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**MOD Missile Test Range Uists
Economic Impact Assessment
19 August 2009**

1.0 Introduction and Background

The Hebrides Range dates from 1957 and is used by the MOD to test and monitor land, sea and air weapons. Since 2003, it has been operated by the civilian defence company QinetiQ on behalf of the MOD on a 25-year partnering agreement. Around 229 personnel are employed by QinetiQ and its subcontractors. QinetiQ operates three other air ranges for the MOD in the UK (Aberporth in Wales, West Freugh in Dumfriesshire and Larkhill in Wiltshire).

The Hebrides Range comprises three sites:

- Balivanich (West Camp) on Benbecula – camp accommodation and support services
- South Uist, Rueval (Range Control Building) – range control functions
- South Uist, western shore (Range Head) – target operations and weapons storage

A fourth site - the island of Hirta (part of the St Kilda archipelago) is used as a radar base. The island is owned by the National Trust for Scotland and is otherwise uninhabited except for two or three National Trust for Scotland (NTS) staff in the summer months.

As part of efficiency savings, the MOD is proposing that command and control for trials should be moved from the Hebrides Range to the Aberporth Range in Wales. The Hebrides Range itself would not be closed. A permanent presence of around 12 personnel operating radar equipment on St Kilda would be removed and the radar functions controlled remotely from Wales.

Under the proposals, around 125 posts are expected to be lost at QinetiQ and its suppliers. 120 of these would not take effect until 2013/14. This would leave around 100 posts at the Hebrides Range.

The amount of accommodation at West Camp will be reduced (it can currently accommodate 500, which represents significant over capacity), although the camp will not be closed. As part of the rationalisation of West Camp, Congreve House (the Officers' Mess when a permanent garrison was stationed on site) will be closed. Five posts will be lost within 18 months. St Barbara's House in West Camp will remain open.

The MOD would make a budget saving of £4.1m from an annual operating cost of around £10m. This saving relates only to the long-term partnering contract with QinetiQ. Other operational MOD expenditure, for example on munitions, falls outwith this sum.

Study Methodology

This economic impact assessment was commissioned by Highlands & Islands Enterprise on behalf of the Hebrides Range Task Force – a multi-agency group which includes HIE, Comhairle nan Eilean Siar and the National Trust for Scotland. The methodology employed by the study included: reviewing background reports and documentation; consultation with the

MOD; consultation with a cross section of local employers, and a survey of staff at the Hebrides Range. Ideally, the study would also have had access to an expenditure profile for the Range and a profile of staff likely to be affected by the proposals, neither of which was made available. Our multiplier analysis and use of secondary sources, plus a staff survey compensated to some extent for these information gaps.

2.0 The Uists – the MoD in Context and a Brief Overview

The Outer Hebrides has witnessed population decline for many decades. In the decade between 1991 and 2001 it fell by 10.6% alone. Population decline in the Uists and Benbecula has been even steeper. Between 1991 and 2001, the population of South Uist and Benbecula fell by 22.1%. This is the biggest population decline proportionally of any Scottish Local Authority.

Since 2001, the population of the Uists and Benbecula has fallen by a further 4.5%. This compares with a relatively modest fall across the Outer Hebrides as a whole (-0.6%), and a rising population trend in the Highlands and Islands Enterprise area (+2.3%) and Scotland (+1.6%). Earlier reductions in the numbers of Armed Forces personnel based in the Uists contributed to the last severe dip in population in the Uists in the 1990s.

In 2007, the population of South Uist and Benbecula was 3,088. The population of North Uist was 1,548. The population in the Uists and Benbecula is skewed slightly towards the over-60 age bracket at the expense of the 16-44 age bracket. However, the proportion of people in the 0-15 age bracket is close the Scottish level.

Crofting, construction, tourism and the public sector are over-represented sectors of the economy in the Uists and Benbecula compared with mainland Scotland. Manufacturing and finance are under-represented sectors of the local economy.

Employment by Sector	Uists and Benbecula	HIE Area	Scotland
Agriculture and fishing, Energy & Water, Manufacturing	13%	12%	13%
Construction	10%	7%	6%
Distribution, hotels and restaurants	22%	25%	22%
Transport and communications	8%	6%	5%
Public administration, education & health	34%	34%	30%
Banking, finance and insurance and Other Services	13%	16%	24%
Total	100%	100%	100%

Source: ABI NOMIS

The total number of full-time employed people in the Uists and Benbecula in 2007 was 1,208¹ (49% male, 51% female). There were a further 655 part-time employees. Assuming a part-time job to be 0.5 of a full-time equivalent (FTE), there were 1,536 employed FTEs in the Uists and Benbecula in 2007. Note that this excludes self-employed people. Up to 10% of the

¹ Source: Annual Business Inquiry / NOMIS June 2009. The total was 974 excluding North Uist.

economically active population in the Uists and Benbecula (totalling 2,417) are self-employed².

The share of local employment made up by QinetiQ, key sub-contractors and suppliers is discussed in Section 3, and multiplier effects are examined.

The unemployment rate in the Uists and Benbecula was around 3% in Spring 2009 – well below the Scottish level which approached 6%.³

The housing stock on the Uists is over 70% privately owner-occupied. Following the withdrawal of Armed Forces personnel in 1998, some of the housing stock in the village of Balivanich on Benbecula was demolished and other was housing upgraded as part of the Balivanich Regeneration Project.

