



DSG(2011)P046

Programme Update

July 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:

- The Pensions Administration Office has moved premises from Thurso to Forss, and has secured extensions to 4 key contracts, safeguarding the jobs of its existing staff.
- AMC Ltd, an Aberdeen-based high-precision torque equipment manufacturer, has announced plans to expand its Caithness workforce based in Lybster, creating around 10 new jobs.
- Numax Energy Services at Bower has won a renewables-related contract allowing it to recruit staff, and the Numax Group has acquired a company whose production it will relocate to Caithness, creating further employment opportunities.
- During 2010/11 support from Business Gateway/ Highland Opportunity and North Highland Regeneration Fund was projected to create or retain 34.5 jobs.
- During 2010/11 support from HIE for account managed companies was projected to create or retain jobs 113 jobs.
- The "Make the Right Connections" skills transition programme has been launched.

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.
- Encourage new business starts in the energy and business services sectors
- Deliver a targeted programme of inward investment activity focused on energy and business services-related opportunities.
- Support the delivery of key enabling infrastructure such as ports and harbours, road, rail and air transport, skills transition and digital connectivity.

Key to “traffic light” reporting system:

Each text entry will have a colour-coded box beneath it. This will indicate the approximate percentage of the activity that has been completed to date, and will indicate the responsible owner for the activity. The box will be colour-coded as follows:

	Activity is on schedule to be delivered.
	Activity has been delayed, or is taking longer to complete than originally expected.
	Activity has not happened, or is in danger of not happening.

Progress with High Priority activities

Energy - Existing Company growth:

Account-managed Company growth	HIE
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Bower-based NES Engineering has been re-structured, and re-launched as Numax Energy Services Ltd, part of the Texas-based Numax Group. Eight staff were made redundant, but following the securing of an order for German company Bauer Renewables the company is recruiting staff, with employment at the Bower site up to 25. Numax has also acquired a Cheshire-based company, Carbon Composites, which it will be relocating to Caithness, creating further jobs. NES is also tendering for work in West Africa.

Aberdeen-based AMC Engineering Ltd has announced an expansion of its operations at Lybster, building a new workshop with financial support from HIE and creating around 10 new jobs as part of its operation making high-precision torque equipment for the global oil & gas industry.

Support from HIE has encouraged investment in a number of account managed local companies in the energy sector during 2010/11, with a projected 38 jobs as a result.

Non-account managed company growth/ new business starts	BG & NHRF
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Support from the North Highland Regeneration Fund and Business Gateway has encouraged investment in a number of new and existing companies in the energy sector during 2010/11, with a projected 13 jobs as a result.

Energy – Inward Investment:

Inward Investment campaign	HIE & SDI
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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. The long list of companies has been honed down to a shortlist of key targets through contact with the companies by HIE (for companies headquartered in Scotland) and SDI (for companies headquartered outside Scotland). Simon Coles has been seconded to HIE from Babcock International for 12 months to assist HIE with this next phase of work.

Inward Investment - radiopharmaceuticals	DSRL
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DSRL has commissioned an independent study into potential for developing a radio-pharmaceuticals operation in the area. It is expected to report back in July 2011.

Inward Investment - biomass	Newpark
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Newpark continues to pursue its ambitious biomass project at Georgemas.

Business Services - Existing Company growth:

Account-managed Company growth

HIE

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.

Support from HIE has encouraged investment in a number of account managed local companies in the business services sector during 2010/11, with a projected 28 jobs as a result.

Non account-managed company growth/ new business starts

BG & NHRF

The Pensions Administration office (PAO) which is owned by Babcock, and currently administers all UK nuclear industry pensions, has moved from its previous base in Thurso to larger accommodation at 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. The PAO has announced that it has secured extensions to four key existing contracts, safeguarding jobs until 2016.

Support from the North Highland Regeneration Fund and Business Gateway has encouraged investment in a number of existing companies in the business services sector during 2010/11, with a projected 21 jobs as a result.

Business Services - Inward Investment

Inward Investment

HIE & SDI

HIE commissioned research studies into potential targets for inward investment in the area of business services (including call centres, back-office/ shared services and home-working opportunities). 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. The long list of companies has been honed down to a shortlist of key targets through contact with the companies by HIE (for companies headquartered in Scotland) and SDI (for companies headquartered outside Scotland). Simon Coles has been seconded to HIE from Babcock International for 12 months to assist HIE with this next phase of work.

Energy and Business Services - Enabling activities

Scrabster Harbour development

Scrabster Harbour Trust

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 from the initial phases of the marine energy deployments in the Pentland Firth and Orkney waters. A preferred contractor has been selected, with work expected to commence during August 2011.

