

## Programme Manager Update – January 2018

This update incorporates reports from a range of partners involved in delivering elements of the *Caithness & north Sutherland High-level Programme*. 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.

This is the second update under the 2017-2020 CNSRP Programme.

The major opportunities being taken forward through the Programme (and reported against in this paper) are:

|                        |
|------------------------|
| Offshore Wind          |
| Tidal                  |
| UK Vertical Launch     |
| Nuclear Services       |
| Business Services      |
| North Coast 500        |
| Oil & Gas*             |
| Skills Investment Plan |
| Inward Investment      |
| Balance of Jobs        |

\*Project scope and plan yet to be agreed

**Reporting system:**

The Title Box for each major project will be coloured **Green, Amber or Red**. This will indicate the status of the project's delivery during both the last period and the current period of activity.

|              |   |
|--------------|---|
| <b>Green</b> | <b>Activity is on schedule to be delivered.</b>   |
| <b>Amber</b> | <b>Activity has been delayed, or is taking longer to complete than originally expected.</b> |
| <b>Red</b>   | <b>Activity has not happened, or is in danger of not happening.</b>                         |

**General update: Sep-Dec 2017**

Jobs created/ retained (as at December 2017)

| Sector            | 3 year Target* |     | Current projections |     |       |
|-------------------|----------------|-----|---------------------|-----|-------|
|                   | Low            | Hi  | New                 | Ret | Total |
| Offshore Wind     | 45             | 145 | 20                  | 0   | 20    |
| Tidal             | 0              | 10  |                     |     |       |
| UKVL              | 0              | 20  |                     |     |       |
| Oil & Gas         |                |     |                     |     |       |
| Nuclear services  | 60             | 120 |                     |     |       |
| Business Services | 15             | 100 | 1                   | 0   | 1     |
| North Coast 500   | 30             | 100 |                     |     |       |

|               |            |            |            |           |            |
|---------------|------------|------------|------------|-----------|------------|
| Other Sectors | 30         | 60         | 121        | 10        | 131        |
| Local market  | 75         | 90         | 13         | 0         | 13         |
| <b>Totals</b> | <b>270</b> | <b>670</b> | <b>165</b> | <b>10</b> | <b>175</b> |

Summary:

- ) Offshore and onshore construction work on the Beatrice Offshore Windfarm progressed well during 2017. As of November, all 86 sets of offshore foundation piles have been installed, and the first jackets to support turbines have been installed. Work on the onshore Operations and Maintenance base at Wick harbour is also progressing well, and the first SSE jobs associated with the O&M phase are being advertised. Turbine supplier Siemens Gamesa has also now advertised for O&M staff to be based in Wick. SeaCat Services has also run a recruitment event for personnel to work on its fleet of Crew Transfer Vessels, one of which is already based from Wick.
- ) News on recipients of the UK Government’s “Contracts for Difference (CfD)” was announced in September 2017. Moray Offshore Windfarm (East) was approved with a Strike Price of £57, but the MeyGen project was not awarded a contract. Discussions with Atlantis Resources and UK Government continue as alternative mechanisms for supporting the MeyGen project are explored.
- ) Discussions between Scrabster Harbour Trust and HIE continue as a project scope and plan for Oil & Gas comes together. Outwith the scope of that project there is interest from industry in developing an exploration site off the Caithness coast, and Subsea 7 has announced it has secured a significant North Sea contract that will see employment levels at Wester returning to 120-150 jobs level.
- ) HIE continues to work with UK Space Agency as it conducts its due diligence on its call for proposals to develop low cost access to space. Funding support from the Dounreay Socio-economic Board has helped access additional project management capacity as HIE continues to conduct its own project investigation work with a view to finalising a Business Case for developing a launch facility in north Sutherland.

| Major Project |               | Scope of Work   | Progress                              |                            |
|---------------|---------------|---|---------------------------------------|----------------------------|
| Last period   | This period   |   | This period                           | Next period                |
| Offshore Wind | Offshore Wind | Offshore Wind (45-145 jobs by 2020)<br>The geographic proximity of Caithness and particular | ) Partner funding request to Dounreay | ) Work with consultants to |