² Source: 2001 Census

³ Based on all claimants as a proportion of the estimated resident working age population. Economically active population source: SCOL 2004.

3.0 Current MoD/QinetiQ Operations

Employment and income impacts flow from the following activities:

- Direct employment at QinetiQ
- Operational expenditure by QinetiQ on key sub-contractors Eurest and Amey
- Purchases of goods and services from other suppliers
- Capital expenditure by QinetiQ / MOD
- Expenditure by visiting units
- Visits by friends and relatives
- Expenditure of employees' wages and salaries (QinetiQ, sub-contractors and suppliers)

The main focus of our analysis is the extent to which these activities generate employment and income impacts at the local level, ie to individuals and businesses located in the Outer Hebrides, although the impact at a Highlands and Islands Enterprise area and the Scottish level are also relevant.⁴

Employment Impact

The impacts discussed below are based on information contained in the MOD Consultative Document June 2009 and its annexes (Regional Socio-Economic Reviews for MOD Hebrides Range and the Regional Impact on Employment of proposed changes to activities at Hebrides Ranges).

Direct Employment

There are around 229 personnel employed at the Hebrides Range by QinetiQ and its two main sub-contractors Amey and Eurest. According to the MOD, there are 147 direct QinetiQ employees⁵. Eurest employs approximately 50 personnel between the Uists and St Kilda (of which 8 are based on St Kilda)⁶. Amey employs 32 personnel between the Uists and St Kilda (6-7 of which are at St Kilda)⁷.

⁴ The MOD announcement of 18 June 2009 referred to possible job losses at the underwater ranges operated by QinetiQ near Raasay. The British Underwater Test and Evaluation Centre (BUTEC) is based at Kyle, and has operational installations north of Applecross and on the island of Rona. Approximately 20 job losses (out of a total current staffing of 120, of which 70 are QinetiQ) are expected, mostly at QinetiQ, in 2012 as a result of changes to the way in which data gathered during trials is gathered and distributed. Local impacts could include loss of power from Rona, which would affect the Northern Lighthouse Board, although this has not been confirmed. No further details are available at present. A further MOD announcement and consultation is expected in late 2009/2010.

⁵ Source: MOD 10th August 2009

⁶ Source: Eurest 13th August 2009

⁷ Source: Eurest 12th August 2009

Indirect and Induced Employment Impact

Indirect impacts derive from the purchases of supplies and services by the businesses supplying QinetiQ and by their purchases in turn, and so on. In this way, the indirect impact within a particular area, e.g. the Outer Hebrides, captures the value added in the area throughout the supply chain.

Induced impacts derive from spending by people employed at QinetiQ and its sub-contractors, and by the people employed in the businesses from whom they, in turn, make their personal purchases from their additional income, and so on. Some local examples of indirect and induced impacts are provided in Section 4.

The key sub-contractors to QinetiQ are Amey (facilities management) and Euresst (catering). Insofar as employment at these two sub-contractors is directly related to the Hebrides Range, employment is treated as ‘direct’ rather than ‘indirect’ in this analysis.

Multiplier Analysis

At the Scottish level, an approximation of indirect and induced impacts can be reached using a combination of standard input-output multipliers for Scotland⁸. This was attempted by the MOD’s Directorate of Economic Statistics and Advice (DESA)⁹, although the authors admitted having insufficient detailed expenditure data for analysis at the Outer Hebrides level. This report has no better expenditure data, but can bring to bear two further sources for multipliers which improves the analysis at the local level:

- A simplified set of multipliers is available for the Outer Hebrides¹⁰. Local interviews and knowledge of the purchasing pattern of QinetiQ and its sub-contractors would allow these multipliers to be amended and apportioned between geographic areas, i.e the Uists and Benbecula economy, the Outer Hebrides and the wider Highlands and Islands economy.
- Detailed input-output work for the Uists was conducted in the 1990s¹¹. Although dated, much of the multiplier work is still relevant. It included surveys of local employers, employees, military personnel and sub-contractors. By focusing purely on the Uists, it offers the best account of the inter-relationships between activity at the Hebrides Range and the local economy.

The DESA work used a combined direct and induced employment multiplier of 0.7 (0.39 indirect and 0.31 induced) at the Scottish level, which was applied to all direct employment

⁸ 2004 Scottish Input-Output tables.

⁹ Regional Impact on Employment of Proposed Changes to Activities at Hebrides Range, DESA, April 2009.

¹⁰ The Outer Hebrides Regional Accounts 2003 – reported by the University of Aberdeen August 2005.

¹¹ The Uists Economic Study, 1993, Steve Westbrook, Colin MacPherson, Iain McNicoll, Frank Rennie.

other than catering. This is based on the ‘Research and Development’ sector of the economy. In the absence of better data, an assumption was made that the local (Outer Hebrides) multiplier impact would be 50% of the Scottish multiplier, ie an approximate local employment multiplier of 0.35 for indirect and induced effects. The 50% assumption is a necessary but somewhat arbitrary adjustment for the fact that some suppliers are located off-island and a proportion of salaries is inevitably spent away from the Outer Hebrides.

