

DSG Socio-economic sub group meeting, 03/11/2010Update from CNSRP

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:

- NDA funding of £2M has been approved for the Scrabster harbour redevelopment project.
- Caithness Chamber of Commerce has launched its “Invest Caithness” project with funding from HIE and NDA.
- Subsea 7 has won two major oil & gas industry contracts which will lead to the recruitment of 150 new staff at its site at Wester.
- HIE has successfully applied to the UK Government to run a pilot on the roll-out of superfast broadband. Key sites in Caithness & north Sutherland area are identified in the proposal.
- HIE has approved £50,000 towards a Scotland wide project to promote engagement by Scottish companies in the nuclear decommissioning supply chain.
- Wick Harbour marina saw a 38% increase in visiting yachts this year.
- The Royal National Mod took place from 8th-16th October, bringing a welcome economic boost to the area.
- CNSRP research indicates that over the past 3 years of the Caithness & North Sutherland Action Plan local companies have announced 424 new jobs and 113 retained jobs.

Progress with High Priority activities

Energy:

On 5th October Chris Huhne, Secretary of State for Energy & Climate Change, announced NDA approval of £2M to Phase 1 of the Scrabster harbour redevelopment project. Other key funders are progressing their due diligence. The Trust remains confident that work on the project can start early in 2011. Meanwhile Sandy Mackie has taken up post with Scrabster Harbour Trust.

Stakeholder engagement from two of the Pentland Firth Round 1 companies has begun. Pelamis Wave Power held its first stakeholder meeting in Strathy in August, and Scottish Power Renewables began local meetings regarding its tidal site at Duncansby, facilitated by local energy business EnergyHunt.

Work continues on a range of fronts. HIE is engaged with all of the Pentland Firth Round 1 companies to better understand their fabrication, assembly, operations and maintenance requirements.

A workshop to begin developing an “onshore vision” for marine energy was held at the Castle of Mey in August. HRH the Duke of Rothesay spent some time at the workshop and gave his support to the development of a sustainable industry in the north. Following feedback from developers attending the event Highland Council is working with The Prince’s Foundation for the Built Environment on an onshore development framework. It is hoped that this will bring together a package of measures to make the area more attractive to marine energy companies. Adding further weight to this will be the Caithness Chamber of Commerce’s “Invest Caithness” project, which has been launched with funding from HIE and NDA. This project aims to create an information resource that will make it easier to access and distribute information on a range of issues.

The Crown Estate is holding two days of public exhibitions in Thurso on 9th and 10th November, at which representatives of all the Round 1 Pentland Firth companies will be present to answer questions on their plans. Also present will be staff from Scottish and Southern Energy, Marine Scotland and members of CNSRP.

Wick Harbour has had a large survey vessel based in Wick all summer, working in the Beatrice offshore windfarm area. WHA also rented the survey company space in the new harbour office and workshop. Several other survey vessels have paid occasional visits and this type of activity is increasing. WHA representatives recently attended a seminar in Glasgow on Offshore Wind and were greatly encouraged by the proposed activity in the Beatrice area for two huge windfarms, which could offer major opportunities for the harbour in the O&M market. WHA will be actively pursuing these developments. Forthcoming onshore windfarms should also generate business in turbine imports. Increased activity at Subsea7 will also impact on the harbour in terms of pipe and towhead delivery, and vessel movement for bundle launches over the next two years. In order to capitalise on all these

prospective developments WHA is commissioning an NDA-funded Feasibility Study to improve the River Basin access, depth, and quay facilities. This Report is due for completion in spring 2011.

Work is now progressing well on the second phase of a major redevelopment of North Highland College's Thurso Campus. The £7 million Engineering Skills Centre, with funding from the NDA, the Scottish Funding Council, Highland Council and ERDF, is designed to support vocational and academic skills for science and engineering developments across the north, providing courses for current and future workers in the energy and engineering industries. Whilst marine power is being targeted, the centre will serve the whole of the energy and engineering sectors. The support for the current decommissioning programme at Dounreay will also be strengthened, with the campus to be designated as the north of Scotland training centre for the National Skills Academy for Nuclear. The Centre, located to the rear of the College, is expected to be ready for its first intake of students in August 2011.

HIE is organising a supply chain event for local companies to engage with developers for marine renewable energy projects in conjunction with the Scottish Renewables Annual Conference and Exhibition which is being held in Inverness on 24th and 25th November 2010. This has been well advertised across the area and HIE staff will be on hand throughout the event to facilitate introductions and help our local businesses get the most from this opportunity.

