	Building on the successful IOD programme and other private sector and academic partners, assist the establishment of a private sector based centre for management excellence providing CPD for the business professions, Marketing, Management, Engineering, HR and Accounting. Linked to proposed UHI College of Management.	£10k	HIE IoD UHI	Completed

4.8	Value stream cluster development	This initiative focuses on Moray's successful businesses and uses intense entrepreneurial, technological and innovation advice and support, plus business strategy and corporate finance advice to focus on opportunities surrounding existing value chains to diversify and create new businesses. The initiative will lever in risk capital from both Scottish Executive sources and private sector.		HIE Private Sector	To Be Undertaken
4.9	Science and Technology festival	Support for the establishment of a Science and Technology festival with national and international speakers and visiting academics and practitioners.	£29k	HIE Moray College Private Sector	Completed
4.10	Cool science weeks	Supporting the Science and Technology Festival with year round support to infuse the curriculum with our emerging science and technology specialisms, with a specific focus on the Science and Technology Festival week.	£15k	HIE Moray College Careers Scotland Private Sector MoD	Completed
4.11	Schools Entrepreneurship and Technology Programme	Encourage up-take and teaching of technology related disciplines at primary and secondary education level to supplement the existing school curriculum through Determined to Succeed, over a 5 year period. Bring in private sector sponsorship to supplement.	£5k	Moray Council Careers Scotland HIE Private Sector	Completed

Moray 2020 Project Update - 5. Facilitation And Information Provision

No	Project	Outline Of Proposal	Cost To HIE	Lead Org (In Bold) And Partners	Status
5.1	RAF skills audit	Gain a detailed understanding of the skills present on the two Bases. Provide information to inform future planning and development of initiatives.	£16k	HIE RAF MoD	Completed
5.2	Stakeholder and public consultation exercise for Moray 2020	Facilitate the public consultation exercise to inform and disseminate information and gather views on the future strategy, and to ensure key involvement from all the stakeholders in the Moray area. Consultant's fees, venue hire, publicity and marketing.	£86k	CPP Partners	Completed
5.3	Moray Task Force Project Team	Establish the presence of the Task Force Project Team within HIE for three years.	£303k	HIE CPP Partners	Completed
5.4	Defence Base international benchmarking study	Commission expert help to study and to gain rapid understanding, internationally of best practice in Defence Base and asset diversification. This will inform the writing of Moray 2020 and help design future services.	£16k	HIE	Completed
5.5	MoD Liaison services	Specialist liaison services of a sensitive and confidential nature by the DDA Asset Diversification Team understanding and influencing future use of physical defence assets and potential alternative uses and functions. Liaison with civilian contractors, Base personnel and families to raise awareness of HIE and other stakeholder services and enable access to those early retirees using existing former RAF staff as a conduit.	£10k	HIE DDA Private Sector	Completed
5.6	Capitalise on the International Benchmarking Studies	To follow up on the Benchmarking studies with all stakeholders, public and private, and to ensure a shared and common understanding of the development & implementation of Moray 2020.		HIE CPP Partners	To Be Undertaken

5.7	Economic Audit and indicators tracking	An ongoing project to track the changes and progress of the economy over the next five years and provide feedback, information, and resource for planning and decision making.	£69k	HIE Moray Council	Completed
5.8	Continuing community engagement and communications strategy for M2020	A continuing programme of on-going communication and consultation following the initial work. Purpose is to develop the commitment and involvement of local communities in their economic. This is both an education and a consultation programme.	£14k	CPP Partners	Ongoing
5.9	Enhanced measurement of the impact of economic development Wellbeing Index Pilot	Development of a new holistic measure of economic impact in Moray, which if successful could be rolled out to the rest of the Network area. The Index would measure wellbeing and prosperity. Project involves researching measures, understanding existing benchmarks, development of a methodology appropriate to Moray and implementing a pilot, which if successful could be used regularly thereafter to compare to a base-line.		HIE	To Be Undertaken
			Total	£12.5m	