The Outer Hebrides Regional Accounts do not provide a Research and Development sector as such. In any case, it is more appropriate to attempt to disaggregate local expenditure relating to the Hebrides Range into key sectors of relevance to the Hebrides Range. These would include air transport, land transport, construction, distribution, utilities and hotels. Combined indirect and induced multipliers for these six sectors at the Outer Hebrides level average 0.52.¹²

The 1990s input-output work for the Uists also suggests that higher employment multipliers would be appropriate in estimating the full economic importance of the Hebrides Range at a local level. That research found that 404 full-time equivalent (FTE) jobs at the Range (this included civilian and armed forces personnel, except RAF) supported a further 251 FTEs in the Uists, ie a combined indirect and induced multiplier of 0.62¹³. This is a weighted aggregate of a detailed analysis of the impacts on 19 sectors. It took account of military expenditure locally, salaries and wages, visits to friends and relatives and visiting units. At the time, the direct, indirect and induced employment impact (not including RAF personnel) of the Hebrides Range accounted for 33% of all FTE employment on the Uists.

Accepting that the 1993 Uists Economic Study offers the most thoroughly researched and most detailed account of expenditure patterns in the Uists, using its multipliers gives a slightly higher overall employment impact in the Uists than the initial DESA work. The 229 direct jobs (assuming these are all full-time) would support a further 142 indirect and induced FTEs in the Uists and Benbecula. This total employment impact of 371 FTEs represents 24% of the employed workforce (1,536 FTEs) in the Uists and Benbecula. If self-employment is taken into account, then this share would be around 22%.

Using these same multipliers, were the proposals to go ahead and 125 jobs to be lost, then the full employment impact in the Uists would be 125 direct plus 78 indirect and induced FTEs, totalling 203 FTEs.

¹² No weighting is undertaken. The accounts do not provide a Retail multiplier. The components of the average are: 1.1 (air transport), 0.64 (land transport), 0.34 (hotels), 0.24 (construction), 0.44 utilities and 0.34 (distribution).

¹³ In addition to the indirect and induced employment impact of 251 at the Outer Hebrides level (essentially the Uists), a further 30 indirect and induced FTEs were estimated at the Highlands and Islands Enterprise area level, ie an additional 12% beyond the Uists impact.

Income Impact

The impact of the Hebrides Range on household income in the Outer Hebrides, as with employment, is very heavily concentrated in the Uists and Benbecula.

The aggregated salaries for 147 QinetiQ staff at the Hebrides Range in 2009 is £3.32m (total payroll cost of £4.1m). The aggregated salaries for 70 QinetiQ staff at Raasay (BUTEC and Rona) in 2009 is £1.51m (total payroll cost of £1.89m). Corresponding salary data for sub-contractors is not available.

Using our survey data (see Appendix 1), the weighted mean salary among all employees of QinetiQ and its sub-contractors, except those who expect to remain in their jobs (who had a slightly lower salary profile), was £23,200¹⁴. This equates to a total annual income loss among 125 employees of £2.90m were the proposals to be implemented.

The survey also allows an estimate to be made for the income of other household members who would accompany the Range employees who expect to leave the Uists. The income of multiple members of the same household working at the Range is included in the £2.90m, and is therefore excluded from this “other household income”. The estimated average annual income of other (non-Range) household members totals £0.53m. This is an annual average income of £16,700 across 32 individuals, based on our survey evidence (Appendix 1).

Adding the annual income of 125 employees to other household income in households who expect to move away from the Uists gives a total income loss of £3.43m to the Uists.

Adding multiplier impacts arising from the on-island purchases made by households, this income effect rises to £4.97m, ie **the income impact of the proposals would be approximately £5m annually in the Uists**¹⁵.

Other Impacts

In the absence of detailed information on the volume of visitors to the Outer Hebrides, either on official duties connected to the Hebrides Range, or private trips visiting friends and relatives, an allowance for the expenditure impact of such trips is contained in the revised indirect and induced multiplier used above (which itself was based on detailed survey evidence).

¹⁴ This is an estimate based on the mid-point of reported salaries. Income below £15,000 was assumed to average £12,500.

¹⁵ This uses an income multiplier of 0.45 for the Uists, based on detailed analysis of household purchases by personnel at the Hebrides Range. Source: Uists Economic Study 1993.

The employment and income impacts above are an estimate of the status quo – they do not include provision for investment in new equipment, such as replacement radar systems on St Kilda. The impact on the local economy of this investment is likely to be minimal (it includes IT and communications equipment, maritime and air surveillance radar, upgraded microwave links etc).

Under the MOD’s proposals, Congreve House (a former Officers Mess) will become surplus to requirements and will be transferred to Defence Estates for disposal. There may also be some buildings on St Kilda which become surplus to requirements and these will return to the National Trust for Scotland.

The remainder of this report focuses on the business and community impacts of the Hebrides Range.

4.0 Local Business Consultations

This section reports on a series of interviews with local businesses based either in the Outer Hebrides, particularly the Uists, or which have significant operations there. The purpose of this section is to provide real examples to illustrate the importance of the Hebrides Range in local terms. The interviews primarily sought to establish a ‘baseline’ profile, ie the situation before the proposed changes at the Range are put into effect. Given the recency of the MOD announcement concerning the Hebrides Range, interviewees inevitably offered thoughts regarding the perceived future consequences for their own businesses. Rather than attempting to extricate such comments to Section 5 (Impacts), they are included here.

More than 20 contacts were made with local business people, and comprehensive information was collected representing 20 business enterprises. These covered retail, garage services, transport, distribution, construction, tourism and other services, and represent a good cross-section of the local business sector. It was clear from the interviews conducted that the business community in the Isles is extremely concerned about the proposed changes at the Range, and many individual businesses expect to be badly affected.