Wick Harbour studies

Wick Harbour Authority

Wick Harbour Authority expects to complete the feasibility studies at Wick Harbour during July 2011.

Onshore Visioning Action Plan

THC

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 was submitted to Highland Council's Planning Environment & Development Committee in May 2011 with recommendations on actions to be taken as a result of this process. These actions have been incorporated into the delivery programme for Caithness and North Sutherland.

Marketing

HIE/SDI

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. HIE has published separate marketing materials designed to provide outline information on the area's capabilities in the energy and business services sectors, covering key areas such as 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 and Energy Centre building as it neared the completion of its building work.

EnergyHunt, Wick Harbour, Ignis Energy, Scrabster Harbour, New Park, MTDS and Caledonia Green Innovation all joined the Chamber at the All Energy Conference and Exhibition at the AECC in Aberdeen on 18th & 19th May. The Chamber was delighted to be able to attend this event for the third

year running. Exhibiting under its Invest Caithness brand the chamber promoted Caithness and north Sutherland's wealth of capability and expertise, as well as offering local produce for visitors such as Bulno Goat's Cheese, Mey Selections and Old Pulteney whisky. According to conference organisers over 8,000 people from more than 50 countries attended All-Energy, establishing a new attendance record. The Chamber was delighted to be able to help facilitate this opportunity for its members and once again showcase the area to a world audience.

IFMIF/ Fusion	HIE
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DSRL organised a visit to Caithness from Dan Mistry of UKAEA Culham, to talk to local companies about supply chain opportunities at Culham and in the wider European fusion programme.

HMRC Wick Office	HIE
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HIE continues to work with John Thurso MP and staff at the HMRC office in Wick to help make the case for retaining an HMRC facility in the area. Direct contact has again been made with HMRC's Workforce management team, and HMRC Wick staff met with Danny Alexander MP to press their case. The office is due to close in 2012, and staff are currently going through rounds of voluntary severance. The HMRC staff have also been brought into the "Make The Right Connections" skills transition programme (see "Skills Transition" below).

Electricity Grid	HIE/ THC
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Scottish & Southern Energy's power transmission team have outlined 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). It is expected 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. SSE has indicated that the number of grid connection applications from renewable energy projects in the north has been sufficient to allow work on this programme to start. Work to increase the capacity of the key Dounreay-Beauly power line began in late February.

IT Connectivity	HIE
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The procurement process for the development of HIE's next-generation ("superfast") broadband project began in June. The signing of contracts for this major programme of work is expected by July 2012.

Skills Transition	CCoC
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Transport - Air**HIAL**

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

Transport – Rail**HITRANS/ DSRL**

Work to assess the potential for a freight railhead continues. HITRANS is working on timber freight issues with industry representatives.

First Scotrail is making improvements to rolling stock to enhance reliability throughout the year. The removal of bus connections from Thurso station to Scrabster is causing some concern, as First Scotrail is selling tickets that include travel through to Kirkwall.

Monitoring/ Assessing progress

Socio-economic impact of Dounreay decommissioning	CNSRP
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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. Draft report is due during July.

Progress with other activities

Food & Drink – Existing Company growth	HIE
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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.

Tourism – Existing Company Growth	JOGH/ HIE
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HIE has approved funding of £1.8M to John O'Groats Highlands LLP, 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 successfully staged the first of its LEADER-supported "Transform" events, designed to engage the public in the development plans for the John O'Groats area. Full details of the weekend of events are at www.facebook.com/JohnOGroatsTransformation

Tourism – Enabling Activities

Ambitious for Tourism	HIE
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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 final report of the programme with a series of recommendations is now available to view at <http://www.hie.co.uk/highlands-and-islands/economic-reports-and-research>.

Town Centre development	CCoC
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Caithness Chamber of Commerce's Town Centre Development Manager has resigned due to ill-health. Chamber staff will maintain work on the project whilst reviewing next steps.

Both Thurso and Wick town centres have benefited from cruise ships visits. "The World" came to Wick in June, bringing large numbers of visitors to the town centre shops, and Highland Council's shuttle bus service from Scrabster to Thurso continues to encourage cruise ship passengers into Thurso town centre.

Highland Council has now agreed its Capital Programme which includes £8.5 for the redevelopment of the Council Offices in Market Place and Stafford Place Wick. This project will ensure that staff are located at the heart of Wick Town Centre enhancing facilities available for customers and visitors to the town. The location of over 150 staff on this site underlines the council's commitment to preserve the long term viability of our town centres.