



Ref: DSG(2020)C038
25 August 2020

Cabinet Secretary for Finance
Kate Forbes MSP
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Please respond to:

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Dear Minister

Thank you for your response (dated 23 March 2020, Ref 2020000178020 to our letter of the 25 February. DSG reviewed your letter and because of the Covid-19 crisis it was agreed to hold off responding until a more appropriate time.

We would like to say, however, that your response did not provide any comfort and your response has been perceived as merely a 'PR' response.

We appreciate funding and budgets will be tight in the immediate aftermath and beyond Covid-19 but would like to make the following comments:

- You say that Scottish Government is working closely with HIE however we are not convinced that there is meaningful dialogue between Scottish Government and HIE on priority projects which should undoubtedly be demonstrated at the CNSRP Advisory Board (of which DSG is a member). We look forward to seeing clear evidence that Scottish Government is working closely with HIE to manage in-year financial pressures and look forward to hearing what investment(s) will be made in respect of the work of Caithness and North Sutherland Regeneration Partnership.
- The Scottish Government settlement for HIE is not a 'budgetary pressure' it is a significant and alarming reduction in funds when they are needed most. HIE are key drivers within the CNSRP partnership, unlike certain partners they do financially contribute and any reduction in their funds moves pressures to fund elsewhere within government.
- If all partners in the CNSRP were to truly engage and work together then we understand that the pressures on individual budgets could be alleviated by all partners having a long term strategic look at what is required in our area to ensure a successful transition post Dounreay.
- While we note the Scottish Government's commitment of over £200m over the next ten years to city region and growth deals it should be highlighted that despite providing project priorities for the Caithness & North Sutherland region it appears that we benefited from less than 1% of the City Region Deal. This does not appear to us that there was any strategic planning from partners in this respect. As an example, the

CNSRP has the airport has a priority project and the PSO business case led by the Caithness Chamber of Commerce on behalf of CNSRP is something that HC could have been far more pro-active in at the onset of this project. The only reference in the city deal to air travel was the need to maintain Inverness to Heathrow link totally ignoring the vulnerable position of an essential local airport.

- We acknowledge your comment that HIE continues to work closely with Scottish Government, the NDA and others in CNSRP and we have no issues with HIE as they are one of the partners alongside NDA, DSRL and the Chamber who are active partners within the partnership. It is a shame that we are unable to say that there is clear evidence that Scottish Government and The Highland Council do not appear to have the same commitment – shown either by lack of investment and/or by lack of attendance at meetings. Scottish Government’s attendance at CNSRP meetings has been limited and we would like to see a renewed effort by Scottish Government to ensure that someone, with the ability to take forward, plays an active part in the meetings to ensure they are part of the solution and do not become part of a big problem as the decommissioning of the site progresses towards end state.
- At a crucial time Scottish Government have reduced the HIE budget and therefore more pressures across the region will mean that it will be harder for them to invest in priority projects. Having said that if all partners were to truly work together and agree the priorities going forward it would appear to us that all agencies (including Scottish Government) would spend less as partners work together to identify funding opportunities across the various organisations that have (or should have) funding to support these initiatives. It does not appear to us that a joined up approach is being undertaken and means that many opportunities are lost when one partner simply does not get involved from the outset.

It would be useful to have a discussion with you and at the appropriate time, when Covid-19 restrictions have eased sufficiently to allow meetings to take place, we would like to invite you to Caithness to allow us to discuss with you the issues raised above.

We look forward to receiving your response.

Yours sincerely

Sent without signature

Cllr Struan Mackie
DSG Chairman