Additionally, there is a more generalised concern about population change being driven by reduced operation at the Range. Any decline in population, coming on top of more than 22% loss between the last two Censuses, will seriously impact businesses in most sectors. There is considerable nervousness about the future among local businesses, and any contractions could have a serious effect on local community morale, as well as the more measurable economic effects on employment, incomes and investment. While these cannot be quantified by the present study, the dangers are nevertheless very real.

In summary, business types claim varying degrees of dependency upon Range operations, which can be summarised as follows:

- Hotels – almost 30%
- Car Hire – varies from 10% to 60%
- Air services – 26% by revenue
- Building services – approximately 10% to 20%
- Laundry – 60%

In addition, the main concern of local retail services is the threat of loss of population and spending power following the proposed changes at the Hebrides Range.

Motor Garages, Vehicle Hire and Fuel

One local garage states that 50-60% of its car hire business is done with QinetiQ and visiting military units. It won the sole vehicle hire contract for year-round hires issued by QinetiQ. Any reductions in the movements of personnel associated with the facility would also have an adverse impact on fuel sales, car maintenance and repairs.

Another local garage has four strands to its business – workshop (motor repairs, bodywork), petrol station, car sales and hire drive. It employs around 10 FTEs and gets business from all over the Uists and Benbecula. The workshop has difficulty being profitable, the petrol sales are crucial to the overall business, car sales are small due to off-island car purchases and the car hire business has 40-50 vehicles (contributing 30% of the overall business). The garage gets some Range-related hire business – on occasion Swedish and Dutch military units have taken 8-10 cars for a week. It also benefits from trade from the local civilian market which its competitor cannot always service owing to its contract commitment to QinetiQ. Military-related business tends to be year-round and helps to offset the seasonality of tourist hires.

A motor spares company based in Benbecula supplies auto parts to QinetiQ. It undertakes garage repairs (tyres, exhausts, engine repairs) and supplies automotive parts, with customers in an area which includes North Uist and Berneray. QinetiQ sends out for quotes and the business bids for them, with some success. It states that the business would be affected by the proposed changes at the range, although only a small percentage (less than 5%) of its turnover is currently dependent on the base.

A fuel company in South Uist undertakes the bulk of importation and distribution of fuel oils in the Uists. It supplies non-aviation fuel (red and white diesel) to QinetiQ, and employs five staff overall. It has been supplying the base for over 30 years in different guises, and is now part of a larger national fuel group. The company does not anticipate a great impact as its deliveries to the base are not a high percentage of turnover.

Retail and Distribution

A local bakery has for the past year supplied rolls, cakes and pies on a fairly small scale to an intermediate supplier who provides catering services for QinetiQ. Their wider business, which includes a restaurant, is dependent upon current population levels being sustained. The bakery has been attempting with limited success to sell longer shelf-life items such as oatcakes and shortbread off-island. However, it is seriously concerned about any population contraction and loss of local support, which would endanger the current scale of its operation and employment.

A local grocery shop in Balivanich employs more than 20 people (some part-time) and is considerably dependent on spending originating from individuals associated with the base, including employees, their families, and visitors.

A local haulier in Stornoway currently delivers food to the base in Balivanich, in support of a contract which is held by the UK national catering chain 3663. This provides around two or more pallets every week towards the five or six vehicle loads of general freight which is sent from Lewis to the Uists weekly. It contributes towards their employment of nine staff, plus an additional manager. This is purely intra-islands delivery (Lewis to the Uists), and the products are delivered from Edinburgh to Stornoway by another larger local haulier, on whom the proportionate loss is likely to be smaller.

Transport

Flybe services to Benbecula from Glasgow (and Stornoway from Inverness, Edinburgh and Glasgow, with onward surface connection to Benbecula) are operated by Loganair. Previously run by Loganair as BA, since October 2008 they have operated the service on behalf of FlyBe.

The route has seen significant growth in recent years. Historically it was one flight daily Glasgow-Benbecula, then it increased to two flights daily in 2007, and now an extra flight has been added in summer 2009 on Mondays and Fridays (ie three flights per day). The route has seen steady passenger growth from 23,887 passengers in 2007, to 24,783 in 2008, and an expectation of 25,300 in 2009.

There is no clear way to break down these numbers since different booking methods do not always reveal the ultimate business client. However, from ticket type and date of booking (flexible tickets booked close to departure date), business traffic accounts for an estimated 40% of passengers by number, and 53% of revenue, due to the higher price tickets. Of that, around half is Range-related travel, Loganair believe.

Loganair is “hugely concerned” about the planned changes at the Rocket Range, and the potential loss of that some of that traffic could be very damaging. They foresee the possibility of a reduction to one flight daily, with an impact on onward connections¹⁶. Passengers may also therefore lose the ability to go to Benbecula and return in one day.

The company has six staff in Benbecula, to service their own flights but also to provide fuelling for all operators at the airport. This number could not be safely reduced, but they would have to reduce overtime payments. This overhead cost would therefore have to be spread over fewer flights.

The rationale for future HIAL investment in the airport could also decline. Any reduction in traffic could affect the future viability of the airport, as the second runway (cross runway), which permits landing in variable wind conditions, is due to be re-surfaced in 2010/11 at a cost of over £2 million. Loganair fears that HIAL might re-consider this decision and de-commission the short runway, resulting in a downward spiral of lower flight reliability, due to wind conditions prohibiting landing more frequently.

