Economic Impact of Closing RAF Cottesmore

Final Report to *emda* and Rutland CC

22 April 2010

SQWconsulting

Contents

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1: Introduction

Scope and purpose of this report

1.1 This Report has been prepared by SQW Consulting for the Rutland County Council (RCC) and *emda* commission: 'Economic Impact of Closing RAF Cottesmore'. The study, undertaken in response to a Government announcement on 15 December 2009, was initiated at a steering group meeting on 8 February 2010 at the *emda* office in Nottingham.

1.2 The work was commissioned by the partners, with the support of the recently-formed Cottesmore Project Team, which also included representatives from the RAF, Defence Estates, the Primary Care Trust and Job Centre Plus. BAE Systems, which has a significant servicing facility on site, was a consultee, and was also invited to join the Project Team.

1.3 The Economic Impact Assessment is a technical exercise, which has been undertaken to assess the scale and implications of the anticipated impact, to consider options and suggest possible responses, and to facilitate discussion on the way forward. It has been undertaken at a time when the implications of the closure are not yet fully clear.

1.4 This report has been informed by a literature review, data analysis, scoping and detailed consultations with key stakeholders, and a workshop held with *emda*, RCC and the RAF on 15 March 2010. This report does, nevertheless, leave some questions open and point to the need for further work. The parties concerned have recognised that this is inevitable, given that the finer details and implications of closure are still working through, but see this report as important in understanding the current position. The focus is on the potential impacts and implications for Rutland and the East Midlands, and defining, as far as possible at this early stage, appropriate responses from the local and regional actors.

Report structure

1.5 Following this Introduction, the report contains:

- 'Setting the scene' (Section 2), which contains the background to the closure; information on the current scale of activity, and on the local and sub-regional economies
- 'Findings' (Section 3) which sets out our analysis of the current economic impact of RAF Cottesmore on Rutland and the East Midlands
- 'Impacts of closing the base' (Section 4) in which the economic impacts and wider implications of closure are summarised
- A final section (5) on 'Implications for policy: options, outline scenarios, next steps', which also contains learning points from studies on the closure of other military bases in rural/semi-rural settings.

1.6 The report is supported by two annexes: Annex A lists individuals and organisations consulted as part of this study; and Annex B presents more detailed analysis, statistics and assumptions to support the economic impact results presented in Section 3.

Acknowledgements

1.7 Time was set aside, often at very short notice for meetings and telephone consultations, and substantial information was provided by the RAF and Defence Estates, as well as by local authority and *emda* staff. We are well aware that busy people provided substantial support to this work, at a time when they were still building a full picture of the implications of the closure, in order to fulfil their own jobs. We are grateful: without this, it would not have been possible to meet the tight deadline for this work.

2: Setting the scene

RAF Cottesmore

Government announcement and implications

2.1 The MOD announced on 15th December 2009 that RAF Cottesmore would close by 2013. It was stated that the number of RAF personnel and civilians will be reduced, Harriers from RAF Cottesmore will be moved to RAF Wittering and there will be a reduction in the number of Harriers and Tornado jets. These are the key elements of the package announced by the Defence Secretary Bob Ainsworth which will cut an estimated £1.5bn from the RAF's existing expenditure[1].

2.2 The Cottesmore Project Team was established in order to oversee an investigation of closing RAF Cottesmore, to put in place a mitigation strategy and to prepare the Council’s response to the closure proposal for the base[2]. The Team will also produce plans and proposals for the future of the site, agree a communications strategy for the project and facilitate communication between the MOD, RAF Cottesmore and Rutland County Council.

2.3 At BAE, redundancies (mainly of aircraft engineers) were made in January 2010 as a result of the closure announcement, and it is likely that more redundancies will follow. BAE also halted activities on its up-grading servicing line in January.

2.4 The Council stated that the closure of RAF Cottesmore would have a significant impact on local schools, many of which already have a high proportion of surplus places and are therefore already under pressure. Cottesmore Community Primary School and Exton C of E Primary School are identified by the Council as being potentially highly impacted by the closure. However, while it is expected that a primary school will continue to be required on the base beyond 2013, and the family housing could still be in use, the Council also believes that the reduction in RAF staffing up until March 2011 will be matched by a similar fall in the school population. This would result in a proportional adjustment in school funding for the academic year 2011/2012.

Timetable: current expectation for phased closure

2.5 The timetable for RAF operations vacating Cottesmore has, we understand, still to be confirmed, but the current expectation for the squadrons and ancillary activities based at RAF Cottesmore is that[3]:

- There will be a reduction from three front-line Harrier Squadrons to two in 2010
- The two remaining Squadrons will move to Wittering by 31 March 2011

[1] Norton-Taylor, R. and Sparrow, A., 2009, *RAF Cottesmore Base to Close in Defence Budget Reshuffle*, (online) available from: http://www.guardian.co.uk/politics/2009/dec/15/raf-cottesmore-base-close-chinook [accessed: 19th February 2010]
[2] RAF Cottesmore Project Group, 17th December 2009, *RAF Cottesmore Project Group Draft Terms of Reference*
[3] Source: Consultation with RAF Cottesmore (21 April 2010)

- The remaining functions and staff will transfer to Wittering by 31 March 2013, although in practice there is some likelihood that for the foreseeable future the housing will be required by the RAF, or some other part of the military.

2.6 In total, 739 military jobs will transfer to Wittering and a further 769 military jobs will be lost from Cottesmore by 2013. Military staff whose jobs are 'lost' from RAF Cottesmore will not face redundancy – rather, they will be re-posted to MOD bases elsewhere in the UK, and so represent a loss to the local economy but not to the MOD overall. A total of 70 civilian jobs will transfer to Wittering and 148 will be lost. The civilians losing their jobs will remain as MOD employees for 12 months (unless they find another job sooner); they will be held in a 'Redeployment Pool' (RDP). Staff are placed in the RDP six months before their post is cut and can remain there for up to 12 months (longer in certain circumstances); here, they continue to be paid and are given priority over other candidates for job applications elsewhere in the MOD.

Overview of the base

2.7 RAF Cottesmore is one of the largest RAF bases with a 1.7 mile (2.7km) long runway[4], several taxiways and hard standings, a self-contained technical site, plus office accommodation, housing[5] and community and leisure facilities[6]. The base is approximately 416 ha in size, not including the surrounding safety zone. It houses several 'lodger units', including the Harrier Aircraft Engineering and Investigation Team, the regional Non Destructive Testing Team and the Triservice Regional Resettlement Centre. Also at RAF Cottesmore is the Defence Housing Area '20 HQ'. A substantial number of civilians are employed at RAF Cottesmore (589, with 1,508 military staff) and these include BAE staff.

2.8 RAF Cottesmore currently accommodates the Harrier Squadrons, all of which operate the Harrier GR9 aircraft, and is a core part of Joint Force Harrier[7]. Joint Force Harrier was formed in April 2000 and was a key initiative which came out of the Strategic Defence Review. The initiative involves RAF Harriers and Royal Navy Sea Harriers operating as part of a combined force. The squadrons at RAF Cottesmore are: 1 (Fighter) Squadron, IV (Army Cooperation) Squadron, 800 Naval Air Squadron and 801 Naval Air Squadron. The Harrier Force is supporting the RAF's coalition partners in Afghanistan.

2.9 The RAF Cottesmore site is primarily owned by the Ministry of Defence, with a small area owned by Rutland County Council (the Cottesmore Community Primary School site), and some housing at the south and east of the site owned by Annington Property Ltd (see Figure 2-1). There are four hangers on site, one of which is occupied by BAE, and various smaller or peripheral buildings, including the explosive stores to the north and north-west of the site.

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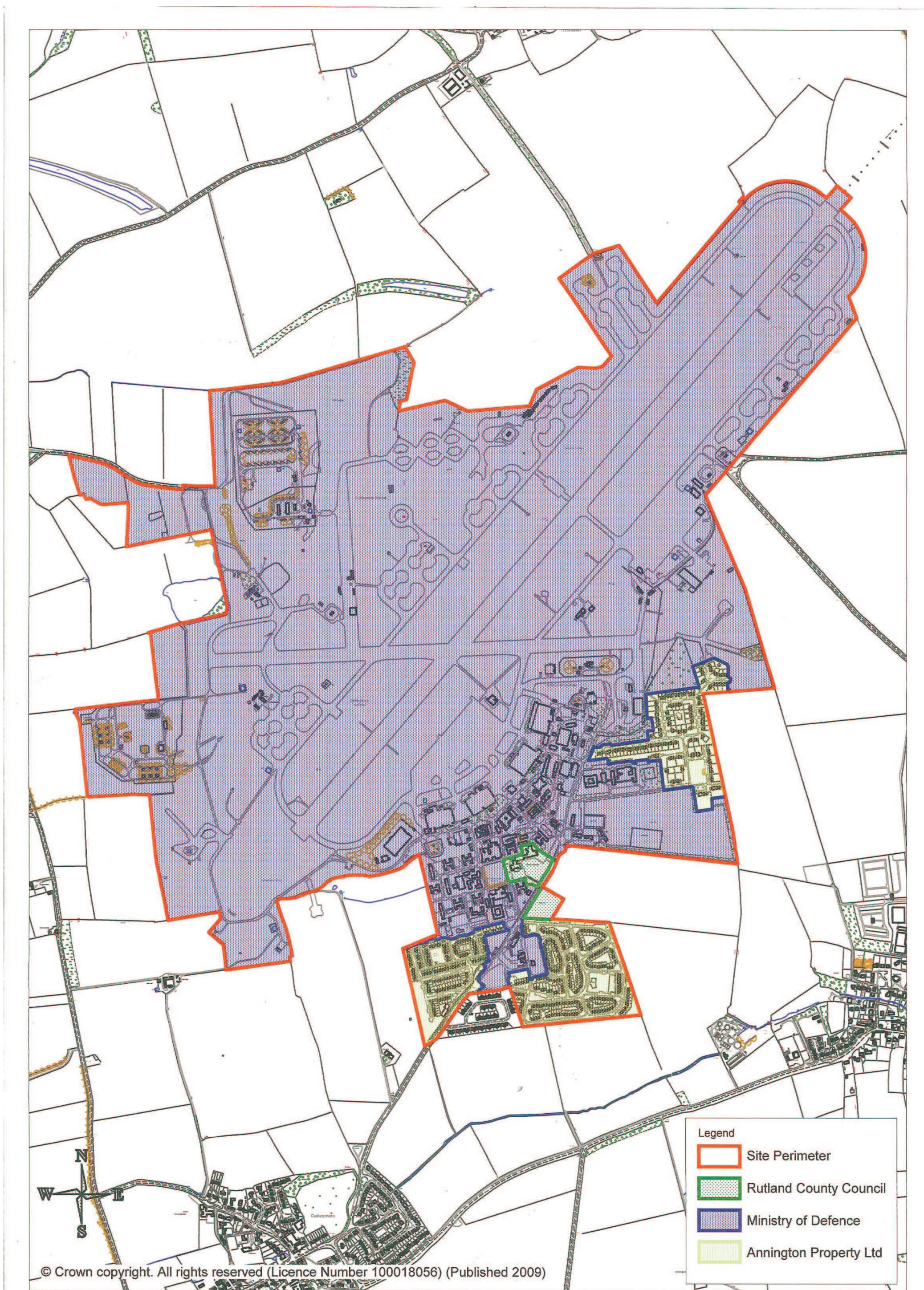
[4] Source: RCC site appraisal work carried out in conjunction with the MOD
[5] Rutland County Council, December 2009, *Future of RAF Cottesmore briefing paper*
[6] Royal Air Force, 2010, *RAF Cottesmore - About Us* (online) available from: http://www.raf.mod.uk/rafcottesmore/aboutus/ [accessed: 18th February 2010]
[7] *Ibid.*

Figure 2-1: Map of land ownership at RAF Cottesmore, 2009



Source: produced by Rutland County Council following consultation with the MOD and the land Registry records

2.10 In terms of accommodation 'within the wire', there are 434 family homes, of which almost 80% are occupied. These properties were built between 1948 and the 1980s and are, on the whole, of reasonable quality. Whilst many appear 'tired' and none have en-suite facilities, they are structurally sound. The 'officers quarters' (which are slightly larger properties than the standard family accommodation) are located further into the site, with the remaining stock by the main access gate to RAF Cottesmore, and therefore closer to civilian communities.

Table 2-1: Family accommodation at RAF Cottesmore

	Supply	Occupation	% occupied
Standard accommodation			
2 bed	175	138	79%
3 bed	206	167	81%
4 bed	20	18	90%
Officers quarters			
3 bed	20	11	55%
4 bed	12	8	67%
5 bed	1	1	100%
Total	**434**	**343**	**79%**

Source: RAF Cottesmore. Please note, "officers quarters" are slightly larger properties. These figures represent a steady state situation at RAF Cottesmore. Also, there may be more than one member of military staff living in one property.

2.11 The base contains a further 810 single rooms, of which two-thirds are occupied. The largest number of rooms are in the junior blocks (66% of all single rooms), which have a separate mess/bar areas but are generally in poor condition. There are fewer SCOs and Officer rooms, but both have lounge and mess facilities integrated with the main accommodation block.