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|  |  | <p>Wick Harbour to the offshore wind projects (and potential projects) in the outer Moray Firth offers significant economic opportunities in and around the harbour itself and for existing local supply chain companies, as well as offering potential for new business to start up in or relocate to the local area.</p> <p>Significant efforts by Wick Harbour have attracted the offshore wind company Beatrice Offshore Wind Ltd (BOWL) to establish themselves at the harbour, which will create significant long term direct and indirect skilled employment. Similar efforts are being undertaken to attract Moray Offshore Renewables Ltd (MORL) to use the harbour for their base of operations as well, something that is dependent upon a Contract for Difference (CfD) being awarded, and a final investment decision from Moray Offshore.</p> <p>Alongside the existing investment by BOWL and the potential investment by Moray Offshore, a significant opportunity also exists in the value chain; to maximise the benefit to the local supply chain and/or future locally based supply chain to benefit the local economy and therefore jobs. This Project therefore aims to support the supply chain growth opportunities. This will be a phased approach:</p> <ul style="list-style-type: none"> <li>) Development and deployment of a supply chain value chain strategy by investigating the needs of BOWL (and potentially MORL should the</li> </ul> | <p>Socio-economic Board now confirmed.</p> | <p>provide supply chain mapping for BOWL O&amp;M.</p> |
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|              |              | <p>project progress) from their supply chain for local companies and potential inward investors, conducting a gap analysis.</p> <ul style="list-style-type: none"> <li>) Work with local partners and locally based companies to benefit from this information</li> <li>) Work with companies not already based in the area (where skills gaps currently exist) with a view to attracting them to establish a local presence in the area.</li> <li>) Identify wider service opportunities and develop a work plan to engage with local providers.</li> </ul> <p><u>Deliverables</u></p> <ul style="list-style-type: none"> <li>) Report on supply chain requirements of the offshore wind companies.</li> <li>) Associated gap analysis of local capabilities.</li> <li>) Agreed local supply chain engagement strategy and plan.</li> <li>) Agreed wider supply chain investment plan and marketing material to support engagement</li> </ul> |  |  |
|              |              |  |  |  |
| <b>Tidal</b> | <b>Tidal</b> | <p><b>Tidal Energy (up to 10 jobs by 2020)</b><br/>                 The success of Atlantis Resources Ltd (ARL) in taking steps to develop the world’s first commercial tidal power station in the Pentland Firth offers a number of economic opportunities for the local area. ARL are developing the MeyGen site with an aim to provide ~400MW of generation capacity. They have also</p>  | <ul style="list-style-type: none"> <li>) Contract for Difference not awarded to project.</li> <li>) Partner funding request to Dounreay Socio-economic Board now confirmed.</li> </ul> | <ul style="list-style-type: none"> <li>) Commission piece of work</li> </ul> |

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|  |  | <p>acquired the rights to develop the neighbouring Ness of Duncansby and Brough Ness sites with the potential for a further 100MW each.</p> <p>This Project seeks to maximise the opportunities presented by these developments, Should other tidal energy commercial opportunities appear in the future, these will be assessed at the time for inclusion in this project scope. The target areas are:</p> <ul style="list-style-type: none"> <li>) the O&amp;M opportunities over an assumed lifetime of ~25 years. With an assumed generator output of ~1.5MW, when all arrays are in place there will be a requirement to carry out significant annual planned maintenance, let alone any breakdown and planned replacement work.</li> <li>) the initial installation of the turbine arrays, planned over several years</li> <li>) supporting the value chain by supporting the integration of local supply chain capabilities</li> </ul> <p>The development is focussed on several phases, where a detailed scope will emerge as the work progresses:</p> <ul style="list-style-type: none"> <li>) Establish meaningful customer engagement and understanding the customer requirements of the future</li> <li>) Collation of data, market intelligence and other information to create a compelling argument to utilise Caithness to support primarily O&amp;M in</li> </ul> |  |  |
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|                    |                    | <p>the future, but also build out activities</p> <ul style="list-style-type: none"> <li>) Work with companies not already in the area (where a gap exists in the local supply chain offerings), with a view to attracting them to establish bases in the local area</li> </ul> <p><u>Deliverables:</u></p> <ul style="list-style-type: none"> <li>) Data, information and market intelligence report on the potential of this opportunity</li> <li>) Plan for ARL O&amp;M strategy and their Tier 1 supply chain engagement, including the area strategy for O&amp;M support</li> <li>) Value chain engagement plan to support local supply chain collaboration Inward investment plan to engage other companies that can establish a local presence and further enhance the area’s supply chain offerings</li> </ul> |   |  |
|                    |                    |   |   |  |
| <p><b>UKVL</b></p> | <p><b>UKVL</b></p> | <p><b>UKVL (up to 20 jobs by 2020)</b><br/>                 This Project concerns the establishment of a satellite launch facility (&gt;500kg payload) on the Moine in Sutherland to enable low cost, micro-launchers to insert satellites into low earth orbits (500-700km altitude). All activities will be undertaken in partnership with a range of industry and Government organisations in order to:</p> <ul style="list-style-type: none"> <li>• Realise the UK and Scottish Government ambitions of entering this market</li> <li>• Bring economic benefit to the area by</li> </ul>  | <ul style="list-style-type: none"> <li>) UK Space Agency due diligence timescales longer than previously stated. Announcements now expected late March 18.</li> </ul> | <ul style="list-style-type: none"> <li>) Continue to work with UKSA staff to provide timely/ accurate information.</li> <li>) Partner funding request to Dounreay Socio-economic Board now confirmed. Perfect Circle now engaged to provide short-term project management</li> </ul> |