Highland Airways operates six days a week Inverness-Stornoway (mainly to deliver newspapers, with only a few passenger seats). The aircraft then does two rotations Stornoway-Benbecula before returning to Inverness (all with full passengers). It therefore offers a route to Benbecula independent of the direct FlyBe service from Glasgow. As with FlyBe, the company has no demographic information on customers from the ticketing system, but they are aware that a significant portion of their traffic is related to the Range. They anticipate that there may be changes to their services following the Range developments.

¹⁶ These are speculative comments made without full knowledge of future demand for flights.

A helicopter operator with a base at Dalcross, Inverness, has a contract to provide helicopter support to QinetiQ in connection with the Range. The company operates on Benbecula and St Kilda (and also at Kyle of Lochalsh), which greatly assists National Trust for Scotland operations on St Kilda. The company has 5 Highland-based helicopters (out of a total fleet of 18), and 30 employees based in the Highlands (95 in total). It provides around 500 flying hours annually for the Hebrides Range, which represents around 15% of its total business. The company believes that there will still be a requirement for helicopter support for the Hebrides Range but at a considerably reduced volume from 2010. The company reports that the impact on jobs is unknown at this time.

Caledonian MacBrayne states that the main route used for military units to access the island is the Uig-Lochmaddy route, rather than Oban-Lochboisdale (there is a minimal amount of Range-attributable traffic on this route). No inter-island ferry traffic can be unambiguously attributed to the Range, but it is highly possible that local contractors from Lewis, Harris or Barra have been used by QinetiQ or the MOD. CalMac takes a small number of military convoys, such as the RAF Regiment, per annum.

In the last twelve months, Range-related shipments have included 1,000 linear metres of commercial vehicles i.e. vehicles in excess of 5 metres length, plus 10 buses in the 5-8 metre category, plus 20 car types. Approximately 500 passengers are related to that traffic. These figures are consistent with activity seen in preceding years. Contractors and QinetiQ employees using CalMac cannot be identified separately and will be additional to the above, as will numbers of foreign units.

CalMac believe the contribution of Range-related traffic is very low in percentage terms, and from their perspective the impact will not be of much concern. Due to very significant increases in traffic on the Uig-Lochmaddy and Oban-Lochboisdale routes, on account of the introduction of RET (Road Equivalent Tariff), those potential revenue losses to CalMac will likely be largely off-set if current traffic levels are maintained.

Builders

One builder based in Balivanich, employing 20 staff, has seen its formerly substantial work load from the Base decline over the past 15-20 years to a very low current level, perhaps 1% of turnover. Whereas in the past 70-75% of its business came from the base, in the past five years it has faded almost completely. This is due to wider tendering procedures, but also to Amey employing its own in-house joiners to undertake ongoing repair work which this company previously won. The building firm is concerned about knock-on effects from redundancy affecting the wider population, and the market for domestic building work.

Another builder established on South Uist has expanded to Inverness and works across Scotland (Inverness, Fort William, Glasgow, Greenock), which provides a more reliable base of work. They undertake Range-related work on Benbecula on a sub-contracted basis. They are currently working on refurbishment, such as re-roofing, to 25 existing houses through this

sub-contract. Last winter was their worst for work for many years. The company employs 180 on the Outer Hebrides, but expects this number to decline to between 100 and 120.

A builder at Uachdar employs 35 staff and also has a plant hire business and a store selling building materials. Its main market is general building work, housing, renovations and extensions. This includes ongoing maintenance work for QinetiQ. They recently completed the removal of the “Centre Vedatte” on Rueval, an observation station at a high vantage point for tracking rocket flight. QinetiQ also buys material from the store and hires equipment. The company states that changes to the Range are of concern and will definitely affect them. They estimate that more than 10% of their building-related business is with the Range.

Miscellaneous Services - Laundry

A laundry business based in Benbecula was set up in 1988 specifically to capture military laundry (Army garrison) which up until then was being shipped to the mainland for washing. Since then, the garrison and related families have departed, and the business has diversified to a wider customer base, but is still 60% dependent upon the Hebrides Range. Its other customers are hotels, guest houses, CalMac and some private individuals (especially when inclement weather prohibits outside drying). It is the only laundry service in the Uists, and covers an area extending south to Vatersay and even has some business from Stornoway. It employs the owner, a further 3 full-time and one part-time staff. It has the contract to do all Base laundry, including Congreve House (which will close under current proposals). The proprietor believes the business would not be viable without the Range.

Hotels

All the hotels on Benbecula are run by one company, the Isles Hotel Group – the Dark Island Hotel is its flagship, but it also has the Isle of Benbecula House Hotel (formerly the Creagorry Hotel) and the Borrodale Hotel. The company has 86 employees including part-time staff (all of whom work more than 30 hours per week). The Dark Island Hotel is run all year round and is sustained by Range-related traffic in the off-season. It is the lynchpin operation which carries the head office function, marketing, and lends staff to the others at busy times. The Isle of Benbecula House Hotel is now closed during the entire winter (two years previously it had only closed for 2-3 months); the Borrodale is currently open for tradesmen year-round but the rationale for winter opening is declining due to low levels of business.

Range-related business is reported to be “substantial” and probably something a little under 30%. For instance, the German Army is coming in September 2009 for two weeks and the Isle of Benbecula Hotel is being opened specially for them.

The company is extremely concerned about potential changes at the Range. It has a database of visitors which it is currently analysing and considering various scenarios. It believes the viability of the business is threatened by any substantial change at the Range.