Table 2-2: Single accommodation at RAF Cottesmore

	Supply	Occupation	% occupied
Juniors	538	411	76%
SCOs	134	68	51%
Officers	138	43	31%
Total	**810**	**522**	**64%**

Source: RAF Cottesmore

2.12 Annington Property owns all of the family accommodation at RAF Cottesmore and leases it back to the MOD via Defence Estates; all single accommodation is currently owned by the MOD.

2.13 The figures above compare to 416 family homes and 1013 single bed-spaces at RAF Wittering. At present, 87% of the family homes and 89% of the single bed-spaces are occupied at RAF Wittering: there is perceived to be very limited accommodation capacity there – hence the need to use accommodation facilities at RAF Cottesmore. Furthermore, over half (52%) of the single bed-spaces at Wittering are in 'normal' blocks which have not been modernised and include dormitory-type rooms. This compares to 33% in modern (built c.2006) en-suite single occupancy rooms, and 15% which are described as 'modernised single occupancy rooms with communal ablutions'.

2.14 Facilities on the RAF Cottesmore base include basic services such as a shop, health facilities and a hairdresser; support and information services such as the Citizens' Advice Bureau, a

Learn Direct facility and a library; leisure facilities for both adults and children including youth groups; and children's centres such as a nursery. Cottesmore Community Primary School is also located 'inside the wire' and has 163 pupils, 145 of which live on the base. In addition, there is a range of services located near to the base, such as services, leisure facilities (for children and adults), schools and shops.

Nearby bases

2.15 RAF Wittering is the closest RAF base to RAF Cottesmore (approximately 15 miles away) and has been in operation since 1916. It accommodates over 2050 RAF, Royal Navy and MOD civilian personnel. It is a flying station, which provides some support to Joint Force Harrier and other aircraft through the provision of full airfield facilities. RAF Wittering also provides expeditionary logistics to support worldwide RAF operations in its position as the RAF Logistics Hub[8]. The closure of RAF Cottesmore will result in the transfer of approximately 800 jobs to RAF Wittering, which will require some infrastructure and planning issues to be addressed.

2.16 The former RAF North Luffenham base, situated between Edith Weston and North Luffenham in Rutland, is now occupied by St George's Barracks. Some of the housing on the base has been sold but the rest is still used by the Army and for military training. The base has technical buildings, large areas of airfield land and community and leisure facilities which are used by service personnel[9].

Strategic and socio-economic context

Strategic overview

2.17 The key theme of the East Midlands Regional Economic Strategy (RES) is 'raising productivity – enabling our people and businesses to become more competitive and innovative'[10]. High value and advanced manufacturing is an important sector for the region and considered one of its major strengths. This sector is well established across the East Midlands, and the presence of BAE at RAF Cottesmore has made a key contribution to this sector over the last decade. The RES also includes specific priority actions that relate to transport equipment as a key sector, and seeks to encourage innovation and investor development across the region. Advanced manufacturing, and specifically aerospace, is one of the priority sectors for BIS, as set out in the 'New Industry, New Jobs' agenda (which *emda* and other RDAs are tasked with delivering against). At a sub-regional level, key RES priorities for the Eastern part of the East Midlands, where RAF Cottesmore is located, include enterprise and business support; employment, learning and skills; land and development; and transport and logistics.

[8] Royal Air Force, 2010, *RAF Wittering – About Us* (online) available from: http://www.raf.mod.uk/rafwittering/aboutus/ [accessed: 18th February 2010]
[9] RCC (2010) LDF Supplementary Core Strategy Preferred Options
[10] EMDA, 2006-2020, *A Flourishing Region: Regional Economic Strategy for the East Midlands 2006-2020*

2.18 There is no specific mention of RAF Cottesmore or MOD activity and few references to Rutland (aside from references to Rutland Water with regard to conservation issues) or the A1 in the Regional Spatial Strategy[11].

2.19 At the County level, the Community Plan, produced by Rutland Together (the Local Strategic Partnership for Rutland), is currently available only in summary form as it is being 'refreshed', but it does refers to RAF Cottesmore as a significant local employer[12]. The Rutland Economic Development Strategy is being rewritten alongside the Local Economic Assessment Development; these documents were not available for this study. Rutland's Local Area Agreement (LAA) contains no reference to RAF Cottesmore.

2.20 As a result of the Government's announcement to close RAF Cottesmore, RCC published a LDF Supplementary Core Strategy Preferred Options document for consultation in April/ May 2010 recognising that appropriate policies now need to be put in place to deal with the closure of RAF Cottesmore and frame emerging proposals for other purposes (particularly if the base is used for non-MOD purposes).

2.21 The preferred approach set out in the LDF consultation document is to ensure that any re-use or redevelopment is planned and developed in a comprehensive and co-ordinated manner. New development and additional population growth would assist in supporting the local economy by maintaining demand for local jobs and services. It is recognised that, given Cottesmore's rural location, this could also result in residents' travelling to access higher order facilities: the document states that new communities and residential development will not be appropriate in all locations. Any proposals for the re-use of land at RAF Cottesmore should:[13]

- re-use existing land and buildings and minimise any built development on undeveloped airfield land
- not lead to undue disturbance to nearby local communities through traffic, noise, aircraft activity or other uses
- protect and where possible enhance the countryside and character of the landscape, natural and cultural heritage
- be accessed satisfactorily and not generate unacceptable traffic on the surrounding road network
- be accessible by public transport and include measures to encourage walking and cycling
- incorporate high quality design and construction including the need for energy efficiency and renewable energy.

2.22 The Consultation Paper also states that:

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[11] Government Office for the East Midlands, 2005, *Regional Spatial Strategy for the East Midlands (RSS8) March 2005*, London, TSO
[12] Rutland Together, 2008-2010, *A Plan for Rutland (2008-2010): The Summary – Our Priorities* (online) available from: http://www.rutnet.co.uk/ppimageupload/Image65686.PDF [accessed: 18th February 2010]
[13] RCC (2010) LDF Supplementary Core Strategy Preferred Options

> *"major proposals such as a new airport, self-standing new settlement or new business park would need to be considered in the context of the spatial strategy for Rutland that seeks to focus new development in and adjoining the main towns while limiting unnecessary development in the countryside. Major proposals may also need approval through national and regional planning processes."*

Demography and the labour market

2.23 The 2008 population of Rutland was 39,200, and the County has seen significant population growth in recent years (15.7% growth between 1996 and 2006, compared to 6.2% growth for the whole region). Growth looks set to continue at an above-average rate of 11.2% between 2006 and 2016 (compared to 10.2% for the region). Between 1992 and 2000, the proportion of the population in working age groups in Rutland remained higher than that regionally and nationally. It has, however, been in overall decline since 1997, in contrast to both the regional and national trends which have seen a steady, albeit minor, rise. Loss of existing jobs in Rutland could result in more out-migration of working age and young people from the area and a resultant increase in the proportion of the population in the older age groups, which is already growing.

2.24 Rutland has a comparatively high level of employment in terms of its residents at 78.3% relative to the regional (75.2%) and national (73.3%) levels (figures for July 2008-09). Of those in employment in Rutland, a far higher proportion are self-employed (15.2%) than regionally (7.9%) or nationally (9.1%), and slightly fewer people are employees (62.8% in Rutland compared to 66.9% regionally and 63.9% nationally). Rutland's unemployment level is also much lower than the regional or national levels at 4.0% (regional and national levels are 6.8% and 6.9% respectively)[14]. However, those who live in Rutland earn substantially more than those who work there (at a gross weekly pay of £686 and £556 respectively), confirming the anecdotal finding that many of Rutland's residents (especially those with higher skills/occupations) commute to higher paid work elsewhere[15].

2.25 In 2008, Rutland had 1,900 local business units registered for VAT or PAYE[16]. As illustrated in Figure 2-2, the public administration, education and health sectors, accounted for one-third (34%) of all of those employed in Rutland, compared with 27% of employees across the East Midlands[17]. The second-largest employment sector in Rutland is distribution, hotels and restaurants (26% of total employee jobs); this too is higher than the proportion in the region as a whole.

2.26 People living in Rutland are more likely to be in professional occupations and relatively highly skilled. In 2008/09, 49.1% of Rutland employees were in managerial/senior, professional or associate professional and technical occupations, compared to the regional rate of 40.1% and a national rate of 43.9%. A greater proportion of working age people living in Rutland were qualified at each level from *NVQ1 and above* upwards, than across the region

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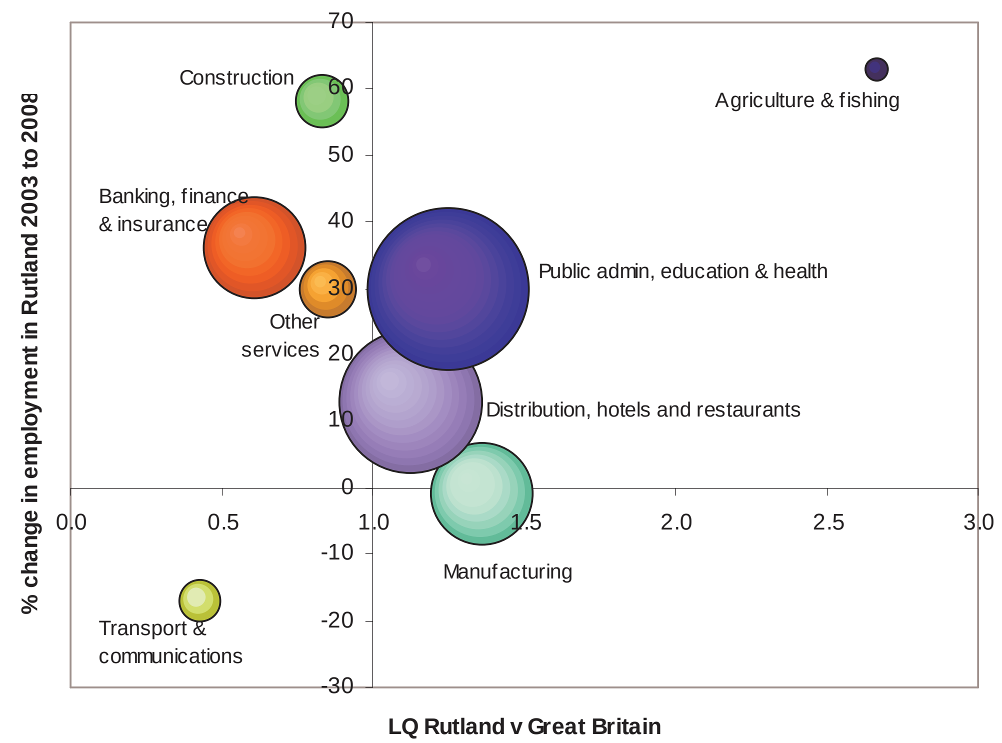
[14] ONS, 2009, *Annual population survey*
[15] Source: ASHE, 2009 – mean workplace and residence place earnings
[16] EMDA, 2009, *The East Midlands in 2009 – Chapter 11: Sub-regional Profiles*, (online) available from: http://www.intelligenceeastmidlands.org.uk/content/view/1363/ [accessed: 19th February 2010]
[17] Source: ABI – please note, the ABI data on employees excludes self-employed, government-supported trainees and HM Forces

and nationally: 29.6% were qualified to NVQ4 and above as opposed to 25.4% regionally and 29% nationally (2008 figures).

Figure 2-2: Rutland's employment structure, compared to the national average



Source: ABI. Please note, the size of each bubble represents the number of employees in each sector. A Location Quotient (LQ) value of >1 shows over-representation compared to the GB average, and a value of <1 shows under-representation

2.27 In 2007, GVA in Leicestershire and Rutland was £12.3bn, or 16% as a proportion of the East Midlands economy (there is no separate statistic available for GVA in Rutland)[18]. This equates to £18,072 GVA per head, which is 89% of the UK average[19]. People living in Rutland were less likely to be deprived: Rutland's IMD score in 2007 was very low at 7.49[20], which compared to an average across local authorities in England of 18.99. They are also less likely to be claiming Job Seekers Allowance than those living elsewhere in the region or country; only 1.7% of working age people in Rutland claimed Job Seekers Allowance in January 2010 compared to 4.2% regionally and 4.3% nationally.

2.28 CO_2 emissions per capita in Rutland stood at 37.1 tonnes of CO_2 per resident in 2006 which is particularly high compared to the regional average of 9.3 tonnes[21] (although it should be

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[18] RN3:2 Revisions - Headline Gross Value Added (GVA) per head by NUTS3 area at current basic prices by region, 1995-2006, (online) available from: http://www.statistics.gov.uk/downloads/theme_economy/NUTS3.xls [accessed: 23rd February 2010]
[19] ONS
[20] Department of Communities and Local Government, 2007, *Local Authority ID Summaries 2007*, (online) available from: http://www.communities.gov.uk/documents/communities/xls/576504.xls [accessed: 19th February 2010]
[21] *NB this data is 'end user' data, which includes users from industry and commercial use, domestic use and road transport. Carbon dioxide (CO2) is the main greenhouse gas emitted in the East Midlands.*

noted that Rutland is a largely rural). Industry and commercial sources produce 82% of Rutland's CO_2 emissions, the greater part of which is believed to be produced by quarrying and the manufacture of cement, concrete and associated products at Ketton (Hanson Cement).