A building which will house the new Centre for Energy and Environment is nearing completion at NHC's Thurso campus. The new building, which is being part funded by HIE, ERDF, the Scottish Funding Council and UHI, will house the Marine and Renewable Energy and the Environment (MaREE) project, being led by the Thurso-based Environmental Research Institute, in collaboration with the Scottish Association for Marine Science, based at Dunstaffnage near Oban. Recruitment has begun and research programmes are being finalised for the 18 new positions, including 6 PhD opportunities, will be created to undertake the £4 million programme, of which 13 will be based at the ERI in Thurso and 5 at SAMS. The project is divided into three themes, encompassing a range of disciplines including environmental sciences, environmental impact assessment, and management, sustainability and policy. In September, members of the HIE Board visited the ERI and after an interesting presentation by Prof. Gibb they had an opportunity to see this iconic building for themselves. It is expected that the CfEE will formally opened in Spring 2011.

Subsea 7 has secured two major contracts requiring up to 150 new posts at its Wester site. The first is a £93M contract with BP to connect its Arundel and Kinnoull developments to the Andrew Platform. The second is a £52M contract with Apache to connect 3 wells in the Bacchus field to the Forties Alpha platform. The company is also working on submissions which it hopes will bring in additional contracts beyond the current orders.

Calder Engineering Ltd, a Thurso-based engineering company which has been supported by HIE, has successfully diversified into the offshore wind

industry. It has been supplying cabins to the offshore oil and gas industry for twelve months and has recently won a contract to supply these to the renewables industry, securing a deal to provide a suite of offshore cabins for the Sheringham Shoal wind farm project, ten miles off the Norfolk coastline.

Two neighbouring offshore windfarms between Caithness and Lossiemouth have been proposed by Moray Offshore Renewables and Beatrice Offshore Windfarm. Beatrice, a partnership between SSE Renewables and SeaEnergy Renewables, has already created a two-turbine demonstration project in the Moray Firth, about 20 miles east of Helmsdale. The Moray Offshore project, a partnership between EDP Renewables and SeaEnergy Renewables, could begin generating between 1,000 and 1,140 MW of power by 2016 from turbines 22km from the coast. Together, the two farms could have around 400 turbines and generate enough energy to power almost two million homes.

Invicta New Park has submitted a briefing report to the Scottish Government Energy Policy Unit on the importance of distributed biomass CHP developments to Scotland and in particular to Caithness and Sutherland as part of the consultation process on the Renewables Order legislation. Following planning approval for the Georgemas site development, fundraising has progressed well with £15 million committed to that site to date.

Business Services:

HIE has now completed a research study into potential targets for inward investment in the area of business services (including call centres, home-working and knowledge-based operations). Around 30 target companies have been identified for further contact, with a view to marketing Caithness and north Sutherland as a potential base for business. HIE is working with SDI in approaching these companies to consider investment in Caithness & North Sutherland.

A number of projects are coming to fruition with HIE account-managed businesses, within the finance and business service sector, and we expect these to bring new jobs to the area. HIE has also identified other areas of research that will be commissioned shortly in order to pursue this highly important sector to Caithness and North Sutherland.

HIE is funding 20 places at the 16th Global Customer Contact Convention in November which is being held at the Glasgow Royal Concert Hall. HIE is also inviting local contact centre representatives to attend a civic reception in the Glasgow City Chambers the night before. HIE will also hold the quarterly Highlands and Islands Contact Centre Forum in Glasgow the day before to maximise opportunities from these events.

Progress with enabling activities:

IT Connectivity

Members of the CNSRP Advisory Board have been involved in the working group that has been helping address the area's future IT connectivity.

Following a study into this, commissioned by HIE, discussion focused on making a business case for superfast broadband. HIE has now led and developed a successful submission to the UK Government, following the Coalition Government's announcement that several areas of the UK would be invited to carry out pilot work on the rollout of "next generation access" in areas so far thought to be commercially unviable. In Caithness and North Sutherland availability of this level of connectivity will mean significantly-enhanced opportunities for existing local businesses, but also significantly better opportunities to attract new companies to the area.

The Scottish Government has announced a new fund which will support community-driven projects that improve broadband coverage in rural areas. Bids to the fund will initially be assessed through the LEADER local action groups (LAGs), before final review by the Scottish Government in the autumn. Example projects could include communities wanting to upgrade exchanges or supporting a business collective to access better broadband.

Community Skills Transition

Following a meeting in February this year a working group has been taking forward the issue of transitioning the skills of the Dounreay workforce/ supply chain into alternative or diversified employment opportunities. Led by NDA and Caithness Chamber of Commerce, with technical support from North Highland College, funding for this programme of work is currently being discussed with NDA, DSRL, Skills Development Scotland and the European Social Fund. If funding applications are successful the programme (entitled "Connecting People, Skills and New opportunities") should be able to commence early in 2011. The programme would be managed by Caithness Chamber of Commerce with support from a programme board drawn from partner organisations.

Progress with other activities

John O' Groats Tourism

A formal planning application has been submitted for the high quality self-catering development and expansion of the Journey's End Café at John O' Groats.

Business Growth

Recent approvals for grant assistance from HIE are as follows :

- NES Engineering Ltd with £30,000 grant assistance towards a feasibility study;
- Reids Bakery for marketing assistance of up to £16,000
- Caithness Beef and Lamb for consultancy assistance of up to £15,000
- North Highland Products for consultancy assistance of up to £40,000
- Caithness Chamber of Commerce for Invest Caithness of up to £43,400
- Nuclear Supply Chain Programme of £50,000.