Tourism – National Trust for Scotland

The National Trust for Scotland (NTS) owns and manages the St Kilda island group, which is a double UNESCO Heritage site – inscribed for both its natural and cultural heritage (to which no funding is attached, although the designation is managed through Historic Scotland). Independent of the UNESCO designation, St Kilda is also a Special Area of Conservation and a Special Protection Area (both designated under the EC Habitats Directive), a SSSI, National Nature Reserve, National Scenic Area, Geological Conservation Review Site and large areas, including buildings, are Scheduled Ancient Monuments. The NTS receives a grant from Historic Scotland to maintain the scheduled ancient monuments on St Kilda and also a grant from Scottish Natural Heritage (SNH) towards the Ranger post. Other stakeholders on St Kilda include the JNCC, Universities of Edinburgh and Plymouth, Soay Sheep Project and the St Kilda Club, a charity which runs the local shop. The NTS itself is a deficit charity which has recently had to lay off staff.

St Kilda receives a steady and increasing number of visitors annually by boat. The Rocket Range tracking radar and support facilities such as power generation, water supply etc, is located there with 12-14 staff on monthly work cycles (month on/month off, meaning double numbers to provide this level of manning). St Kilda's remoteness means that military assistance has been a major part of the Trust's re-supply activities for renovation of buildings and scientific research on wildlife, archaeology and history. The Trust receives rent directly from the MOD for the use of St Kilda, and this will continue for 25 years. The military provide water, sewerage and electricity to support NTS staff, researchers, contractors and visitors, and this is also expected to continue (purchased by NTS from the MOD). Overall, despite its rents from MOD and grants from Scottish Natural Heritage and Historic Scotland, St Kilda remains a deficit property for the NTS.

The Trust has 2-3 staff located on St Kilda from April to September each year, and they are based on the mainland for the rest of the year. These include a Ranger and an Archaeologist (specialising in traditional buildings). Contractor work and supervisory visits continue through the winter. Additionally there are working holiday groups who carry out much of the non-specialist conservation and building maintenance work.. The Trust handles approximately 5,000 visitor trips annually from May to August, from private yachts, small charter boats and small cruise ships of 100-150 passengers also call, up to 26 per year.

The main impact on the Trust's operations will come from proposed changes to helicopter access arrangements, which greatly supplement charter boat access from Leverburgh, Harris (only available April-September). In a typical year, the MOD makes around 60 return flights to St Kilda available to the NTS. Spaces available to the Trust in future are currently unclear. Staff currently travel out via Benbecula, supporting 30 nights bed and breakfast annually. It seems likely that Kilda Cruises of Harris, who also carry supplies for the NTS, will benefit from reduced helicopter access.

There is considerable co-operation between the Trust and QinetiQ on practical matters on St Kilda. QinetiQ helps with emergency repairs, telecommunications, provides a nurse and other

assistance, while the NTS provides a security watch on unmanned facilities. Proposals to use CCTV cameras after de-manning would not provide the practical help immediately available when, for instance, a building roof blows off in winter or a potentially rat-infested ship runs aground (both recent occurrences).

The NTS has started an in-house risk assessment of its own of the proposed changes, covering financial risks and risks to heritage and the local community. The viability of St Kilda as a heritage tourism attraction is currently highly dependent upon assistance from the MOD and QinetiQ, in terms of financial contribution, practical assistance on the island with properties, visitor facilities and transportation.

5.0 Impacts of Reduced Activity

The current (June 2009) employment and income impact of the Hebrides Range was outlined in Section 3 and was elaborated in Section 4. The thrust of this paper is to outline the baseline impact of the Hebrides Range, although the findings in the previous section inevitably strayed into potential future impacts brought about by the changes the MOD announced in June 2009. These operational changes will be phased over a period of time and the impacts will be dynamic and develop over a number of years. Exactly how individuals, businesses and communities adjust clearly cannot be forecast with accuracy since the changes at the Hebrides Range do not happen in isolation of other events.

The ongoing operations of QinetiQ and the Rocket Range at Benbecula and the Uists, and their resident local workforce and families, support a wide range of local services and infrastructure which will be affected to varying degrees by the proposed changes. Local businesses have observed that trade could be seriously affected by any down-sizing at the Range, especially shops. The impacts of the proposals at a local level will depend heavily on the mix of personnel affected and their own plans.

A survey has been undertaken of QinetiQ employees and key subcontractors ESS and Amey. Preliminary findings are provided in Appendix 1. This helps to build a picture of the profile of employees likely to be affected, their families (including other working household members), ages, qualifications and their ultimate intentions. It provides an estimate of the percentage of affected personnel and their families who intend to remain in the Uists versus leaving to live and work elsewhere. Reporting on potential impacts at community level is somewhat speculative until more details are known at the Hebrides Range. It is expected that further socio-economic impact work will be conducted at a future date.

In terms of QinetiQ's direct role within the community, the MOD stresses that operations will continue at the Hebrides Range and that it is not its intention to relocate work away from the local area. It will continue to support local conservation work and will continue to offer assistance in difficult situations such as the aftermath of the severe storms in 2005 when it offered emergency accommodation and other assistance.

However, some key community functions could be seriously affected. For example, Benbecula Coast Guard Station has 5 members who work directly at the Hebrides Range or have a spouse who works at the Range. If some of these personnel are made redundant and move away, the coast guard team may become operationally impaired, possibly incapable of providing cliff rescue, for example. Many years of experience and training could be lost and recovery could be costly and time-consuming. Also, there are reportedly at least six retained fire fighters who work for QinetiQ (the equivalent of one full crew). Similar fears of lost skills would apply.