Social implications

2.29 Rutland already has the highest house prices in the region and continued strong demand, linked to continued population growth and demand from outside the area, and is likely to experience further upward pressure,[22]. Out-migration of the working-age population, which could result from a significant loss of local employment, may, apparently perversely, exacerbate this upward price trend, as the requirement for affordable housing would reduce.

2.30 With an ageing population, additional investment in infrastructure and social care will be needed in Rutland to cater for the requirements of these groups. High levels of car ownership and Rutland's current low accessibility levels would suggest that public transport improvements might provide some alternative to car usage.

2.31 It has also been suggested that better understanding of the skills gap county-wide is required through engagement with employers and education providers[23]. Rutland might also benefit from improvements to its Broadband internet speed and reliability, particularly in the more rural areas, for the benefit of both residents and businesses.

[22] EMDA, 2009, *The East Midlands in 2009 – Chapter 11: Sub-regional Profiles*, (online) available from: http://www.intelligenceeastmidlands.org.uk/content/view/1363/ [accessed: 19th February 2010]
[23] *Ibid.*

3: Findings: calculation of current economic impact

3.1 In this Section, we present our emerging findings on the direct and indirect economic impact of RAF Cottesmore. We explain the findings and assumptions that contribute to the modelling of the economic impact of RAF Cottesmore, and detail the results of the analysis in terms of net GVA for both Rutland and the East Midlands as a whole. Please turn to Annex B for more detail on our modelling process.

Direct economic impacts

Gross employment impacts

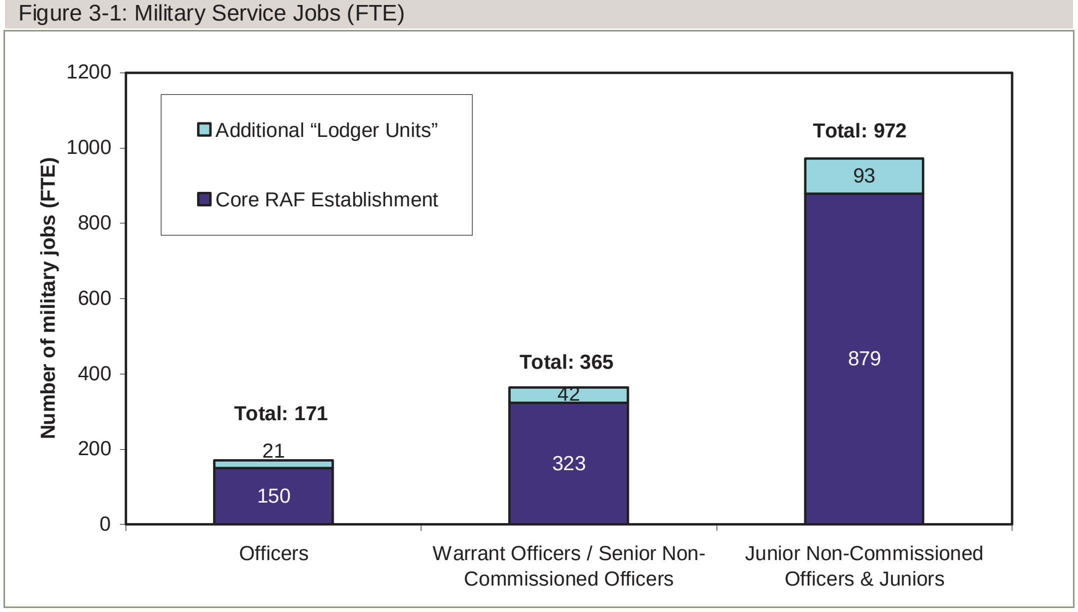
Employment numbers

3.2 In total, the RAF base at RAF Cottesmore currently accommodates 2,097 FTE jobs, of which:

- 1,508 are military, which constitutes 1,352 core RAF staff and 156 additional lodger unit staff
- 589 are civilian staff, which comprises 218 civilian staff employed by the RAF, and 371 employed by contractors.

3.3 As illustrated below, most military staff are at 'Junior Non-Commissioned Officers/Junior' ranks (64%), with 24% at 'Warrant Officers/Senior Non-Commissioned Officers' level and 11% at the most senior ('Officer') level.

Figure 3-1: Military Service Jobs (FTE)

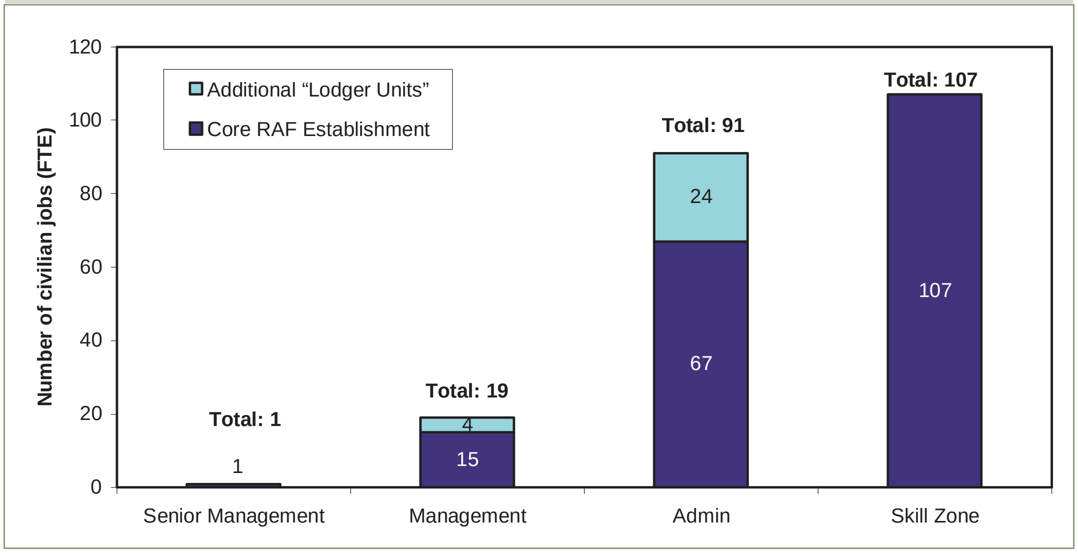


Source: RAF Cottesmore

3.4 In practice, there are fewer military staff on base at any one time due to deployment. Around 40 military staff are deployed (on 'operational deployment') at a time for 4-6 months a year and approximately 10 staff are away each month on training. In total, overlapping deployment and training reduce the number of military staff at the base by about 130 at any one time. However, consultees did not believe that deployment patterns would influence the economic impact of the RAF base significantly, and that military staff (and their families) are still likely to spend the majority of military earnings in the UK (rather than whilst away on deployment).

3.5 Of the 218 **civilian jobs** at RAF Cottesmore, the majority are administration (42%) and 'skill zone' jobs (49%), as illustrated below. 'Skill zone' is an occupational classification used by the MOD, which includes both unskilled manual (general labouring) and skilled positions (such as vehicle mechanics).

Figure 3-2: Civilian jobs (FTE)



Source: RAF Cottesmore

3.6 In total, RAF Cottesmore employs 371 **contractors** (FTE). The majority of these are employed through BAE (74%), with the other contractors mentioned below employing less than 40 contractors in each case. It is also evident that higher level occupations (senior management and management) account for a relatively small share of all contractor jobs (15%).

Table 3-1: Contractor jobs (FTE)

	Senior Management	Management	Admin	Skill Zone	Total
BAE	14	28	3	228	**273**
Babcock Dyncorp	2	3	4	25	**34**
OCS (Grounds Maintenance)	1	1	2	5	**9**
Modern Housing Solutions	0	4	0	12	**16**
Aramerk	0	3	0	36	**39**
Total	**17**	**39**	**9**	**306**	**371**

Source: RAF Cottesmore

Place of residence

3.7 Military staff can either live within the wire in MOD (or Annington) accommodation, or off the base/outside the wire in privately-owned or rented accommodation. The figures below suggest that there is a reasonably even split between staff who live within and outside of the wire, as shown in Table 3-2 and Table 3-3.

3.8 Almost 900 military staff live **within the wire** at RAF Cottesmore, of which 87% also work at RAF Cottesmore, and 13% work at RAF Wittering, St George's Barracks or other units. It is important to note that a large percentage of the married military staff living within the wire have partners working as civilian staff at RAF Cottesmore. In this case they won't be recorded within the figures of civilians living within the wire because records are based on the 'head of household' and classification is determined first by the military postholder.

Table 3-2: Place of residence, inside the wire

Place of residence	Total military staff	Total civilian staff
Number of staff working at RAF Cottesmore who live within the wire at RAF Cottesmore	771	2
Number of staff from RAF Wittering that live within the RAF Cottesmore wire	49	0
Number of staff from St Georges Barracks (ex RAF N Luffenham) that live within the RAF Cottesmore wire	17	0
Number of staff from other units that live within the RAF Cottesmore wire	47	0
Total MOD staff living in the wire	**884**	**2**

Source: RAF Cottesmore

3.9 Of those living **outside the wire**, a small proportion (9%) of military staff working at RAF Cottesmore live in other MOD accommodation at bases elsewhere such as St George's Barracks, Brampton and possibly Cranwell, but the majority (94%) live in private or rented accommodation.

Table 3-3: Place of residence, outside the wire

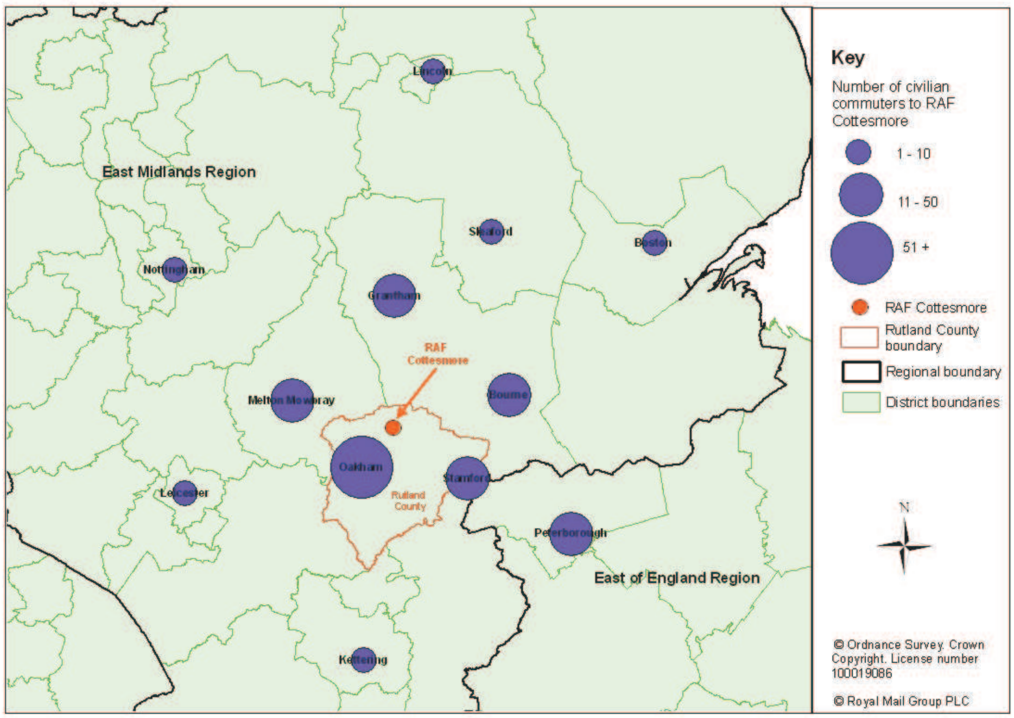
Place of residence	Total military staff
Number of staff working at RAF Cottesmore who live outside the wire in MOD-owned accommodation	56
Number of staff working at RAF Cottesmore who live outside the wire in private/rented accommodation	568
Total MOD staff living outside the wire	**624**

Source: RAF Cottesmore

3.10 The RAF could not detail where military staff living off-base were resident. Consultees doubted that many live in Rutland because houses there are prohibitively expensive. They suspected that most live in Lincolnshire in a ring from Newark in the North, clockwise round to Sleaford, Bourne, Stamford, Melton Mowbray and then to Cottesmore, and that most live to the east and north-east of Cottesmore because that would put them in a good position for most of the RAF bases in the area. It is thought that most of these staff live within one hour's commute with a few living further afield, either in the area around Peterborough or towards Lincoln.

3.11 All but two civilian staff members living outside of the wire were relatively local, in places such as Oakham, Stamford and Grantham. The evidence suggests that that approximately 40% live within Rutland and 90% live within the East Midlands region.