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|  |  | <p>generating high value direct, indirect and induced local jobs</p> <ul style="list-style-type: none"> <li>• Bring wider benefits to the Highlands, Scotland and the UK by capturing a portion of the launch vehicle and satellite technology market</li> </ul> <p>The project is accountable for three key outcomes, i.e.:</p> <ul style="list-style-type: none"> <li>• Capture involvement and commitment of commercial launch vehicle operators to use a facility in North Sutherland</li> <li>• Based on Industry User Requirements, procure a commercial Launch Site Operator (LSO) and establish a fully functional launch facility with ancillary services. This facility should be expandable to accommodate increasing use by other Launch Vehicle Operators</li> <li>• Capturing the interest and commitment of the space industry to bring benefit to the entire value chain, by using the wider supply chain</li> </ul> <p>The project will deliver, coordinate, manage, facilitate as appropriate all supporting activities around these three outcomes, eg.:</p> <ul style="list-style-type: none"> <li>• Project management, funding, procurement of commercial LSO.</li> <li>• Communications and stakeholder management</li> <li>• Tourism development</li> </ul> <p><u>Deliverables:</u></p> <ul style="list-style-type: none"> <li>• Strategic Outline Case for a Launch Facility in</li> </ul> |  | <p>support.<br/>         ) On-going legal discussions with landlords.</p> |
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|                         |                         | <p>North Sutherland</p> <ul style="list-style-type: none"> <li>• Strategic Business Case for a Launch Facility in North Sutherland</li> <li>• Achieve planning consent from Highland Council/ Scottish Govt</li> <li>• Achieve air-space control plan from CAA.</li> <li>• Implemented communications and stakeholder engagement plans</li> <li>• Procurement of a Launch Site Operator</li> <li>• A managed risk and opportunities register</li> </ul>   |  |   |
|                         |                         |   |  |   |
| <b>Nuclear Services</b> | <b>Nuclear Services</b> | <p><b>Nuclear Services (60-120 jobs by 2020)</b></p> <p>To maximise the opportunities presented by the skills and/or current major nuclear companies in the local area to focus on a national and international nuclear services market, particularly:</p> <ul style="list-style-type: none"> <li>• Decommissioning</li> <li>• O&amp;M</li> <li>• New Build</li> </ul> <p>This project focuses on the support required by nuclear companies and the assistance and encouragement they might need to establish businesses in the local area that transcend the closures of Dounreay and Vulcan. It will coordinate, manage and facilitate as appropriate all activities necessary to assist the companies establish themselves in the local area with a business services rather than their previous site management remits and realise the objectives (see Benefits) below.</p> | <p>) Staffing profile data from DSRL received in Nov. Comments/ questions fed back to DSRL for further detail.</p> <p>) Partner funding request to Dounreay Socio-economic Board considered, but not yet agreed.</p> | <p>) Use staffing profile data provided.</p> <p>) Review existing scope and plan.</p> |

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|                                 |                                 | <p>In parallel, this Project will work with Dounreay and Vulcan sites on the outputs from their staff transition plans so these skills can be used to attract either local company growth or inward investment into the area.</p> <p><u>Deliverables:</u></p> <ul style="list-style-type: none"> <li>) Mutually agreed project plans (including land/ property requirements where required) for Nuclear Services companies that will support their ambitions as Caithness-based businesses</li> <li>) Labour Market Information based on Skills Transition Plans for both Dounreay and Vulcan workforces, identifying available skillsets.</li> </ul>   |   |   |
|                                 |                                 |   |   |   |
| <p><b>Business Services</b></p> | <p><b>Business Services</b></p> | <p><b>Business Services (15-100 jobs by 2020)</b></p> <p>To maximise the utilisation of existing and future skills generated in Caithness to attract companies offering business services into the area. This Major Project is an inward investment activity that will coordinate, manage and facilitate as appropriate all local and market contact to attract companies to establish themselves in the local area and realise the objectives below. This Major Project will consist of several phases:</p> <ul style="list-style-type: none"> <li>) Skills availability (current, future) and development of suitable skills</li> <li>) Market analysis, followed by matching of business requirements with available skills</li> </ul> | <ul style="list-style-type: none"> <li>) Partner funding request to Dounreay Socio-economic Board considered but not yet agreed.</li> </ul> | <ul style="list-style-type: none"> <li>) Review existing project scope and plan.</li> </ul> |

