



Programme Update

April 2011

This update incorporates reports from a range of partners involved in delivering elements of the *Caithness & north Sutherland Action Plan*. It is hoped that by condensing multiple reports into one paper the information will be disseminated more efficiently amongst the various groups such as the CNSRP Advisory Board, Executive Board and the Dounreay Stakeholders' Group.

Key Issues and highlights:

- Scottish Government funding of £2.2M has now been approved to Scrabster Harbour Trust to help develop the harbour as a key component of Scotland's renewable energy infrastructure. This should now allow the Phase 1 development project to proceed.
- HIE has approved funding of £1.8M to the company leading the redevelopment of John O'Groats.
- Work has begun on the upgrade to the Dounreay-Beaully power transmission line, part of a major capital programme for the north.
- Separate approaches have been made for Marine Energy Park and Enterprise Zone status for Caithness and North Sutherland.
- Forss-based CSC announced plans to grow its existing workforce of 32 by up to 15 in the next two years.
- Caithness Chamber of Commerce has appointed a Town Centre Development Officer for Wick and Thurso to deliver a two-year programme of work.

Caithness & North Sutherland Action Plan 2011-14

The key priorities identified for 2011-14 were to:

- Work with existing area businesses in the energy and business services sectors to help them diversify and grow their businesses.
- Deliver a targeted programme of inward investment activity focused on energy-related opportunities such as marine renewable energy, oil & gas
- Deliver a targeted programme of inward investment activity focused on business services-related opportunities such as data centres, contact centres and higher-skill back office functions.
- Support the delivery of key enabling infrastructure such as ports and harbours, road, rail and air transport, skills transition and digital connectivity.

Progress with High Priority activities

Energy

At the end of March the Scottish Government announced funding of £2.2M to allow Phase 1 of the redevelopment of Scrabster harbour to proceed. This very complex funding package has taken time to complete, but Scrabster Harbour Trust will now be able to start the Phase 1 work, and deliver a redeveloped harbour facility in time to attract business from the initial phases of the marine energy deployments in the Pentland Firth and Orkney waters.

Highland Council continues to work with The Prince's Foundation for the Built Environment, HIE and Scottish Government on an onshore development framework to support marine energy. A final report from the project is expected soon, and a report will be submitted to Highland Council with recommendations on actions to be taken as a result of this process.

Marketing materials on the area's three harbours with marine energy potential have been produced by HIE and Scottish Development International (SDI) for use in discussions with potential inward investors. The Invest Caithness project team is producing marketing materials designed to provide information on the area's capabilities in key areas such as engineering, infrastructure, research and skills.

Caithness Chamber of Commerce and the North of Scotland Industries Group (NSIG) held a joint event on Marine Energy at North Highland College on 5th April. Speakers from supply chain, technology developers, academic and public sector organisations spoke about aspects such as developer requirements, contracts strategies, intellectual property, skills. Attendees were also shown round the impressive new Engineering Technology & Energy Centre (ETEC) building as it nears the completion of its building work.

HIE commissioned research into three areas of potential inward investment in the energy sector (oil & gas opportunities, electrical supply chain for

renewables and pharmaceutical production). The research phases of these studies are now complete, resulting in a list of potential target companies in each sector to be followed up by HIE and SDI with specific proposition materials on Caithness/ North Sutherland as a business location. It is expected that the long list of companies will be honed down to a shortlist of key targets through contact with the companies by HIE and SDI over the next two months. Further research commissions in the energy sectors during 2011 will result in a similar process to the one described above to establish the key targets.

Business Services

CSC, the global technology services company that took over the servicing of Dounreay's IS support requirements, has been supported by HIE to grow its business in the area. The company is based at the Forss Business and Technology Park, and has already grown its staff complement to 32. It hopes to create another 15 posts over the next two years, targeting new contracts in a range of sectors.

The Pensions Administration office (PAO) which is owned by Babcock, and currently administers all UK nuclear industry pensions, is to move from its current base in Thurso to the Forss Business & Technology Park. The move is designed to give the existing PAO staff a better working environment, and to allow the PAO to grow as it competes for new business.

Local organisations are working with staff at the HMRC office in Wick to help make the case for retaining an HMRC facility in the area. The office is due to close in 2012, and staff are currently going through rounds of voluntary severance. Staff have also been brought into the "Make The Right Connections" skills transition programme (see "Skills Transition" below).

HIE completed a research study into potential targets for inward investment in the area of business services (including call centres, back-office/ shared services and home-working opportunities). As with the energy research mentioned above, it is expected that the long list of companies will be honed down to a shortlist of key targets through contact with the companies by HIE and SDI over the next two months. Further research work will be commissioned during 2011.

Progress with enabling activities

Electricity Grid

The CNSRP Advisory Board heard a presentation from members of Scottish & Southern Energy's power transmission team. The presentation focused on the major programme of construction and enhancement needed to enable the north's electricity grid to carry the power generated by renewable energy in Pentland and Moray Firths as well as from onshore renewables (wind and biomass). Members heard that a programme worth up to £1bn would be needed over the next ten years to achieve full build-out of marine renewables. The opportunities arising from the construction phases of this programme alone

are considerable. Work to increase the capacity of the key Dounreay-Beaully power line began in late February.

IT Connectivity

HIE hopes that procurement for the development of its superfast broadband pilot project will begin in May.

Skills Transition

The funding package for this £2.3M programme of work was completed in March with the announcement of the final element – a European Social Fund award of £1.15M to programme leader Caithness Chamber of Commerce. An initial meeting of a steering group for the programme has been held, and the formal launch of the programme – which is to be called “Make The Right Connections” - is expected to take place on 31st May.