Figure 3-3: Place of residence of civilian staff commuting to RAF Cottesmore for work



Source: RCC data. Map produced by SQW Consulting.

3.12 Military staff are likely to be spread across a wider area than civilian staff for two reasons - first on average they receive a higher wage giving more incentive to commute; secondly, many have chosen not to live within the wire, and may have taken an active decision to live outside the immediate area. For our economic modelling, our assumptions are that 20% of military staff outside of the wire live within Rutland, and 85% of all military staff live within Rutland and the wider East Midlands.

Dependents

3.13 The RAF uses a working assumption that there are, on average, 2.5 people in each family unit resident on the base (and off the base). For the purpose of our economic modelling, we have used this assumption for those resident on the base, along with the further assumption that 30% of partners resident on base are employed as civilian staff.

3.14 The RAF does not keep records of single parents. The Defence Analytical Services and Advice (DASA) records show that 680 out of a sample of 39,640 RAF personnel are recorded as qualifying for privileges as the ‘Primary carer and provider for child’. However, the DASA emphasised that the RAF makes no formal attempt to quantify single parents and that this figure should not be viewed as authoritative. For the purpose of economic modelling, we have assumed that the number of single parents is negligible.

3.15 Figures from the 2007 Annual Population Survey suggest that, in married or cohabiting households where at least one partner is working, the chance that the other partner also works, in a household without children is 65% and in a household with children is 59%. Adjusting these proportionally to reflect the slightly higher employment rate in the East Midlands of 75.2%[24] as compared with 73.3% nationally gives respective figures of 67% and 61% of partners working, a combined average of 64%. We have applied these figures to partners within our economic modelling.

Direct impact in terms of salaries

3.16 Taking into account the numbers of personnel in each rank from Figure 3-1 and Figure 3-2, and the average salaries[25], the average *weighted* salary is £35,677 for military staff and £26,636 for civilian staff at RAF Cottesmore.

3.17 Table 3-4 shows the estimates we have used for wages of dependants and staff working through contractors.

Table 3-4: Other salary estimates

Position	Estimated average wage	Source of estimation
Dependent working in non RAF related position	£23,400	ONS figures for 2008 for average wage in East Midlands
BAE	£31,150	ONS average wage for “Engineering Technicians” 2009
Aramark	£10,500	Figures supplied by RAF Cottesmore
Babcock Dyncorp	£24,134	ONS average wage for “Skilled construction and building trades” 2009
OCS (Grounds maintenance)	£17,510	ONS average wage for “Skilled agricultural trades” 2009
Modern Housing Solutions	£23,400	ONS figures for 2008 for average wage in East Midlands

Source: See right-hand column

3.18 Using the assumptions stated so far, this analysis gives total attributable wages of around £82m, as shown in Table 3-5. This comprises a total wage impact £53.8m for military staff and £5.8m for civilian staff (i.e. almost £60m in salaries paid directly by the RAF), plus an estimated £22m wage impact through dependents and contractor work.

Table 3-5: Estimated total direct spend on employment

Position	Estimated average wage	Total staff	Total wages
Military staff	£35,677	1508	£53,800,916
Civilian staff	£26,636	218	£5,806,648
Dependents living within the wire and working in none RAF related position	£23,400	352 families. Assume 64% of partners work. 30% are accounted for as civilian staff, leaving 34%: 120	£2,808,000
Dependents living outside	£23,400	Assume 62% of staff living	£5,793,915

[24] ONS figures for the East Midlands
[25] We are unable to display salary break downs due to confidentiality

Position	Estimated average wage	Total staff	Total wages
of the wire and working in none RAF related position		outside the wire have a partner and that 64% of them are employed: 248	
BAE	£31,150	273	£8,503,950
Aramark	£10,500	39	£409,500
Babcock Dyncorp	£24,134	34	£820,556
OCS (Grounds maintenance)	£17,510	9	£157,590
Modern Housing Solutions	£23,400	16	£374,400
		Total:	£78,475,475

Source: SQW and tables contained within this chapter

Capital impacts

3.19 Table 3-6 details the capital investment at RAF Cottesmore between 2006 and 2010. This demonstrates the considerable construction investment made by the RAF since 2006, amounting to at least £7.4m disclosed investment for refurbishment and accommodation development.

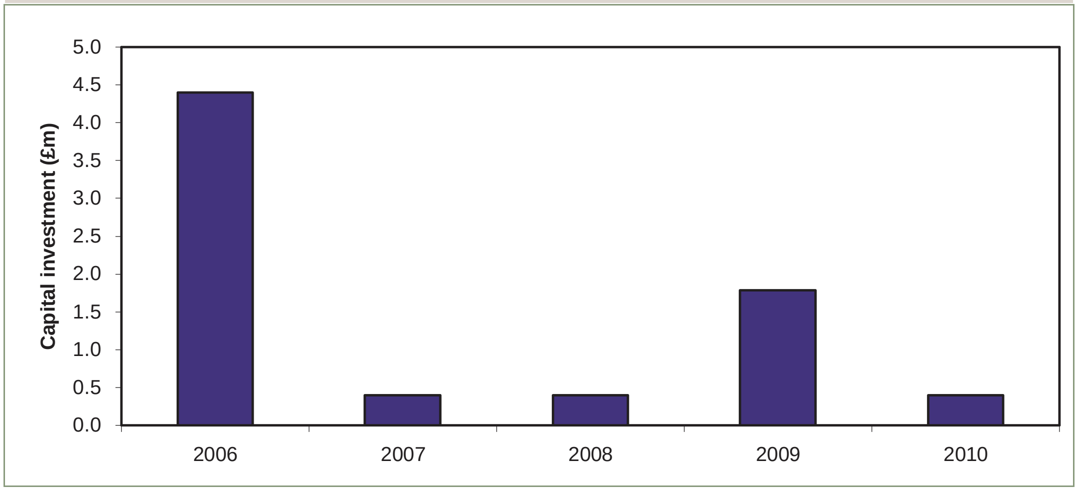
Table 3-6: Recent capital investment in RAF Cottesmore

Project name	Brief Description	Value of project	Year(s) of spend
Wing Tech Hangar	Dedicated Technical and Office accommodation	£4M	2006
Crown Fire Upgrade	Upgrade the water mains to meet the Crown Fire Standards	*Figure not available*	2008
Hangar Office Refurbishment		£981k	2009
BAE Systems Citrix IT Infrastructure	Installation of BAE's IT	£400k	2009
Project ELAN	Refurbishment of JRSLA Accommodation	£2M	2006 - 2010

Source: RAF Cottesmore

3.20 If this investment was spread evenly over each contract period, this gives the following expenditure pattern.

Figure 3-4: Capital expenditure at RAF Cottesmore (please note, 2008 figures are incomplete)



Source: SQW & RAF Cottesmore

3.21 On average, annual investment was in the order of £1.5m. Using benchmark figures[26] this equates to an average of 77 temporary jobs supported each year by RAF investment in capital developments. If we assume that these jobs take the ONS 2009 average wage for 'Skilled construction and building trades' of £24,134, this equates to an annual salary impact of £1.9m (equivalent to £2.8m in GVA p.a.).

3.22 The RAF was unable to supply details of the locations of the jobs created through capital investment. In the economic modelling: we assumed that 5% of these jobs were taken by people located within Rutland and that 60% were within the East Midlands as a whole.

Wider economic impacts

Procurement impacts – supply chain effects

3.23 We had limited information about procurement and subcontractors; figures for the total value of contracts were not made available to us. Most are controlled nationally, or at the divisional level serving multiple MOD sites in the area, and are procured via the OJEU process on a reasonably long-term contract basis (of up to 25 years).

3.24 The main contractors at RAF Cottesmore are BAE, Aramark, Babcock Dyncorp OCS and Modern Housing Solutions. Their employment has already been included above.

3.25 Consultations with BAE indicated most their contract expenditure (above and beyond expenditure on staff) is placed outside the East Midlands. Furthermore, approximately half of their employees travel to RAF Cottesmore from outside of the region and stay in local hotels for three days each week. This additional spending into the hospitality sector, in Rutland and the surrounding area, has been factored into the economic impact assessment below. Similarly, most of Modern Housing Solutions' staff commute to RAF Cottesmore from across the UK and stay at local B&Bs/hotels during the week, with only a small number who live in Rutland. Aramark indicated that their employees working at RAF Cottesmore are all likely to

[26] £1m in capital investment equates to 10.4 jobs (average for infrastructure and public non-housing capital projects). Source: Construction Skills Network

be local, whereas the Coast to Coast consultee believed their staff live outside Rutland (but elsewhere in the East Midlands).

3.26 The contractors do create some sub-contracting opportunities, but we are unable to quantify these consistently across the contactors mentioned above. However, our consultations do suggest sub-contracting activity is very small in value (c.2% of contract value for one contractor) and do not tend to be undertaken by local firms on a regular basis (rather these are done by national sub-contractors, or in one case, a firm from Peterborough).

3.27 In terms of residence, our assumptions within the model were that all Aramark staff live in Rutland; 50% of BAE staff commute from outside of the region and stay in hotels for three nights each week; and for the remainder, 15% live in Rutland, and 70% live in the East Midlands and Rutland.

Induced impact – employee spend

3.28 A survey to explore the spend patterns of staff at RAF Cottesmore was not possible within the timeframe of this study. In the absence of specific data on the spend of military, staff or contractor staff, we took the average household spend nationally and adjusted it for different household types.

Table 3-7: National average household spend per week

Category	£
Transport	13.5%
Recreation and culture	12.8%
Housing, fuel and power	11.3%
Food and non-alcoholic drinks	10.8%
Restaurants and hotels	8.0%
Miscellaneous goods and services	7.6%
Household goods and services	6.4%
Clothing and footwear	4.6%
Communication	2.5%
Alcoholic drinks, tobacco and narcotics	2.3%
Education	1.3%
Health	1.1%
Other expenditure items	18.0%

Source: Family Spending - A report on the 2008 Living Costs and Food Survey – ONS

3.29 We then used the national average figures above and adjusted each category proportionally to reflect the military context at RAF Cottesmore, with '1' representing the national average. These are detailed in Table 3-8. Where reasonable, we have left figures at the national average level as, in areas where our information is very limited such as recreation and culture, the national average is the safest figure to use. For completeness, we have included hotel based contractor staff, but excluded their household spending with the exception of hotel and restaurant spending, the only element that is likely to be within the region.

3.30 The guiding assumptions as applied in Table 3-8 are that:

- Housing costs are considerably lower for those living within the wire
- Food costs are lower for military staff due to military supplies
- Clothing costs are lower for staff who regularly wear military uniforms
- Health care costs are lower due to military services.

Table 3-8: Estimated variation on average household spend

Category	**Military**						**Civilian staff**	**Contractor staff**	
	Military housing			*Private housing*					
	Single	Couple	Couple with dependents	Single	Couple	Couple with dependents		Resident	Hotel based
Transport	1	1	1	1	1	1	1	1	
Recreation and culture	1	1	1	1	1	1	1	1	
Housing, fuel ,power	0	0	0	1	1	1	1	1	
Food and non-alcoholic drinks	0.1	0.6	1	0.3	1	1.2	1	1	
Restaurants, hotels	1	1	1	1	1	1	1	1	1
Miscellaneous goods and services	1	1	1	1	1	1	1	1	
Household goods and services	0	0.2	0.2	1	1	1	1	1	
Clothing and footwear	0.6	0.8	1.5	0.6	0.8	1.5	1	1	
Communication	1	1	1	1	1	1	1	1	
Alcoholic drinks, tobacco, narcotics	1	1	1	1	1	1	1	1	
Education	1	1	1	1	1	1	1	1	
Health	0.2	0.8	0.8	0.2	0.8	0.8	1	1	
Other expenditure items	1	1	1	1	1	1	1	1	

Source: SQW estimates reviewed by and agreed with RAF Cottesmore consultee

Assessment of net impacts

3.31 To move from gross to net GVA impacts we have considered the likely local impacts of the activities detailed in this Section taking into account deadweight, leakage, displacement, substitution and, more positively, the multiplier effects of money put into the local economy.

3.32 The separation of employee spend into the categories above allows us to apply multipliers which differentiate the value to the economy of generating business in each sector and also allows us to separate out leakage by considering which sectors are likely to retain money within the local economy. These are set out detail in Annex B.

3.33 In Table 3-9, which follows, the calculations and assumptions used to calculate the net GVA of RAF Cottesmore are detailed, showing figures first covering Rutland, and secondly for the whole of the East Midlands. **It is estimated that total annual net GVA impact of RAF Cottesmore in Rutland is approximately £41m, and that the equivalent figure for the East Midlands is £67m p.a.**

3.34 Sub-regional figures[27] give a GVA for Leicestershire County Council and Rutland of £12.3bn. Scaling this proportional to population gives a GVA for Rutland of £747m which implies that RAF Cottesmore accounts for approximately 5% of Rutland's GVA. At a regional level, latest data show the East Midlands generated GVA of £79bn in 2008[28], which indicates that RAF Cottesmore accounts for around 0.1% of regional GVA each year.