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|                               |                               | <ul style="list-style-type: none"> <li>) Plans – to capture business interests, taking forward a case management approach by running planned campaigns to attract companies to locate into the local area</li> <li>) Realisation – the establishment of a business in the region, with appropriate support.</li> </ul> <p><u>Deliverables:</u></p> <ul style="list-style-type: none"> <li>) Labour Market Intelligence reports</li> <li>) Market analysis report</li> <li>) Organised campaigns</li> </ul>   |   |   |
|                               |                               |  |   |   |
| <p><b>North Coast 500</b></p> | <p><b>North Coast 500</b></p> | <p><b>North Coast 500 (30-100 jobs by 2020)</b><br/>                 The success of the North Coast 500 offers a number of opportunities to the local area. A multi-agency working group has been established to consider issues &amp; opportunities, and to optimise the economic and community benefits for those parts of the route that can be supported. This project looks at supporting employment generating opportunities in Caithness and North Sutherland created by the increased footfall and profile that the NC500 has brought and is likely to continue to bring over and above those being actively worked on by the already established working group.</p> <p>Specific issues that this Major Project is focussing on are:</p> <ul style="list-style-type: none"> <li>) Investigation of possible job creating projects</li> </ul> | <ul style="list-style-type: none"> <li>) Partner funding request to Dounreay Socio-economic Board considered but not yet agreed.</li> </ul> | <ul style="list-style-type: none"> <li>) Review existing scope and plan.</li> </ul> |

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|                          |                      | <p>that may come forward as a result of the success of NC500</p> <ul style="list-style-type: none"> <li>) If appropriate the encouragement, facilitation and support to the establishment of a new “5 star equivalent” hotel in Caithness either by local companies/individuals or by national/international companies.</li> <li>) Other activities will be defined</li> </ul> <p>The development is focussed on several phases:</p> <ul style="list-style-type: none"> <li>) Definition of those investment opportunities that the NC500 may generate.</li> <li>) Investigation into other gaps in the local provision of services associated with NC500 that could lead to investments that would lead to the net creation of jobs.</li> <li>) The project will then be reviewed once the investigation has been undertaken.</li> </ul> <p><u>Deliverables:</u></p> <ul style="list-style-type: none"> <li>• Investment opportunities and gap analysis reports in local provision to realise those opportunities</li> <li>) Review of opportunities taking into account existing industry capabilities</li> </ul> |                 |  |
| <b>Oil Gas</b>           | <b>Oil &amp; Gas</b> | <b>Scope and plan being discussed.</b>  |                 |  |
| <b>Enabling Activity</b> |                      | <b>Scope of work</b>  | <b>Progress</b> |  |

| Last Period                   | This period                   |  | This period   | Next Period   |
|-------------------------------|-------------------------------|--|---|---|
| <b>Skills Investment Plan</b> | <b>Skills Investment Plan</b> | Establish a Strategy and Action Plan, developing a set of activities that will help mitigate risks to successful implementation of the CNSRP programme.  | ) Skills Development Scotland commissioned Ekos Consultants to carry out this work. Draft Final Plan submitted December 2017. | ) Evaluation of draft final plan, agree any remaining issues to be addressed. Agree delivery options.   |
| <b>A9 Berriedale Braes</b>    | <b>A9 Berriedale Braes</b>    | To deliver a realigned stretch of the A9 Trunk Road at the north side of Berriedale Braes, addressing the current issue with both the gradient and severity of the hairpin bend.   | ) Transport Scotland Scheme published on Public Contracts Scotland, Aug 2017 projected cost £9M.                              | ) Further updates expected April/ May 2018.   |
| <b>B876 Killimster Moss</b>   | <b>B876 Killimster Moss</b>   | The improvement of a 900m section of the B876 across Killimster Moss to bring the load capacity up to Scottish Government recommended strength standards.  | ) This project was successfully completed in September 2017, and will now be removed from the programme.                      |   |
|                               |                               |  |   |   |
| <b>Inward Investment</b>      | <b>Inward Investment</b>      | HIE will pro-actively seek to attract companies, in the energy and business services sectors, to relocate part of their existing business to the area. This will be carried out in a number of ways drawing on others within HIE, Scottish Enterprise and Scottish Development International to assist in this approach. Marketing of the area, raising awareness of the skills and supply chain capability that already exists will form a part of this scope as well as regular business meetings. | ) Small number of live opportunities being developed.   | ) Continue to leverage wider contacts and to grow the number of general investment cases being managed with a chance of success.<br>)<br>) Develop links with intermediaries. |
|                               |                               |  |   |   |
| <b>Balance of Jobs</b>        | <b>Balance of Jobs</b>        | To gather, collate and disseminate information to partners and stakeholders on the range of jobs being   | ) Total of 175 FTE jobs (165 new, 10 secured).  |   |

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|  |  | created and retained in the area economy of Caithness and North Sutherland. Also where possible to identify jobs lost to the area economy through any redundancies and business contractions/ closures and share this information with CNSRP partners. |  |  |
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