

# Economic Impact of Military Presence in North Yorkshire

## Executive Summary



### Background

Yorkshire Forward, in partnership with North Yorkshire County Council, the Ministry of Defence, Richmondshire District Council and Tees Valley Unlimited, commissioned SQW Consulting to explore the economic impact of the military presence in North Yorkshire.

SQW looked at -

- **The scale, nature and geography of military activity**
- **The indirect impacts of that activity, including the impact on local communities and housing**
- **The impact of the military presence on local labour markets, including military leavers**
- **The potential impact of any expansion at Catterick Garrison.**

Evidence was gathered from publicly available statistics, internal MOD data and consultations with key stakeholders and MOD Staff.

### Conclusions & Recommendations

The study drew the following conclusions -

- **The military presence in North Yorkshire has a substantial direct and indirect impact both in the county and in the Tees Valley. Both the scale and nature of this impact - summarised in the diagram below - have been underappreciated to date**
- **The size of the military presence in North Yorkshire has provided 'critical mass' for investments in educational, retail and leisure services. It has supported the housing market and has the potential to bring skilled service leavers into the local workforce**
- **While the military presence puts increased demands on some public services, and adds uncertainties to planning processes, these issues are being addressed through better communication between the military and civil organisations, locally, and regionally**
- **If the CGAA were to grow significantly in the future, there is scope not only to accommodate this expansion but to capture additional economic value from it.**

The study made recommendations in three areas -

#### BUSINESS -

- **Public agencies and the MOD should do more to link the MOD's main contractors to local businesses and to raise awareness of these opportunities among businesses**
- **Public agencies and businesses should also look for opportunities to promote local employment initiatives linked to any future capital developments in CGAA**

#### PEOPLE & PLACE -

- **Job opportunities created through the MOD presence should be promoted in the surrounding communities. Local and regional organisations should work with MOD main contractors to raise awareness of local labour opportunities**
- **Local employers should be made more aware of the numbers - and range of skills - leaving the military and how to access these**
- **Policy makers in North Yorkshire and the Tees Valley should continue and deepen the cooperation evident in this study, recognising that travel-to-work, travel-to-leisure and markets for local business services all cross the regional boundary**

- MOD personnel should continue to work towards better understanding of local services, and more effective integration: in particular, helping military staff to be aware of and utilise relevant housing contacts (social housing and the mainstream market)
- Local partners recognise the risk to the local economy of cuts in public sector budgets; they should work together to ensure that national decision-makers take account of the spatial concentration and economic importance of military activity in North Yorkshire and Tees Valley

## COMMUNICATIONS -

- Communication between the MOD and sub-regional stakeholders has improved: the MOD should build on this, focusing on regular communication of information on demographic and other information to inform on-going planning processes
- The MOD and partners need to become involved with the development of the Yorkshire and Humber and North East Integrated Regional Strategies, in order to ensure that both documents take account of the cross-boundary effects of military activity in North Yorkshire
- The MOD needs to work with other public sector partners, including Business Link and Job Centre Plus to help match military leavers with appropriate job opportunities and possibilities for self-employment
- The good practice which already exists should be promoted as templates for future working. The operation of the Military Civil Integration Board, the recent successful assimilation of 4 Brigade, and examples of local businesses taking advantage of MOD procurement opportunities could all provide good case studies.

## Headline Findings

In 2009, the MOD employed 17,149 FTE staff.