3.35 In the box below, Figure 3-5, we compare the net economic impact of RAF Cottesmore to the wider region with the impact of MOD activity in North Yorkshire on the Yorkshire and Humber region and that of MOD activity in Wiltshire with the South West. This shows how the economic impact of RAF activity in Cottesmore is broadly in line with experiences elsewhere on a pro-rata basis.

Figure 3-5: Comparisons with economic impact of military activity elsewhere

In a recent study by Wiltshire Council, MOD employment of 56,000 jobs (military and civilian) was estimated to make an estimated economic contribution of £2bn p.a. GVA to the regional economy, which represented 2% of the region's economy.

A similar study in North Yorkshire, undertaken by SQW, found that the MOD employs 17,149 staff (military and civilian) in the sub-region which is estimated to generate between £541m and £594m in net GVA each year, which represents about 1% of regional GVA.

These studies were at different scales to that obtaining in Rutland, and across different economic geographies. They also used slightly different methodologies (Wiltshire, for example, used a tailored Local Economic Forecasting model), but headline comparisons can be made to the situation at Cottesmore. These show:

- The size of the MOD employment pool at RAF Cottesmore is 12% of that in North Yorkshire, and the regional GVA impacts of Cottesmore are also 12% of North Yorkshire's GVA impact
- The scale of MOD activity at RAF Cottesmore is 4% of the (employment) total for the South West and GVA impacts of RAF Cottesmore amount to 4% of the GVA created by MOD activity in the South West.

Source: SQW (2009) Economic activity of military activity in North Yorkshire, and Wiltshire Council (2009) Military Presence and Economic Significance in the South West Region

[27] ONS Regional and Sub Regional GVA Estimates East Midlands, 12th December 2008
[28] ONS Regional GVA Estimates (provisional) East Midlands, 12th December 2009

Table 3-9: Calculation of Net GVA of RAF Cottesmore

	Rutland UA						**East Midlands Region**						**Methodology**
Salaries (£m)	Mil staff	Civilian staff	Dependents in wire	Dependents outside wire	Contractors	Construction jobs	Mil staff	Civilian staff	Dependents in wire	Dependents outside wire	Contractors	Construction jobs	Total salaries regardless of location of staff, account for £82m. In broad terms, Gross Value Added (GVA) is made up of compensation to employees (i.e. earnings), profits and taxes less subsidies. In the case of the public sector, it is estimated that on average two-thirds of GVA is spent on labour (Pritchard, 2002).
	53.8	5.8	2.8	9	10.3	1.9	53.8	5.8	2.8	5.8	10.3	1.9	We have therefore assumed that labour costs here account for 66% of GVA, and calculated total GVA accordingly.
Gross GVA (£m)	**80.7**	**8.7**	**4.2**	**13.6**	**15.4**	**2.8**	**80.7**	**8.7**	**4.2**	**8.7**	**15.4**	**2.8**	This gives a **total gross GVA impact of £125m per annum**
Less …													
Deadweight	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	**Deadweight** (or the ‘reference or base case’) is assumed to be virtually none existent. It is unlikely the County would have this level of employment and expenditure through other means.
Leakage of jobs	28%						10%						Military staff outside of the wire - Our assumptions are that of the 52% of staff living outside of the wire, 20% live within Rutland, and 85% live within Rutland and the wider East Midlands in total. So 80% of the 52% are outside of Rutland giving 28% leakage and the equivalent figure for the East Midlands is 10%
		40%						7%					Civilian staff - Figures on civilian staff locations indicate that approximately 40% live within Rutland and 90% live within the East Midlands. Giving 60% and 10% leakage, then adjusting to just affect direct salary (2/3) gives 40% and 7%.
					22%						15%		Contractor staff in hotels - Our assumptions within the model 50% of BAE commute from outside of the region and stay in hotels for three nights each week bringing £300 per week into the local economy with the remainder of their wage spent outside of the region
					17%						11%		**Resident contractor staff** - all Aramark staff are believed to live in Rutland; for the remainder of the staff, our assumption is that 15% live in Rutland and 70% live in the East Midlands.
						95%						40%	Construction staff – Our assumption is that 5% of these jobs are taken by people located within Rutland and that 60% in total are within the East Midlands.
				50%						10%			**Dependents outside the wire** - our assumption is that leakage is slightly higher than for civilian workers as military personnel are more likely to live further away

	Rutland UA						East Midlands Region						Methodology
Salaries (£m)	Mil staff	Civilian staff	Dependents in wire	Dependents outside wire	Contractors	Construction jobs	Mil staff	Civilian staff	Dependents in wire	Dependents outside wire	Contractors	Construction jobs	
Leakage of other military expenditure	30%	30%	30%	30%	30%	30%	27%	27%	27%	27%	27%	27%	There is limited information available on wider spend of RAF Cottesmore and contractors. Available information, such as consultations with BAE, suggest that most of the wider spend is leaked outside of the region. Consequently we have estimated that 80% of the GVA on top of salaries is leaked outside of the East Midlands and 90% is leaked outside of Rutland.
Leakage of wage spend (compound)	30%	30%	30%	30%	30%	30%	20%	20%	20%	20%	20%	20%	Money spent outside of the region through holidays, shopping trips for clothing/white goods etc…
Leakage of other GVA (compound)	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	Tax and other administrative expenses are likely to be national rather than localised benefits consequently we have assumed that a further 20% is leakage
Displacement (compound)		25%						25%					Displacement is assumed to be 0% for MOD (given the specialised nature of work in the military, it is not believed to take labour etc from other existing firms in the region) and 25% (i.e. low) for civilian staff
Substitution (compound)					10%	10%					10%	10%	Substitution is assumed to be very low at 10% of subcontractors wages - some sub-contractors may be able to find some alternative work in the region, but at a much smaller scale. On the whole, contractors sub-contracted did not believe they would stay in the region if the MOD were not present.
Plus …													
Multipliers (compound)	128%	129%	128%	128%	129%	129%	136%	138%	136%	136%	138%	138%	See Annex B
Resulting net/gross %	36%	23%	50%	25%	28%	5%	57%	45%	64%	58%	43%	35%	
Resulting net GVA (£m)	28.9	2	2.1	3.4	4.3	0.1	48.4	3.9	2.5	4.7	6.6	1	
Total Net GVA (est.)	**£41m**						**£67m**						

Source: SQW analysis – Some figures may not follow through exactly in recalculations, due to rounding in the table

4: Impacts of closing the base

Economic impact on Rutland (and the East Midlands)

4.1 Starting from the phasing for closure set out in Section 2, we put forward the economic model in Section 3 in order to assess the current economic impact. We now use these sources of evidence to project the drop in net GVA as a result of the closure of RAF Cottesmore.

4.2 Within the model, we made the following assumptions:

- That the MOD closes the base at RAF Cottesmore as jobs move over to RAF Wittering, rather than re-uses it for alternative military purposes
- RAF Wittering is located just outside the East Midlands: its proximity to Peterborough is likely to encourage those resident around Wittering to spend their money outside the region. Consequently we assumed that those relocated to Wittering divert 60% of their spend outside the East Midlands and 85% of their spend outside Rutland
- 365 military posts are lost from RAF Cottesmore (but will be transferred to MOD bases elsewhere in the UK) by the middle of 2010; 444 Harrier squadron jobs move to Wittering and 348 posts are lost from RAF Cottesmore at the beginning of 2011; 139 military support jobs and 156 in Lodger Units move to Wittering in the third quarter of 2012; and the remaining 56 military posts at Cottesmore are lost by 2013
- 70 civilian jobs will move to RAF Wittering by 2011, and the remaining 148 civilian jobs are phased out from 2010 and lost completely by 2012.
- We assumed that 20% of the military staff located outside the wire, move close to Wittering by mid 2013
- Also, that 20% of civilian staff either move to, or are replaced by those near to Wittering by mid 2013
- We assumed that any jobs related to construction move immediately to Wittering
- Based on consultations with BAE, we assumed that as this work moves to Wittering, the use of local hotels, will all shift to the Wittering-Peterborough area
- Lastly, we assumed that contract staff not already covered by assumptions above, move or are replaced by more local staff by 2013.

4.3 We then tested for two possibilities, that: (i) only half of staff currently living within the wire are relocated to RAF Wittering and the other half continue to live at RAF Cottesmore until at least mid 2013 (which we believe is more plausible); ii) all staff currently living within the wire are relocated to Wittering (which would of course require a larger increase in accommodation capacity at RAF Wittering, which is far less feasible). In the first scenario, we also retained a proportion of the maintenance related contract staff within Cottesmore.

4.4 There is also potential for a period of mothballing, where job numbers and occupancy levels would fall to a minimal level before rising again after (perhaps) two years if the MOD then decided to re-use the base for other MOD purposes. This scenario has not been quantified below, but could be explored in more detail subsequently, as the Options (in Section 5) are explored in more detail.

4.5 The results of these projections are displayed in Figure 4-1. As made clear at each stage, the projections are based on a series of assumptions; they should be taken as indicating the scale of impact, rather than being definitive in scale or timeline.

4.6 The starting point for the graph below is the estimated current economic impact of RAF Cottesmore of £41m (p.a.) on Rutland County and £67m (p.a.) on the East Midlands region as a whole. The projections show the following changes to net GVA impact, dependent on the proportion of staff who are relocated from within the wire to live at RAF Wittering:

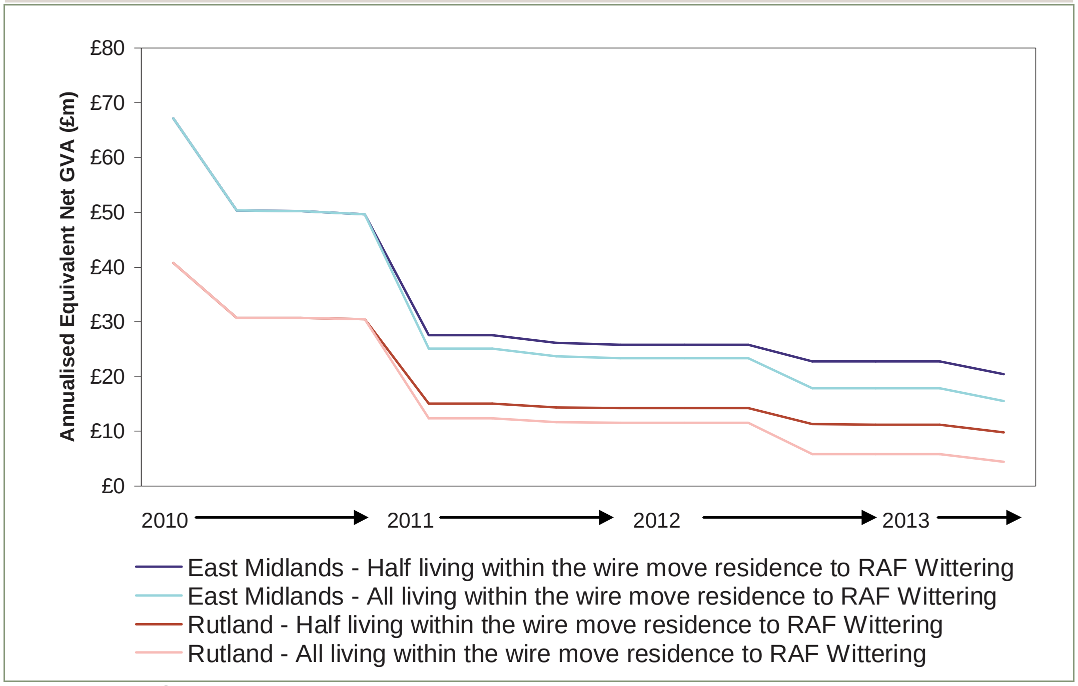
- a loss to Rutland of roughly £31-36m p.a. in GVA
- a loss to the East Midlands region as a whole of roughly £47-52m p.a. in GVA

4.7 The ranges demonstrate the impact if (a) only half the staff residing within the wire move across to RAF Wittering due to accommodation constraints at Wittering (which is more likely to take place in the short/medium term), which results in a lower economic loss to Rutland and the East Midlands at least to 2013, and (b) all the staff residing within the wire move across to RAF Wittering at the same time their jobs move, which results in greater economic loss to Rutland and the East Midlands.

4.8 The projections assume there will still be some economic impact in Rutland (at least £4m p.a.) and the East Midlands (c.£16m p.a.) to 2013, even if all MOD staff living at RAF Cottesmore now are transferred to RAF Wittering, because in the short term the majority of staff living off-base are likely to remain at their present locations (for reasons including employment commitments of spouses and children in local schools) and continue to contribute to the Rutland and the East Midlands economy up to 2013.

4.9 The key points of change within the projections correspond to the three phases of closure. It is likely that, in reality, the impact of these phases would be slightly more gradual than is indicated in Figure 4-1. It is also important to note that this assumes no use of the base once jobs leave (in practice, jobs may be created by alternative MOD use or wider uses). Furthermore, of the military jobs lost from RAF Cottesmore and the Rutland area, most military staff will be posted to MOD bases elsewhere, which could include a move to other RAF bases *within* the East Midlands region. Whilst it is too early to quantify how many military jobs may be retained elsewhere in the region at the time of writing, this may provide an opportunity to lessen the GVA losses somewhat at a regional level.