6.0 Concluding Statement

This paper has set out the importance of the Hebrides Range to the local community and economy of the Uists in the Outer Hebrides. It has shown that several sectors of the economy are significantly reliant on the activities at the Range and that, overall, the employment impact of the Range is very substantial when multiplier effects are taken into account. In addition to quantifying the importance of the Range in terms of jobs, the paper has presented examples to illustrate the important position it has in the daily working lives of local businesses, their employees and suppliers.

There is a great deal of uncertainty as to the ultimate impacts of the proposed changes at a community level. Much of this will depend on the individual circumstances of those affected either directly or indirectly. The proposed changes come against a backdrop of sustained depopulation in the Outer Hebrides – the fear of which can have a strong negative impact on the health of a community. Continued community consultation will allow the future impact of the proposals to be reported in more detail in due course.

The commentary from many of the individuals directly affected, as well as those indirectly affected (family members, local businesses etc) point to a period where employment levels would fall, expenditure in the local economy would drop and out-migration would become a necessity for some individuals and families. This is illustrated by the comments (see Appendix 1) from individuals who expect to be affected by the proposals. If implemented, a period of sustained effort and investment in regeneration activities in the Uists is likely to be required.

Appendix 1

Preliminary Staff Survey Results and Analysis

Self-completion questionnaires were issued to Hebrides Range staff at QinetiQ, Amey and Eurest in late July / early August 2009. These preliminary results are based on a return of 100 completed questionnaires. Since some of the returns were provided by a staff member whose partner, or other household member, also works at the Range but who did not return their own questionnaire (estimated to be at least seven out of the hundred returned), the effective coverage of the sample is approaching 50% of the 229 or so employees at the Range.

The questionnaires were anonymous and completed by staff in their own time and sent directly to the independent researcher. The purpose of the survey was to help establish a picture of the potential social impacts of the proposals to move command and control from the Hebrides Range to the Aberporth Range in Wales.

Table 1 shows the breakdown of the 100 survey responses by employer.

Table 1: Employer	Sample
QinetiQ	75
Eurest (ESS)	10
Amey	14
Other	1
Total	100

Length of Time Resident

The average length of time that survey respondents had lived in the Outer Hebrides was 27 years, some indicating that they had lived there all their lives.

Full-time and Part-time Employment

Overall, 95% of respondents were full-time. All but one of the QinetiQ personnel who responded were full-time. Part-time positions were more common among the sub-contractors, particularly ESS.

The main place of residence of survey respondents is shown below in Table 2. Those indicating “other” included Harris, Lewis and the mainland (Edinburgh).

Table 2: Place of Main Residence	Sample
North Uist (including Berneray)	17
South Uist (including Eriskay)	27
Benbecula	51
Other	5
Total	100

Future Intentions

The questionnaire asked respondents to chose the most likely scenario for themselves and their families following the announcement of possible job losses at the Hebrides Range. The responses to this question are provided in Table 3, below.

Table 3: Future Intentions	Sample %
Remain in employment at the Hebrides Range with current employer	35
Leave current employer but stay in the Outer Hebrides	19
Transfer to another UK or overseas location with current employer	2
Leave current employer and move away from the Outer Hebrides	44
Total	100

Although there was a degree of uncertainty about which posts might be made redundant, most respondents were able to answer the question as best they could. In total, 63 individuals out of 100 (63%) expected to leave their current employer. This is a slightly higher proportion of the workforce than the June 2009 MOD statement implied would actually lose their job (the statement indicated 125 out of around 215¹⁷, ie 58%). However, our survey results are based on a degree of uncertainty and lack of information on the part of respondents. Some responses might also be influenced by thoughts of voluntary departures in advance of involuntary redundancy, although we have no evidence of this.

54% of the sample (statements one and two in Table 3) expected to remain in the Outer Hebrides either because they felt they would keep their job or because they would stay anyway if they lost it.

¹⁷ Later consultation with the MOD, Amey and ESS puts this number higher at around 229.

Among the 19% who indicated that they expect to leave their current employment but stay in the Outer Hebrides, around 90% (17 cases) thought they would seek other employment. The remaining 10% (2 cases) thought they would retire from formal employment. A number of the comments provided later illustrate the difficulties that many people are likely to face.

46% of the sample (statements three and four in Table 3) expected to move away, mostly because they would lose their job. There were only two instances of personnel expecting a transfer with their current employer.

This latter group (the 46% “potential leavers” expecting to leave the Outer Hebrides) provides a sub-sample for examining potential impacts in terms of other family members who would also leave, and the resulting impact on schools in the Uists, other employers and so on.

Other Family Members Leaving

The potential leavers were asked how many family members would leave with them (including the respondents themselves). The total number across the potential leavers group was 145, which is close to an average of three per family unit. Included in this group are 6 pre-school age children, 24 children at primary school in the Uists and 17 children at secondary school in the Uists, totalling 47 children in the sample.

Grossed-Up Results for Potential Leavers

In order to move from our sample results to an estimate of the whole impact, we must assume our sample is representative and that the missing responses are broadly similar to those received. The June 2009 MOD announcement estimated that there would be direct job losses totalling 125 across QinetiQ, ESS and Amey. On the assumption that our sample includes data from 63 of these individuals (rows 2 and 4 of Table 3), the grossing up factor is simply 2. There may be some response bias in terms of the individuals who chose to return questionnaires, and so this assumption may be over-simplistic.