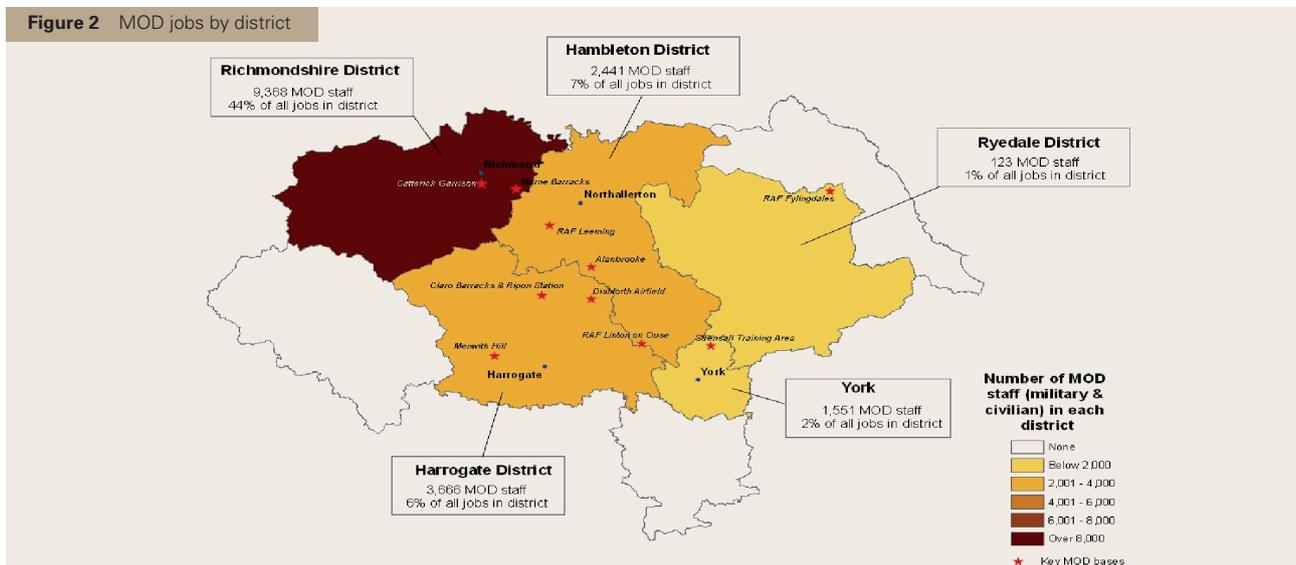
- 88% of these were in the military, 12% civilian
- 75% were in the Army, 25% in the RAF
- 47% were based in Catterick Garrison
- 72% of all staff worked within the wider Catterick Garrison Administrative Area (CGAA)
- 71% of military jobs were in junior ranks and 49% of civilian jobs in administration

Figure 1 Catterick Garrison Administrative Area within North Yorkshire



The map below shows the split of MOD jobs by local authority district.

Figure 2 MOD jobs by district



Source: ABI and internal MOD data. Produced by SQW Consulting 2009. © Ordnance Survey, Crown Copyright. License Number 100019086. Digital Map Data © Collins Bartholomew Ltd. CLG. Postcode information © Royal Mail Group Plc (2007).

## Housing and employee spend

Approx 95% of military staff in North Yorkshire live in MOD accommodation. Of those military and civilian staff living off-site, 56% live in the North East (Tees Valley) and 42% in the Yorkshire and Humber region. Those living in Yorkshire and Humber are more likely to rent their homes while those buying property are more likely to be living in the North East. Spend by MOD employees has considerable impact in North Yorkshire and also in the Tees Valley. Approximately two-thirds of identified MOD employee spend takes place in the Yorkshire and Humber region, mostly in North Yorkshire, however there is a large share of employee spend, especially on household goods, entertainment and recreation that flows into the Tees Valley.

## Local business and labour markets

The study identified that the MOD procured at least £61m of goods and services each year in the Catterick Garrison Administrative Area <sup>1</sup> and that 64% of the value of these contracts was retained by businesses in the Yorkshire and Humber Region. MOD procurement is creating accessible jobs for local residents, including those living in relatively deprived communities nearby. Many of the contracts are for services, and the contractors believe the majority of jobs created are retained by those in Yorkshire and Humber.

While many of these contracts are with large businesses, it was found that more could be done to open up opportunities (especially in terms of sub-contracting) for local firms. For example, through:

- **Raising awareness within the MOD and their major contractors of opportunities to use local suppliers**
- **Providing information to local suppliers, on the opportunities to do business with the MOD, directly and with contractors**
- **Public bodies facilitating these contacts through providing practical advice, for example on how firms can bid for contracts.**

More also needs to be done to make local businesses aware of the skills that service people can bring to their business. Nearly 800 people leave the army each year from bases in North Yorkshire and whilst many do return to other parts of the country, up to a quarter look to stay in the region. A high proportion of these are seeking employment in transport and communications, construction or manufacturing sectors, and professional or skilled trade occupations. Many have skills which would be useful in the local economy: more could also be done to make local businesses aware of the skills these service leavers can offer.

## Partnership working

Partnership working and communication between the MOD and local partners has improved considerably in recent years: alongside the evidence of good practice, the study found there was also still room for improvement.