Figure 4-1: Projected net GVA position in Rutland and the East Midlands as RAF Cottesmore closes



Source: SQW analysis

Related economic impacts

4.10 Views from the consultations and our analysis on the wider impacts of closure are as follows:

- The movement of BAE activity from RAF Cottesmore to RAF Wittering will mean a loss of high value added, advanced manufacturing jobs in Rutland and the wider region. This a priority sector for the BIS *'New Industry, New Jobs'* agenda; it is also an important sector for the East Midlands RES and prioritised in Rutland's own local strategy. Closure of RAF Cottesmore will therefore negatively impact upon the ability of partners to fulfil local, regional and national strategic objectives relating to the prioritisation of advanced manufacturing in the area.
- There are potential difficulties with transport links around Wittering, unless a grade separated junction[29] is developed at the Wittering connection to the A1.
- We do not have data on the specific locations where military staff spend their earnings, but our experience indicates that a small number of commercial operations will serve military staff as their main market and will suffer disproportionally as a result of the closure. Also, local pubs, restaurants, small independent retailers and B&Bs/hotels will suffer from the closure at Cottesmore: these impacts are a major concern for local stakeholders, and are expected in turn to have wider 'knock-on' effects on business and employment[30].

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[29] Grade separation is the process of aligning a junction of two or more transport axes at different heights (grades) so that they will not disrupt the traffic flow on other transit routes when they cross each other.
[30] Construction work at the Anglican Water site in Rutland also concluded very recently (February 2010); this has also provided substantial business to local accommodation providers. Rutland's hospitality sector will therefore experience a significant loss of demand over a short space of time.

- Moving the Harriers to Wittering may mean fewer people leave the military to retire in Rutland (particularly more senior RAF staff who have tended to purchase houses in the area).

- Contractors are likely to move to Wittering or to supply MOD activity elsewhere. This will result in a reduction of contracting employment based at Cottesmore and sub-contracting opportunities for local firms, although we are unable to quantify this at present as the relevant data has not been disclosed. One contracting firm suggested that they would offer contractor staff the option to relocate to Wittering as their business moves across – the workers may or may not find it financially viable to commute the increased distance. The exception to this is housing maintenance/management contracting activity which will remain tied to Cottesmore as long as the accommodation is used for MOD purposes.

Wider socio-economic and environmental impacts

4.11 Emerging findings from consultations on the wider socio-economic and environmental impacts of closing RAF Cottesmore are as follows:

- **Schools** – As mentioned in Section 2, the Cottesmore Community Primary School and Exton Church of England Primary School are identified by the Council as being potentially impacted by the closure, particularly in terms of fluctuating attendance rolls.

- **Housing market** – high house prices in Rutland have meant many military (and civilian) staff working at RAF Cottesmore have bought houses further afield into Lincolnshire, as discussed in Section 3 above. There is some anecdotal evidence to suggest more senior RAF retirees (such as ex-pilots) have based themselves in Rutland, but other than this, the RAF's presence is not thought to impact on the local housing market to a significant degree. That said, house prices may rise in close proximity to the base when RAF activities move out as this may mean a reduction in air noise and road traffic (depending on re-use). However, it is also possible that the housing made available through closure could help to address housing affordability issues, and could, to some degree, address unmet demand.

- **Longer-term supply of leavers to the labour market** – the price of houses in Rutland has been a major barrier in enabling military leavers to remain in the area, but so has the apparent lack of employment opportunities for leavers. Many of those leaving the RAF will be looking for a second career, but are often drawn to larger cities such as Peterborough and Leicester to find higher level occupations in sectors that suit their skills profiles (unless they become self-employed). Therefore, at present, RAF Cottesmore does not appear to be providing a flow of labour for the local labour market in Rutland – but the RAF's presence does provide labour for surrounding areas in the East Midlands and East of England.

- **Short-term supply of skills to the market –** notwithstanding the point above, there may be a one-off release of skills to the market as RAF Cottesmore closes. Locally, 10% of employers surveyed in 2009 reported a skills gap in the workforce in Rutland

and 18% foresaw a need for increased skills (especially in terms of personal, technical and ICT skills) in their workforce in future[31]. SEMTA (representative of the engineering and manufacturing sector in the region) has also reported skills shortages in skilled trades/crafts, professionals and process/plant operatives in 16% of businesses, which have been attributed to a lack of applicants with required qualifications, skills and work experience. The base closure may provide an opportunity to address these skills gaps if demand and supply can be effectively matched with the right support. Furthermore, there might be opportunities to encourage business start-ups in Rutland, if appropriate support and the right kind of business premises were to be provided.

- There are also likely to be opportunities in and around Peterborough to harness skills released by the closure of RAF Cottesmore. Peterborough has grown rapidly over recent decades, and there is an expectation that its growth will again accelerate: LDF policies and land allocations are flexible, and substantial new development can be accommodated.

- **Public transport provision** – the RAF's presence has provided sufficient critical mass to create and sustain public transport services between RAF Cottesmore and Oakham and through to Peterborough (specifically Peterborough Hospital). Closure might challenge the viability of public transport operations in this rural area.

- **Transport infrastructure -** there are concerns about the pressure that the RAF's presence has on local roads, particularly between RAF Cottesmore and the A1, which is very congested at present. If Cottesmore becomes a residential site for RAF Wittering staff (as activities are transferred across to Wittering), consideration will need to be given to the impact on transport infrastructure between the two - the two bases are in different 'Highways Agency Areas', and close joint working will be needed to ensure traffic calming/junction improvement measures are effective.

- **Demand on services** – the general perception by consultees that the RAF base is relatively self-contained as far services (such as GP surgeries and leisure facilities) is concerned, and therefore the RAF's presence does not have a major impact on the demand for services in the wider Rutland area at present. However, there is concern regarding the supply of GP services in the area – we understand that at present the GP service on the base also serves local civilian residents. Closure will create additional pressure on already strained existing services elsewhere.

- **Contribution to strategic objectives** – as noted in Section 2, the presence of RAF Cottesmore has not, to date, had a major impact on strategic objectives for Rutland, or the Local Authority's ability to achieve their objectives; this was confirmed through consultations. Therefore, closure of RAF Cottesmore is not expected to impact significantly on Rutland's ability to achieve its strategic objectives. That said, the fall-out from closure may require some re-shaping of the strategic priorities in the short to medium term (depending on the extent of job losses in the local area,

[31] Source: Research commissioned by Lincolnshire and Rutland Employment and Skills Board between 30/03/09 and 24/04/09. This was based on approximately 1,400 employers across the two counties, of which 118 were in Rutland.

especially of civilian and some contractor staff). Furthermore, the loss of jobs at BAE will negatively impact upon the region's ability to deliver RES objectives relating to advanced manufacturing and high productivity employment, and the national NINJ agenda.

5: Implications for policy: options, outline scenarios, next steps

5.1 In this final section, we first consider possible learning from elsewhere, then the implications and options arising from the economic and policy context at Cottesmore. Finally, we suggest possible next steps.

Learning from elsewhere

5.2 There have been several experiences of military base closures sharing similar characteristics to the proposed RAF Cottesmore: other sites in predominantly rural areas, which were important sources of local employment, and with apparent potential to be at least partly reused, based in part on significant building assets. Two prominent examples are the closures of RAF Boulmer and RAF Coltishall.

RAF Boulmer

5.3 Plans to close the RAF Boulmer site, in the North East of England, were announced in 2004; included the transfer of facilities to RAF Scampton in Lincolnshire, with full decommissioning of the site by 2012.

5.4 A report by Latty and Mercer[32] identified a wide range of potential other uses, including institutional uses such as a prison; reclamation/restoration of the site, for example for natural conservation purposes; leisure use, for example a golf course; airfield related use; business use; agricultural use; and use for renewable energy generation, such as a biofuel plant.

5.5 The report referred back to an earlier SQW study to identify re-development options for four redundant airbases in Norfolk (1998). It concluded that there were two key processes in achieving full implementation of a preferred re-use strategy:

- Developing and implementing a phased re-use and redevelopment strategy. The scale of many military sites and facilities is often huge compared with typical industrial estates and complexes and may also be well dispersed across the site. In such circumstances, any reuse strategy will need to develop multiple use solutions and will require an appropriate phasing strategy.
- Profitable parts of the base (housing and where appropriate, new development) should be used to cross-subsidise any requirement for services upgrade and reuse or demolition of technical areas and barrack blocks.

5.6 The SQW study concluded that full implementation of the preferred re-use or re-development option is most likely to be achieved either by finding an institution or major tourism operator

[32] Latty, B. and Mercer, L., August 2006, *Military Base Closures in Rural Areas: Best Practice and Cautionary Tales – Prepared for the RAF Boulmer 2012 Group – Final Report,* Northumberland County Council

willing to take the site as a whole; or through the purchase of the site as a whole by the local authority or by a JV comprising the local authority and a private developer.

5.7 A 1994 study by Network Demilitarised, also cited in the Latty and Mercer report, suggested that each of the potential options for site re-use be tested under six broad headings:

- **Economic factors** – are there economic factors that will encourage or rule out potential re-use options (e.g. labour supply and demand, local skills base)?
- **Property Market** – is the re-use of the whole or parts of the site commercially viable and what types of used could be sustained (housing, office, retail, industry, leisure)?
- **Planning and Policy Context** – are planning or policy factors likely to influence re-use possibilities?
- **Environmental Factors** – are environmental factors likely to influence re-use possibilities? (any protective designations, ecology, fauna etc)
- **Community Priorities –** Does the proximity of existing communities limit re-use potential? Does the community have a preferred re-use strategy? Are there any gaps in community facility provision?
- **Site Facilities and Infrastructure –** Are there site characteristics that will prevent or facilitate commercial re-use? Are there special/large scale uses looking to locate within the area? Are there items of military infrastructure which lend themselves to commercial re-use?

5.8 Key recommendations for the re-use strategy at RAF Boulmer were:

  - a project team
  - a written summary of the site's facilities and activities
  - a working group of Local Authorities, development agencies, community groups and potentially interested private parties.

- It was recommended that the working group produce a set of broad objectives and options for the site. The report emphasised the long-term nature of the process and the importance of community involvement, particularly for any new 'villages', where this would facilitate integration into the existing local community. Benefits could result from introducing short-term uses whereby those maintained the site's condition and prevent deterioration; there were recognised to be costs to this approach, including security and site access, and there might be a danger that short-term solutions could undermine the community's longer-term aspirations.
- The first priority when approaching the closure of a military base is to obtain a clear statement from the MOD as to the extent and nature of the closure proposals. This is essential to avoid confusion over what is possible regarding potential options and timing.

RAF Coltishall

5.9 The RAF Coltishall base was due to close in December 2006. The site had limited access, being mainly served by C class roads, and straddled two District Council areas: Broadland District and North Norfolk District. Potential uses identified for the site were similar to those identified for RAF Boulmer[33].

5.10 Some features at the site were preserved for heritage reasons, such as wall paintings in the cellar of the officers' mess and the Spitfire Revetment. In addition, some trees were considered for Preservation Orders due to their contribution to the landscape. The Council's position emphasised preservation of the character and quality of the local area in any redevelopment proposal. This is supported by the Latty and Mercer (2006) report, which notes the importance of achieving a balance between generating new employment opportunities and maintaining the rural character of an area.

Implications

People and employment

5.11 The implications for employment loss, and where this impact will fall, were set out in Sections 3 and 4, above. Three groups were seen as being hit particularly hard, all important to the future of Rutland:

- Local people (civilians) undertaking relatively low-paid work at the base, directly for the RAF or for military contractors, for whom there will be limited alternatives in the area
- Skilled engineers and technicians, working directly with BAE or with its subcontractors, who are relatively well-paid and have transferable skills
- Those leaving the RAF and choosing to remain in the area, many also with high level skills, but who may bring forward their end of service as a result of the base closure and/or later decommissioning of the Harriers.

5.12 Possible remedial actions for the first group are likely to involve RCC working closely with JobCentre Plus.

5.13 The more skilled groups have significant potential, as contributors to competitive and successful businesses, across the East Midlands, in the more immediate area in a 20 mile radius of Oakham, and more locally in and around Oakham or Cottesmore. They should be seen as representing an opportunity, not a problem. If there is willingness and enthusiasm from those leading on regional and local economic development, there should be potential to work directly with business and through business networks to encourage a local solution. How local may be a matter for debate, and influenced by the considerations below.

[33] Norfolk County Council, North Norfolk District Council and Broadland District Council, October 2005, *Disposal of RAF Coltishall: Presentation to the RAF Coltishall Task Force*

The site

5.14 We now look at the possible future use for the site. We first set out the key characteristics and location, in Figure 5-1, below; then we present initial thoughts on possible future uses. These outline options are brought forward for consideration as part of the preliminary thinking on opportunities to replace at least some of the economic activity lost through the closure.