Food & Drink

Local companies are well represented at the Royal National Mod in Caithness during October. Caithness Biscuits has produced a special shortbread for the event, and there is a food & drink exhibition area at North Highland College, highlighting the quality of local produce.

Reid's Bakers from Thurso won another prestigious award – Best Scottish Speciality product at the Great Taste Awards, held in London. Recent HIE funding to support further marketing activities was approved in September 2010 – this was a marketing grant of £16,000; along with support from Scottish Development International to identify new global markets to enable this business to expand and grow.

The new abattoir in Keiss is being supported by HIE to assist with business consultancy and HIE recently awarded Caithness Beef and Lamb Ltd a grant of £15,000 to assist the company with business development.

North Highland Products has a new General Manager, and HIE is working with this company to identify new markets. A grant award for specific consultancy to develop their new and exciting plans, was approved during September for up to £40,000.

Transport

Sea: The Scottish Government have announced that there will be no changes to The Northern Isles Ferry Services for the remainder of this financial year.

Rail: Caithness Transport Forum, John Thurso MP and DORLAG have written to the Secretary of State for Transport regarding the proposal to remove direct rail link from London to Aberdeen/Inverness and responses received stated that there are no current plans to withdraw these services.

Road: A9 Berriedale – replacement safety barrier now in place and resurfacing and anti skid work complete. Geophysical Investigation design brief approved by Transport Scotland however no start date will be confirmed until content and extent of study agreed with consultant.

Progress with medium and lower priority activities

Tourism: The Royal National Mod 2010 took place in Caithness from 8th -16th October. This type of major event is seen as an effective way of delivering economic benefit to accommodation, retail and attraction businesses in the area. Grant support from HIE and Highland Council to An Comunn Gaidhealach helped bring the Mod to this area for the very first time, and further grant support from NDA and LEADER to the local organising committee helped ensure a full programme of activities for visitors.

Discussions are also continuing with representatives from O'Neill Europe on future support to (and benefit from) the O'Neill Coldwater Classic surf event, which has been held in Caithness for the last four years. Through an events-based programme the area's tourism product can effectively be tested and enhanced.

Wick Harbour Authority's marina development has had a good season, with visiting yacht numbers up from 210 last year to 290 this year – an increase of 38%. Even more encouragingly, these vessels brought in almost 700 associated crew, with an associated onshore economic impact for Wick.

Main Towns Initiative: Caithness Chamber of Commerce, CNSRP Programme Manager, the Caithness Partnership and Highland Council officials are working with business and community representatives to move forward with town centre marketing/ development plans. The proposed two-year programme of work received support from the EU LEADER fund, and Chamber/ Caithness Partnership are now working to secure the required match funding.

Arts:

North Highland Connections staff continue to work on several capital projects for Caithness. Grey Coast Theatre's final event in Edinburgh showcased Caithness-based writers and musicians. Louise Smith has been appointed as a volunteer "arts ambassador" for the north. A new crafts co-operative is exhibiting and selling local produce during the Mod, with a view to establishing a permanent local market for its goods. HIE's Creative Industries team also contributed to Mod Fringe activities through :

- The creative displays in Thurso town centre (Aurora and Caithness Horizons);
- A series of evening art and cultural workshops (an 'Evening of Creativity').

Young people & Entrepreneurship: Pulteneytown People's Project has now secured funding for its ambitious community, training and enterprise centre in Wick.

National Nuclear Archive: Discussion on the future of the project will take place at NDA Board level during October.

Progress with DSRL socio-economic activities:

PBO discussions: Work continues to support Babcock for their new Business Strategy which could benefit Caithness. Information on DSRL's capability has been submitted.

Training Department: Work continues to develop a business plan for Training at Naver. This is a long term plan to explore whether there could be commercial viability for this service following the closure of the site. An action plan has been drafted and will be reviewed at end of October.

IFMIF: Meetings have been held with HIE and CNSRP regarding taking IFMIF forward project. A project plan and outline programme has been drafted by DSRL. This was discussed at a meeting with HIE. A revised Project Plan and Programme has been submitted to HIE to take forward as an

Inward Investment Programme. Additionally a suggested aims and objectives for a “Learning Journey” to Culham has been submitted to HIE for comment

Radiopharmaceuticals: Progress continues with third party discussions continuing. An initial programme has been drafted and a project management plan will be developed shortly.

NDA Shared Services: DSRL and the NDA have met DSRL Commercial reps for an update on shared services project. The Commercial team will prepare a briefing paper.

Consultancy Services: An outline proposal has been prepared suggesting that there is an opportunity for individuals residing in Caithness to support the Fast Breeder Reactor programme overseas. Recommendations have been made on how to take this forward and have been submitted to the CNSRP for discussion.

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