

## Executive Summary - Draft Economic Impact of Moray RAF Bases

### Introduction

This is an executive summary of the draft report, which is intended to assess the impact on the local economy of activity at RAF Kinloss and RAF Lossiemouth. It also takes into consideration the wider impact on local services and infrastructure. A finalised report is anticipated by the end of August.

The appraisal was initiated in January 2010 by Highlands and Islands Enterprise and has involved co-operation with RAF Kinloss, RAF Lossiemouth, Defence Contractors, Moray Council, NHS Grampian and Moray College, in sourcing the latest economic information and wider social and economic impacts.

### Economic Contribution of the Two Bases

The bases collectively **support 5,710 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 (wages)
Kinloss	2,341	£68.0m
Lossiemouth	3,370	£90.3m
<b>Total</b>	<b>5,710</b>	<b>£158.3m</b>

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.

### Approach to the Economic Impact Assessment

#### On-Site Impacts;

On-site impacts relate to the operation of RAF Kinloss itself. They comprise three different elements, as follows;

- **Direct:** Those employed on-site at the base, and related income.
- **Indirect:** Those employed through the provision of equipment to operate the base, and related income.
- **Induced:** Those who are employed in the wider economy through the expenditure of the wages of those who are directly and indirectly employed, and related income.

#### Off-Site Impacts;

Off-site impacts have been calculated based on expenditures in the local economy by;

- Visiting friends and relatives of RAF personnel.
- Those who visit Moray to take part in military exercises.
- Business visitors to the base.

As with on-site impacts, off-site impacts comprise direct, indirect and induced effects. In this case, the direct impact is where the initial visitor spend is made, e.g. at a hotel being used for overnight accommodation.

## Economic Contribution of RAF Kinloss

The estimated population of RAF households at 2,729 individuals represents 3.1% of people living in Moray. The adults account for 3.4% of Moray's working age population. Their children represent around 5% of those aged 16 or under in Moray. They also form a significant part of the school rolls in the Forres area.

In terms of economic contribution, the estimated impact of 2,341 FTEs represents 6.6% of FTE employment in Moray. Within this, all civilian jobs associated with the base represent 3% of Moray's FTE employment. The scale of these impacts reflects, in part, the relatively high wages paid to the military personnel. The average gross wage is over £36,000 per FTE. This is considerably higher than the wage levels in the civilian economy in Moray. In contrast, the civilian jobs that the base generates are less well paid. At around £20,400 per FTE they are paid below the Moray average. Taking all 2,341 FTEs into account, however, the average gross income generated, over £29,000 per FTE, is well above the average for Moray.

### RAF Kinloss: Summary of economic contribution;

Impact	Employment (FTEs)	Gross Income (£)
Direct	1,633	54,578,471
Indirect	72	1,847,562
Induced	531	9,853,954
Off site	105	1,705,545
<b>Total</b>	<b>2,341</b>	<b>67,985,532</b>

## Economic Contribution of RAF Lossiemouth

The population of RAF households, at 3,813 individuals, constitutes 4.3% of people living in Moray. The adults represent 4.8% of residents of working age. RAF children account for around 7% of those aged sixteen or under in Moray. They also form an important component of the area's primary and secondary school rolls.

The base generates a total of 3,370 FTEs, equal to around 11% of jobs in the local economy. The civilian jobs within this total represent over 4% of total employment in Moray. The average gross wage for the RAF personnel is £31,700 per FTE which is significantly above the local average. The civilian jobs generated by the base are, however less well paid. At £20,300 per FTE, this is effectively below the Moray average. However, taking the entire 3,370 FTEs into account the average wage is £26,800, which is relatively high in Moray terms.

### RAF Lossiemouth: Summary of economic contribution;

Impact	Employment (FTEs)	Gross Income (£)
Direct	2,404	72,191,931
Indirect	96	2,266,944
Induced	739	13,707,252
Off site	131	2,122,462
<b>Total</b>	<b>3,370</b>	<b>90,288,589</b>

## Summary

1) 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.

2) There have been RAF bases in Moray for around 65 years. They are tightly woven into the social and economic fabric of the whole community. RAF Kinloss and RAF Lossiemouth make a highly significant contribution to the population and economic prosperity of the area. This is not only in terms of scale but also the relatively high wages associated with the military personnel in general.

3) RAF personnel and their families represent a significant proportion of the area's population. They also contribute to a large proportion of the services activity in the local area in a number of ways, housing, health provision, transport, voluntary and charity work.