Figure 5-1: The Cottesmore site: location and key characteristics

The Cottesmore site: location and key characteristics

- The total area of the base extends to around 400 has. It is situated in the north of Rutland, around 6 miles from Oakham, 11 miles from Stamford, 20 miles from Peterborough and 28 miles from Leicester. Cottesmore is close to the A1, although access is not good and results in traffic movements through the nearby villages.
- The main runway extends to about 1.7 miles and is crossed by a shorter runway. At the centre of the base are 4 large hangers and a range of technical areas and a number of buildings use for technical purposes and administration.
- There are about 450 houses on the base which are owned by Annington Properties and leased back to the MOD. The housing appears to be built to a reasonable standard and in good condition; from visual inspection, some of the officer housing is well laid out and relatively attractive. In addition, barrack blocks provide accommodation for about 500 single personnel.
- The base also contains recreational facilities, notably a community centre, gymnasium and tennis courts; other facilities include a church, hairdresser, Spar shop, youth club and launderette. There is also a nursery school and primary school; both are owned and operated by RCC.
- The base has the benefit of infrastructure and services including water (primarily supplied by an MOD owned off-site borehole), sewerage and drainage, main electricity and gas. Given the high start up costs of providing such services to a large site, these represent a significant asset.
- We understand the MOD has recently commissioned consultants to undertake a land contamination survey, to be completed in March 2010.

Source: SQW analysis

Options and scenarios

5.15 As noted above, the site remains in MOD use at the present time and detailed consideration of future re-use will depend on the military's position on future requirements, and if/when the decision is taken is taken to divest. There is currently some pressure on RCC and *emda* to respond to (understandable) local concerns, and some expectations have been raised in the press. But the MOD also needs time to work out its position, and it seems unlikely that a firm decision will be made until completion of the current Strategic Defence Review, twelve months or more from now.

5.16 Bearing in mind this substantial caveat on timing, Defence Estates would appear to have four headline options.

- Option 1: Continue to utilise part of the site as housing for personnel based at Luffenham, Wittering: the remainder of the land to be sold or mothballed
- Option 2: Vacate the site entirely, but mothball it for possible future use in several years' time
- Option 3: Reallocate it for another military use (possibly as an Army base).

- Option 4: Sell the site, perhaps with a view to partial future development rather than reverting to agricultural use.

5.17 The implications of Option 1 are, in part, considered in Section 4 above and Option 4 below. The option of mothballing (Option 2) is least favoured by RCC and partners at present, and would result in a complete loss of economic activity and impact for the area. We therefore focus here on the implications and possible scale of reallocation of the site to other military use (Option 3) and on partial development (Option 4).

Option 3: Reallocation of site for another military use

5.18 Cottesmore could potentially meet a need to provide short-term accommodation for returnees from the army in Germany, as have other potentially redundant MOD sites in recent years. It is difficult to estimate the potential scale of Army use as the size of regiments and brigades varies depending upon function. On average, it is estimated that there are 70-200 troops in a company, around 650 troops in a regiment[34], and between 3,000 and 5,000 in a brigade (which is a collection of two or more regiments). Accommodating a brigade would be beyond the current capacity of RAF Cottesmore, but there would be scope to house a number of troops/regiments in the short term, and the potential to expand capacity in the medium to longer term.

5.19 The reallocation of the site for another military use would ensure jobs are retained in the area, especially for those civilians who are at risk of job losses through the closure of RAF Cottesmore. It would also retain some elements of staff spend in the local economy, procurement opportunities (albeit different in nature) and capital investment with associated opportunities for the local construction industry.

5.20 However, some experience elsewhere suggest that Army staff appear to be less likely to buy into local housing markets than their RAF counterparts[35] – and this reluctance is likely to be amplified in the case of Cottesmore/Rutland where house prices are high and there are a limited number of other army bases in close proximity (the presence of other RAF bases near Cottesmore has encouraged RAF staff to buy property locally in the past, as they don't need to move house if their place of work changes). This issue, and the presence of junior army ranks, will also influence spend patterns and integration with the local economy. SQW's research in North Yorkshire found that army staff were more likely to spend their earnings in the Tees Valley (in the North East region), especially for entertainment and household goods, rather than in the local rural economy, so in the case of Rutland, this could mean greater leakage of spend into Peterborough and the East of England.

5.21 The feasibility of taking this Option forward is also largely dependent upon MOD and Defence Estate decisions; in the longer term, it would appear to conflict with the MOD policy aim of concentrating the Army in 'super garrisons' over the next 10-20 years. Any reallocation of the site for army use could therefore be temporary, rather than leading to a long-term solution for Cottesmore and Rutland. However, as MOD policy could change

[34] http://www.guardian.co.uk/military/army/0,12209,749315,00.html
[35] SQW (2009) Economic impact of the military in North Yorkshire, which found that in North Yorkshire, an estimated 95% of military staff (which are largely army) lived in MOD accommodation.

following the expected Strategic Defence Review, a continued military use for Cottesmore in the longer term cannot yet be ruled out.

Option 4: Possibilities for partial development reuse

5.22 In planning terms, we understand that the base would be classified as 'white land' when considering possible future use. A case could, however, be made for altering the status of the land earlier built on by the military to a 'brownfield' designation. If the MOD/Defence Estates decision in 2011 was to pursue Option 4 this could open up the possibility of at least partial redevelopment, providing the opportunity for RCC/*emda* to seek replacement of some lost economic activity.

5.23 Further research will be needed to confirm the acceptability of this approach; also to further investigate possible scenarios and the type/scale of public sector intervention required. The potential to achieve these possibilities will depend on the state of the property market at the time the land becomes available, employment land supply and demand conditions (in terms of pricing, quality and the potential for higher value added activities) in Rutland and wider competition from lower cost locations nearby (such as Corby). At present, SQW's initial view, in consultation with RCC, pointed to a demand for good quality land and premises in an attractive environment, and an element of this demand could be from companies who could cater for any available skills arising from the closure and senior business people already living in Rutland but whose business interests are currently outside the County. However, at present there appears to be a shortage of suitable land and premises, particularly in the east of the County, to meet this need/demand for high quality environments. While further work is necessary, there appears to be a good case to designate land in some of the smaller settlements in the east for small scale development, and the re-use of RAF Cottesmore may provide the County with capacity for new needs and opportunities.

5.24 In the paragraphs which follow, we set out our initial thinking in terms of five outline scenarios.

- Scenario 1: New village based on existing housing
- Scenario 2: New village, with (physically separate) logistics park linked to the A1
- Scenarios 3-6: Sale of the base to a dedicated user – leisure park; commercial airfield; institutional or other specialist use.

Scenario 1: New village based on existing housing

5.25 Whatever the MOD decision on future use, we would see the existing houses remaining and being in demand - either from the military, at least for a period of time, or through their sale to the private market. RCC has indicated that some new housing at the base could be taken forward within the emerging LDF. The on-site facilities now used by the occupiers of this accommodation could continue to operate, and potentially also provide an important part of the services which would be required by a larger settlement.

5.26 We envisage an approximate doubling of the existing housing stock, to form a large village/ small rural township of perhaps 2,000-2,500 people. This could accommodate the reuse of some of the technical/administration buildings for offices/workspace, which together with some new build could form a small business park of c.10-15k sq m. The remaining buildings would probably be demolished and the vacant land returned to agriculture, provided it was feasible to remove the runways and restore the land to farming use. Some road and access improvements will probably be needed, but we would not anticipate heavy traffic or warehousing use. The hangers could be retained, but restricted to uses such as the storage of documents and archiving, which would generate only limited traffic movements. With a mix of employment uses on the new business park, including some firms engaged in technical and other knowledge-based activities, 300-400 jobs could be attracted, replacing a substantial part of the skilled jobs lost with the closure of the base.

Scenario 2: New village with physically separate logistics park

5.27 Under Scenario 2, the north east part of the base would be developed, in addition to the new village and small business park envisaged in Scenario 1. This additional area, physically separated from the township, would be served by a new road link to the A1, necessitating new road infrastructure, including improvement to the existing junction at Stretton. Improved access would allow the re-use of the hangers for logistics activities, and other buildings also to be developed for warehousing. Feasibility would depend on the potential scale and demand from the property market: at present, there is unlikely to be a sufficient return from warehousing to justify the expenditure on road and junction improvements. Recent planning permission for a new quarry close to the A1 could potentially fit well with Scenario 2, but would also necessitate substantial lorry movements and road/junction upgrades. While some additional skilled employment would be created, this is likely to be on a small scale: warehousing activity is low-density and predominantly unskilled or low skilled (and therefore low value added) work.

Scenarios 3-6: Sale of the base to a dedicated user

5.28 Under this head we group potential uses that would require interest from a specialist purchaser. Such purchasers can seldom be counted on and are frequently thought of by the property market as ‘long shots’; however, they do appear from time to time when a site is known to be available and has been well advertised. Depending on the preferred Scenario, these may require an assessment of skills provision in the area (for example, can Rutland and the surrounding area provide the type and level of skills demanded by these uses? Are plans in place to attract skills if required?)

5.29 *Scenario 3: Leisure-led development.* The base is close to Rutland Water which is a popular and growing destination for water and leisure based activity. However, it is difficult to envisage a specific leisure use for the site – it is flat and its topography does not lend itself to a Centerparks or similar type of operation. In addition a leisure use would not replace many of the skilled jobs that are currently on the base.

5.30 *Scenario 4: Commercial airfield*. Redevelopment of a commercial airport perhaps linked to specialist logistics, could make use of the existing runways, and perhaps some buildings, and would replace a number of the skilled jobs on the site. However, this reuse would be heavy in traffic generation, and be likely to require substantial expenditure on road improvements and access to the A1. In commercial terms, the absence of a nearby conurbation (facilitating potential of multiplier effects), the accessibility of airports at Luton, East Midlands, Birmingham (which has been granted a runway extension), and Stansted, and the view of the Aviation White Paper (2003) that expected very little appetite for airports outside those already covered in the AWP would seem to rule this option out from further consideration. A new commercial airport would also be likely to face local opposition. It is therefore recommended that a more detailed options appraisal be undertaken if there is appetite to pursue Scenario 4 further, particularly to explore issues around need, capacity and demand.

5.31 *Scenario 5: Institutional or related re-use (public/quasi-public).* This may cover different types of use, for example, a research centre, public sector department or an educational establishment. One option may be for use as a prison; we are aware of accommodation issues at Ashwell, nearby. Again, such a use may also face local opposition.

5.32 *Scenario 6: Specialist or other private sector use*. This scenario is similar to that above, but would retain some at least of the existing infrastructure for private sector specialist use (such as aircraft maintenance or resource management/renewable energy generation) or, for example, a company head office. Whilst such opportunities are not common and often have a very specific set of requirements, many of these could, in principle, be catered for at Cottesmore. Furthermore, specialist private sector activities could generate high value added occupations for the regional economy, and assist the County in achieving a more sustainable balance between where people live and work.

Recommended next steps

5.33 As noted at the outset, this Draft Report has been produced to a tight timetable in order to facilitate early informed debate between RCC, *emda* and partners. Considerable uncertainties remain, relating both to the closure of the base and the implications – some of which will not be resolved before the completion of this study. The recommended next steps, which follow, are intended to guide further investigation by *emda* and RCC, and help the authorities to work with other parties in progressing their response:

- The site is not available at the present time: there is a limit to what RCC and *emda* can do in the short term whilst the base remains in military use. However, as shown by involvement in the work of the Task Group and this study, the RAF has shown willingness to engage with and work alongside local/regional public bodies in discussing the future of the site and in sharing available information.
- In the short term, maintaining ongoing communications and relations with the MOD/RAF is essential, so that *emda* and RCC are aware of impending decisions on future military use or timing, and can respond quickly in considering alternatives. We suggest that the current series of meetings are maintained at set intervals over the next year. We would also recommend that ongoing contingency is made for potential outcomes in regional planning, and that there is early dialogue with the Highways Agency.
- It may also be beneficial to undertake a survey of spend patterns of RAF staff, which would enable RCC to quantify induced economic impacts and map the spatial

distribution of spend in more detail, and subsequently enable RCC to adopt a more targeted response towards those sectors/businesses most likely to be affected by the closure.

- Given the evident inter-relationships between RAF Cottesmore and other MOD bases in the East Midlands and into the East of England, *emda* may also wish to explore the economic impact of all military activity in the region, which could test the knock-on implications in more detail of closure at RAF Cottesmore, the potential opportunities for the region (in light of capacity constraints at RAF Wittering), and the impacts of a potential Defence Review on the region as a whole.

- We would also suggest that, in the interim, RCC and *emda* continue to investigate the site's potential for other uses, exploring these emerging options in more detail. Unless a dedicated user comes forward, the new village (Scenario 1) would seem to be the most realistic possibility. This would potentially provide a (partially) new community of a sustainable size for local-level public and private services, enable new employment to be provided on a similar scale, compatible with a predominantly rural area and provide for the cost-effective re-use of existing public infrastructure and community services. The creation of capital value through appropriate planning allocations (such as housing) would also aid the cost effective provision of new infrastructure, as well as the cost effective re-use of existing infrastructures.