Stuart Tait, a teacher at Wick High School, has been appointed to coordinate the STEM project for Caithness and North Sutherland. The two-year project will develop closer links between schools and industry in the STEM subject areas, giving both students and teachers greater experience of industry.

Competitive Place

HIE Area team has begun its “Caithness Ambassadors” programme. This brings together groupings of senior business people from across the UK with Caithness connections. The aim of the programme is to secure inward investment “leads” or referrals from these businesspeople. The first event took place in Aberdeen in January 2011, with a further event planned in Aberdeen in May, and also in due course in London. A Caithness-based version of this initiative is also being discussed.

Work continues on ideas to make Caithness & North Sutherland more attractive places to do business. John Thurso MP has led calls for the area to be awarded Marine Energy Park status, and CNSRP Chairman Sir Anthony Cleaver has written to UK Chancellor George Osborne and to the Scottish Government regarding the proposal of an “enterprise zone” for parts of the area.

Caithness Chamber of Commerce has appointed Nicola Dreaves as its new Business Development Manager. The Chamber has also moved into new premises at 66 Princes Street in Thurso, to accommodate its additional staff complement.

Monitoring/ Assessing progress

HIE and DSRL have jointly funded a study to assess the updated socio-economic impact of Dounreay decommissioning. This will draw on data originally drawn together to form baseline indicators in 2006, offering a picture of how the area’s economy has changed in the last five years, and how interventions by public sector partners might have impacted this. Final reporting is due in June.

NDA/DSRL/ PBO

A **Partnering charter** between the NDA, PBO (Babcock) and SLC (Dounreay Site Restoration Ltd) has now been finalised and will be signed in May. The charter sets out the joint vision and key principles to achieving success in supporting the CNSRP in an integrated manner. NDA/DSRL have held initial discussion into developing a joint plan to focus on areas of the CNSRP Programme.

An **information room** providing information on the joint working of the NDA/ PBO/SLC has been set up on the Dounreay site. The room provides information on the CNSRP programme along with site related activities supporting socio economics. This will be replicated in the upstairs conference room in Dounreay.com over the coming months.

The **DSRL Socio Economic Development Plan 2011/12** has been finalised and submitted to the NDA for approval.

The **Training business plan** continues as agreed. At present the accommodation strategy is being reviewed.

DSRL have had early discussions with **SCQF** to look at **DSRL competencies** credited under this national framework. SCQF showed an example of how the national framework could be applied to a DSRL position. The intention is for SCQF to meet with the HR team and Chamber of Commerce to fully explain the framework. This is expected to be in May.

During 2010/11:

NDA directly provided funding for the following projects:

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|--|------------|
| Scrabster Harbour Phase 1 Development | £2,000,000 |
| Caithness Chamber of Commerce Business Support Programme | £143,500 |
| Caithness Chamber of Commerce Make the Right Connections Programme | £809,000 |
| Pulteneytown Peoples Project Community & Enterprise Centre | £200,000 |
| Wick Harbour Authority (re-approved) investigative/feasibility work. | £150,000 |

In addition:

North Highland College - Engineering Skills Centre build continues, expected opening for summer 2011 apprentice intake.

National Nuclear Archive – further work ongoing to determine volume of records requiring to be archived from across the NDA estate.

Community Benefit Fund associated with LLW facility – Fund decision making body set up, ongoing work to establish application process, award criteria etc.

DSRL provided over £0.3M in part-funding to support a number of projects in support of the CNSRP programme, including:

- Recruitment of a suitably qualified person to take forward work for the marine renewable industry.
- Development of science, technology, engineering and mathematics (STEM) in Caithness and North Sutherland schools.
- Development of a supply chain diversification programme.
- Operational costs for Caithness Horizons
- CNSRP Programme Manager post
- Secondment of a member of staff to the National Skills Academy, Nuclear (North of Scotland)
- Socio economic impact study to update the 2006 baseline study.

Progress with other activities

John O' Groats Tourism

HIE has approved funding of £1.8M to John O' Groats Highlands, to support the first phase of redevelopment work at John o' Groats. The funding will support an overall phase 1 financial package of around £6M and will see the former hotel building redeveloped for luxury self-catering accommodation, as well as the establishment of high-quality self-catering lodges. HIE has also issued tenders for public art works to support the redevelopment project at John O' Groats. These can be viewed at <http://www.hie.co.uk/about-hie/working-with-hie/procurement.html>

Food & Drink

The new Chief Executive of the North Highland Initiative is working with the three strands of the NHI to achieve a greater overall cohesion between their respective offerings.

Transport

Road: The final report on options to deliver road improvements at Berriedale Braes is expected by summer 2011.

Air: HIAL has experienced a positive year for passenger numbers using Wick Airport, and will be investing in significant runway maintenance work and enhanced airport landing lights during this financial year.

Tourism

HIE's Tourism Manager for Caithness & North Sutherland successfully arranged workshop sessions on the "Ambitious for Tourism: Caithness and North Sutherland" programme to further develop opportunities in tourism. A series of recommendations is expected during May.

Town Centre development

Caithness Chamber of Commerce has now appointed a Town centre development manager to work on a programme of marketing development plans for Wick and Thurso town centres. Alan Steven started work on the two-year project in March. He will have office bases in both Wick and Thurso.

Eann Sinclair

CNSRP Programme Manager

14th April 2011