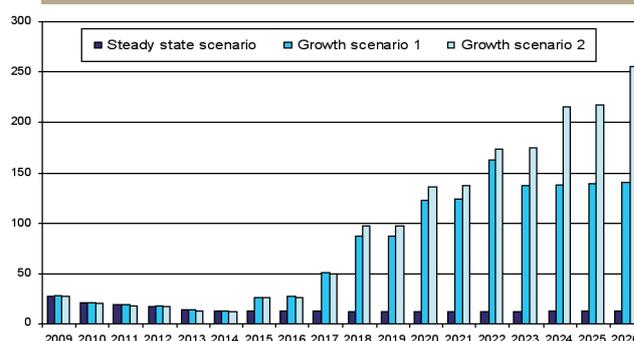
The Military Civil Integration Board has been established in the sub-region. This brings together senior representatives from the Army, RAF, local authorities and other sub-regional partners. The MOD also is represented on the North Yorkshire Local Strategic Partnerships.

Increased involvement has enhanced information flows and helped local authorities and other bodies better understand the military. But the study found that partners would still like to see more consistent, regular and proactive communication, particularly on the likelihood and timing of MOD development plans, more information on the number and profile of military leavers, and accommodation provision and mainstream service needs for military staff.

## Potential impact of further growth

The study looked at the economic impact of three military growth scenarios at CGAA through to 2026. These have been tested using Yorkshire Forward's economic forecasting model, adjusting assumptions to take local evidence into account. The results are shown overleaf.

Figure 3 Additional GVA impact from different growth scenarios



<sup>1</sup> This does not include all MOD procurement, as some major contracts are procured on a national basis (e.g. equipment, uniforms) and other information on others was not made available to SQW because of commercial sensitivity (e.g. catering contracts).

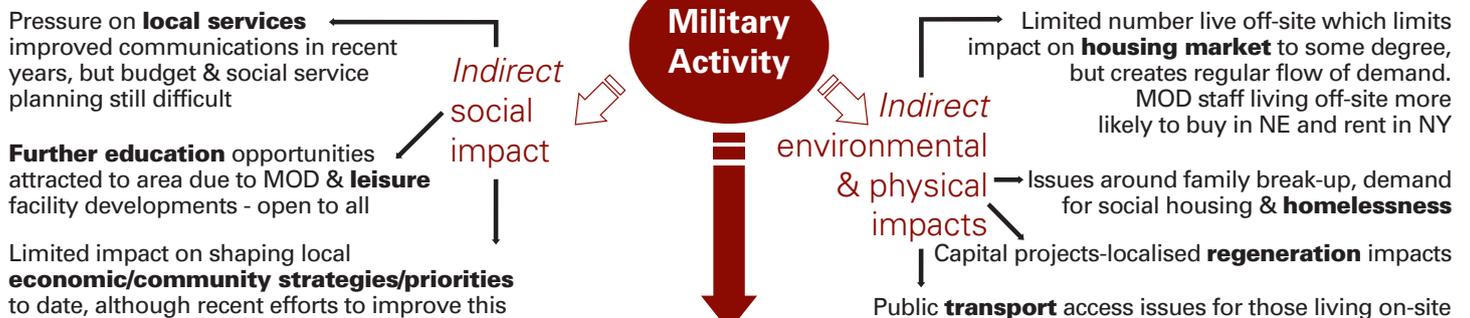
**Table 1** Scenario testing

Scenario	Economic impact on the Yorkshire and Humber region
<p><b>'Steady state' scenario</b> of an increase of 200 jobs in 2009, which remains constant through to 2026, and the employment impact associated with secured capital projects in CGAA</p>	<p>An additional £259m in GVA (cumulative), or an average of 350 indirect jobs p.a. by 2026</p>
<p><b>'Growth scenario 1'</b> of an additional three units (of 600 staff each) 2018 at 18 month intervals at Catterick, plus the addition of one unit (of 250 staff) at RAF Leeming in 2015 (in addition to the steady state above), and capital projects from the Catterick Garrison Long Term Development Plan that would cater for this growth</p>	<p>An additional impact of £1.4bn in GVA from (cumulative) or an average of 1,700 annual jobs by 2026</p>
<p><b>'Growth scenario 2'</b> of an additional of five units (of 600 staff each) from 2018 at 18 month intervals and a new HQ (of 200 staff) at Catterick (in addition to the steady state), plus the addition of one unit (of 250 staff) at RAF Leeming in 2015 and capital projects from the Catterick Garrison Long Term Development Plan that would cater for this growth</p>	<p>An additional £1.7bn in GVA (cumulative) or an average of 2,100 annual jobs, by the end of 2026.</p>

These results show that, even with a "steady state" scenario, CGAA continues to have a significant impact on the local economy.

**Figure 4** Summary of economic impact

### Current impact



**Direct economic impact** - estimated *net* impact of almost £600m p.a.