- Our initial view points to a demand for good quality land and premises in this attractive environment. An important element of this demand appears likely to be from local companies and from business people living in Rutland whose work is outside the county. This might in principle absorb much of the skilled labour released into the market by the closure at Cottesmore. However, at present there appears a shortage of suitable land and premises to meet this demand; this shortage is particularly apparent in the east of the county. We therefore recommend further research be undertaken into the market demand for land and premises across Rutland, and a review of available and potential supply on a qualitative and quantitative basis. The findings could then be used to bring forward a sites and premises strategy for Rutland.

- If RCC and *emda* agree that the new village option offers the most realistic and desirable possibility, the planning position should be investigated as the first priority. Initial work should take the form of a planning feasibility study, which would provide the basic information for a supplementary planning document or development plan document, which could in turn later be adopted as part of the LDF.

Annex A: Consultees

A.1 The table below lists the individuals consulted as part of this study.

Name	Organisation	Position / role
Helen Briggs	RCC	CEX
Bill Wells	emda	Investor Development Manager
Ted Richards*	RAF Cottesmore/Wittering	Gp Capt, COTWIT Programme Team Leader
Jeremy Melhuish*	Defence Estates	Special Projects, Lands Management Services
James Savage	RAF Cottesmore	Wg Cdr. Member of RAF Cottesmore Project Team
Ian Howkins-Griffiths	RAF Cottesmore	Sqrn Ldr. Member of RAF Cottesmore Project Team
Libby Kingsley	RCC	Senior Economic Development Officer
David Troy*	RCC	Planning Manager
Sqn Ldr Richard Havercroft	RAF	Squadron Leader, Officer Commanding Personnel Management Squadron
WO Steve Johnson	RAF	Housing lead
Richard Mackay	Aramark	Regional Business Manager
Dave Allin	Coast to Coast	Manager
Andy Scott	Modern Housing Solutions	Manager
Iain Gault	BAE	Harrier Availability Director
Graeme Law	Peterborough City Council	Strategic Planning Advisor
Barry Kirk	Peterborough City Council	Transport Group Manager

*Notes: * denotes individuals who were interviewed twice (scoping and in-depth consultation, or follow-up consultation)*

Annex B: Statistics, calculations, evidence

Multipliers

B.1 There are a number of different households receiving income from RAF Cottesmore. For instance households within the wire containing a single member of the RAF, or a household outside of the wire containing contract staff working at RAF Cottesmore. For each of these different households we have estimated how many working people in that household are there due to RAF Cottesmore. We have then estimated how much they spend and where their spend occurs. Finally we have estimated the knock on effect of that spend within the economy to give a set of multipliers for our economic projections.

B.2 Within this process, we calculated two sets of multipliers, firstly for the impact on Rutland and secondly for the East Midlands.

B.3 These calculations take place in a series of stages:

- **Stage 1**: We took ONS figures on average household spending and matched the categories for areas of spend, to categories in the national Input/Output Tables
- **Stage 2**: We estimated how much of the additional GDP from the input/output multipliers would be retained in Rutland and in the East Midlands
- **Stage 3**: We combined the results of the previous three stages to create new multipliers for each type of household spend
- **Stage 4**: For each different household type, we estimated their spend in each of the household spend categories, relative to the national average
- **Stage 5**: We estimated the proportion of different family types, based on RAF working assumptions and national and regional averages
- **Stage 6**: Finally, we combined the spend estimates from Stage 4 with the spend multipliers from Stage 3 and the proportions from Stage 5, to create a set of overall multipliers for use in our economic modelling

Stage 1: Matching average household spend with input/output multipliers

B.4 Input/output multipliers[36] provide national estimates, of the impact across the whole economy, of money spent in individual sections of the economy. We took the categories identified in the ONS average household spend figures[37] and matched them up with appropriate categories from the input/output tables.

B.5 To do this, we studied the full range of input/output categories and looked for individual categories which either (a) encompassed the whole of the household spend category, (b) had a GDP multiplier that was representative of the wider set of appropriate input/output categories,

[36] http://www.statistics.gov.uk/about/methodology_by_theme/inputoutput/latestdata.asp
[37] Family Spending - A report on the 2008 Living Costs and Food Survey

or (c) as part of a small set of multipliers, was representative of the wider set of appropriate input/output GDP multipliers. These matches are represented in Table B-1.

Table B-1: Matching household spend categories with input/output multipliers

ONS household spend category	Matched input/output category	Input/output GDP multiplier
Transport	94. Other land transport	1.5826
Recreation and culture	121. Recreational services	2.0749
	91. Retail distribution	1.5228
Housing, fuel and power	104. Letting of dwellings	2.3253
	103. Owning and dealing in real estate	1.8072
	86. Gas distribution	2.2158
Food and non-alcoholic drinks	17. Other food products	2.1485
Restaurants and hotels	92. Hotels, catering, pubs etc	1.4887
Miscellaneous goods and services	91. Retail distribution	1.5228
Household goods and services	91. Retail distribution	1.5228
Clothing and footwear	91. Retail distribution	1.5228
Communication	99. Telecommunications	1.4342
Alcoholic drinks, tobacco and narcotics	18. Alcoholic beverages	2.7536
	20. Tobacco products	1.8888
Education	125. GG - Education	1.1354
Health	126. GG - Health and veterinary services	7.0562
Other expenditure items	115. Public administration and defence	1.3050
	100. Banking and finance	1.8564

Source: SQW analysis

B.6 In our later calculations, where there are multiple input/output categories matching to a single household spend category, we have taken the mean average.

Stage 2: Estimating the amount of additional GDP from the input/output multipliers that will be retained in Rutland and the East Midlands

B.7 The input/output multipliers refer to the additional national economic impact. The quantity of this additional impact which is retained locally, varies for different categories, depending on the nature of their supply chains.

B.8 Using our knowledge of the UK economy, and the local situation in Rutland and the East Midlands, we estimated the percentage of the additionality from the multiplier that would be retained. These estimates are shown in Table B-2.

Table B-2: Estimates of retained additional GDP from multipliers

Category	*% of additional multiplier impact* in Rutland	*% of additional multiplier impact* in the East Midlands
Transport	50%	70%
Recreation and culture	40%	70%
Housing, fuel and power	40%	50%
Food and non-alcoholic drinks	40%	50%
Restaurants and hotels	40%	50%
Miscellaneous goods and services	50%	60%
Household goods and services	50%	60%
Clothing and footwear	50%	60%
Communication	10%	15%
Alcoholic drinks, tobacco and narcotics	30%	40%
Education	70%	80%
Health	40%	50%
Other expenditure items	20%	30%

Source: SQW analysis

Stage 3: Creating new multipliers

B.9 We applied the percentages from Table B-2, to the categories in Table B-1, creating new multipliers for each of the areas of household spend. This is shown in Table B-3.

Table B-3: Multiplier calculations by category and area

			Rutland		East Midlands	
Category	**Input/output category**	**Input/output GDP multiplier**	*% of additional multiplier impact*	*Resulting multiplier*	*% of additional multiplier impact*	*Resulting multiplier*
Transport	94. Other land transport	1.7027	50%	1.3513	70%	1.4919
Recreation and culture	121. Recreational services	1.8231	40%	1.2975	70%	1.5207
	91. Retail distribution	1.6645				
Housing, fuel and power	104. Letting of dwellings	1.3101	40%	1.2619	50%	1.3274
	103. Owning and dealing in real estate	1.5900				
	86. Gas distribution	2.0641				
Food and non-alcoholic drinks	17. Other food products	2.0961	40%	1.4385	50%	1.5481
Restaurants and hotels	92. Hotels, catering, pubs etc	1.7059	40%	1.2824	50%	1.3530
Miscellaneous goods and services	91. Retail distribution	1.6645	50%	1.3323	60%	1.3987
Household goods and services	91. Retail distribution	1.6645	50%	1.3323	60%	1.3987
Clothing and footwear	91. Retail distribution	1.6645	50%	1.3323	60%	1.3987
Communication	99. Telecommunications	1.5003	10%	1.0500	15%	1.0750
Alcoholic drinks, tobacco and narcotics	18. Alcoholic beverages	1.9674	30%	1.2556	40%	1.3408
	20. Tobacco products	1.7368				
Education	125. GG - Education	1.3302	70%	1.2311	80%	1.2641
Health	126. GG - Health and veterinary services	2.2129	40%	1.4852	50%	1.6064
Other expenditure items	115. Public administration and defence	1.5146	20%	1.1219	30%	1.1828
	100. Banking and finance	1.7043				

Source: SQW analysis and ONS Input/Output tables

Stage 4: Estimates of spend by type of household

B.10 For each type of household, we estimated how the wages associated with RAF Cottesmore were spent relative to the national average. These estimates were also reviewed by RAF Cottesmore to ensure that they were as accurate as possible.

B.11 In some categories, such as the spend on housing fuel and power, by a single person living within the wire, the household spend goes straight to the RAF and is not retained in the region. In these instances, that spend has been discounted.

B.12 For ease of use we have adjusted each category proportionally, with 1 Representing 100% of the national average.

B.13 Where reasonable, we have left figures at the national average level as, in areas where our information is very limited such as recreation and culture, the national average is the safest figure to use.

B.14 For completeness we have included hotel based contractor staff, but excluded their household spending with the exception of their hotel and restaurant spending which is all that is likely to be within the region.

B.15 In general our assumptions within Table B-4 are that:

- Housing costs are considerably lower for those living within the wire
- Food costs are lower for military staff due to military supplies
- Clothing costs are lower for staff who regularly wear military uniforms
- Health care costs are lower due to military services.

Table B-4: Estimated variation on average household spend

Category	**Military**						**Civilian staff**	**Contractor staff**	
	Military housing			*Private housing*					
	Single	Couple	Couple with dependents	Single	Couple	Couple with dependents		Resident	Hotel based
Transport	1	1	1	1	1	1	1	1	
Recreation and culture	1	1	1	1	1	1	1	1	
Housing, fuel and power	0	0	0	1	1	1	1	1	
Food and non-alcoholic drinks	0.1	0.6	1	0.3	1	1.2	1	1	
Restaurants and hotels	1	1	1	1	1	1	1	1	1
Miscellaneous goods and services	1	1	1	1	1	1	1	1	

Category	Military						Civilian staff	Contractor staff
Household goods and services	0	0.2	0.2	1	1	1	1	1
Clothing and footwear	0.6	0.8	1.5	0.6	0.8	1.5	1	1
Communication	1	1	1	1	1	1	1	1
Alcoholic drinks, tobacco and narcotics	1	1	1	1	1	1	1	1
Education	1	1	1	1	1	1	1	1
Health	0.2	0.8	0.8	0.2	0.8	0.8	1	1
Other expenditure items	1	1	1	1	1	1	1	1

Source: SQW estimates reviewed by Wing Commander James Savage from RAF Cottesmore

Stage 5: Estimates of the proportion of different family types within households

B.16 Available figures for RAF Cottesmore staff living within the wire indicate that 60% live in single accommodation and the remainder live in families' accommodation. The RAF uses a working assumption that each family unit consists of 2.5 people. From this very approximate assumption, we have assumed that half of those living in family accommodation have children.

B.17 Outside of the wire, we have applied national averages: figures from the Annual Population Survey[38] indicate that 62% of households contain a married or cohabiting couple and that of those, 46% have children.

B.18 The RAF does not keep records of single parents. The Defence Analytical Services and Advice (DASA) records show that 680 out of a sample of 39,640 RAF personnel are recorded as qualifying for privileges as the "Primary carer and provider for child". However, the DASA stressed that the RAF make no formal attempt to quantify single parents and that this figure should not be viewed as an authoritative total. For the purpose of our economic modelling, we have assumed that the number of single parents is negligible.

B.19 Table B-5 shows the resulting proportions for different family types.

Table B-5: Proportions by family type

Military housing			**Private housing**			**Civilian staff**	**Contractor staff**	
Single	*Couple*	*Couple with dependents*	*Single*	*Couple*	*Couple with dependents*		*Living locally*	*Staying in local hotels*
60%	20%	20%	38%	33%	29%	100%	50%	50%

Source: RAF Cottesmore figures and SQW analysis

[38] We have used the UK average as this provides the highest level of statistical significance

Stage 6: Creation of the final multipliers

B.20 Taking the proportions of spend from Table B-4, the multipliers from Table B-3 and the actual proportions of the different family types in Table B-5, we then created overall average multipliers for the wages associated with RAF Cottesmore in each of the main household categories. These are shown in Table B-6.

Table B-6: Final multipliers

	Rutland				**East Midlands**			
Household	Military inside wire	Military outside wire	Civilian	Contractor	Military inside wire	Military outside wire	Civilian	Contractor
Multiplier	1.27	1.28	1.29	1.29	1.36	1.36	1.38	1.38

Source: SQW Analysis

B.21 These multipliers take into account dependents and areas of spend, so their usage is not straight forward; these are specially created multipliers for use only in the economic projections contained within this report.