Applying our survey results to the whole workforce, the grossed up estimate of potential leavers doubles from 145 reported in the sample to become 290. Grossed up, this would include 94 children of pre-school and school age in the Uists. This would be the estimated loss were the proposals to go ahead.

Details were provided by 16 of the potential leavers group on other working members of their households (mostly partners and spouses). Other household members who also work at the Hebrides Range are not included. Their sectors of employment (in order of frequency) included: retail, education, administration, fishing / fish farming, transport (air and ferry), catering and social work. 16 out of 46 potential leavers had spouses or other family members who worked away from the Range. Grossed up, this would give 32 individuals.

The salary profile of these posts was generally lower than the household members who were directly employed at the Range (approximately 80% were below £20,000, and all below £30,000). The average annual income for other household members was £16,700¹⁸ among those households who expected to move away.

Table 4, below, provides the estimated composition of the potential leavers' households.

Table 4: Composition of Potential Leavers' Households	Sample	Total (Grossed-Up)
Direct Employees at the Hebrides Range	46	92
Children pre-school age and at school in the Uists	47	94
Other working household members (not at the Range)	16	32
Other non-working family members	36	72
Total	145	290

Salary Levels

Salaries of Range Employees who responded to the survey are provided below in Table 4.

Table 5, below, provides approximate salaries of the survey respondents, including overtime and bonuses. It shows that around three quarters of the potential leavers have salaries in excess of £20,000.

Table 5: Salary of Survey Respondents	Whole Sample %	Potential Leavers %
Below £15,000	11	10
£15,001 - £20,000	23	14
£20,001 - £25,000	37	41
£25,001 - £30,000	16	20
£30,001 - £40,000	10	8
£40,001 - £50,000	3	6
Total	100	100

The income implications for the Uists from these findings is discussed in Section 3 of the main report.

¹⁸ This is an estimate based on the mid-point of reported salaries. Income below £15,000 was assumed to average £12,500.

Age

There is no clear difference in the age profile among the potential leavers compared with the Range workforce as a whole.

Table 6: Age Profile of Survey Respondents	Whole Sample	Potential Leavers
	%	%
16-24	7	4
25-44	47	51
45-59	41	43
60+	5	2
Total	100	100

Skills

The questionnaire asked respondents to indicate which level of qualifications they held. More than one category could be chosen and therefore the percentages add up to greater than 100%. For example, 11% of all employees who answered the question indicated that they held a post-graduate qualification, 9% held a graduate level qualification and so on. The potential leavers group appears to hold a slightly higher overall incidence of qualifications at all levels compared with the Range workforce as a whole.

Table 7: Qualifications Held	Whole Sample	Potential Leavers
	%	%
Post-graduate qualification	11	13
Graduate qualification	9	11
HNC / HND	41	43
Other professional / vocational qualifications (including diplomas, City & Guilds, NVQs, ECDL, RSA, Health & Safety)	72	74
None	3	-

Commentary

Respondents to the survey provided a wide range of comments relating to the MOD announcement, a selection of which are reproduced below in italics. Mostly, these focus on the personal and social consequences of the proposals, if implemented. There were also a number of comments questioning to the financial and technical viability of moving command and control from the Hebrides Range to Aberporth. These fall outwith the scope of a socio-economic report and are not reproduced here.

The following are a selection of comments focusing on social impacts:

- *The proposals, if implemented, would not only affect range employees, but would also devastate local businesses. Employment on the islands is hard to come by even now, but the knock-on effect will leave the Uists a depressed area – house prices will fall, shops and even schools will shut. It is sad that the island economy depends so heavily on the Range as its backbone.*
- *Should I be made redundant, I and my family (3 children pre- and primary age) would have no option to leave the island. However, we would have difficulty selling our property.*
- *125 job going will ruin the island. Families will lose their homes as they will not be able to pay their mortgage with no job. Their children will be unable to go to college/university as their parents will not be able to afford to put them through. So the next generation is going to lose out as well.*
- *If I lose my job I will not be putting as much into the local shops, pubs or restaurants. It will kill the island if 125 jobs are to go. It will be another St Kilda.*
- *I want to stay in the Uists but if I don't have work I might have to sell my house. This would be a devastating blow to me and my family. The MOD should reconsider. If this goes ahead it will be a big blow to all the islands.*
- *Whilst I desperately want to stay in Benbecula, my main concern is not finding employment at a comparable salary should I lose my job.*
- *Very bad for the isles and families will have to leave the island.*
- *There may be downgrading of flights / ferries to Uists.*
- *Whilst I desperately want to stay in Benbecula, my main concern is not finding employment at a comparable salary should I lose my job.*
- *It's not just the QinetiQ and subcontractor personnel who would lose their jobs, but it would have a knock-on effect on all other aspects of the island.*
- *This will devastate the Hebrides Range workforce. The vast majority of staff will join the dole queue as they will not be able to move - their way of life is a Hebrides based.*
- *Support needs to be provided for people's wellbeing, as relationships will be put under enormous strain. Families could break up and house repossessed. People's lives could be devastated. This is something the MOD and QQ have not factored into their calculations.*

- *I have spent most of my life working on the Range and working as an active crofter, having invested time and money, so I find it difficult to leave.*
- *I don't know what support is available. Financial support to stay on the island would be nice.*