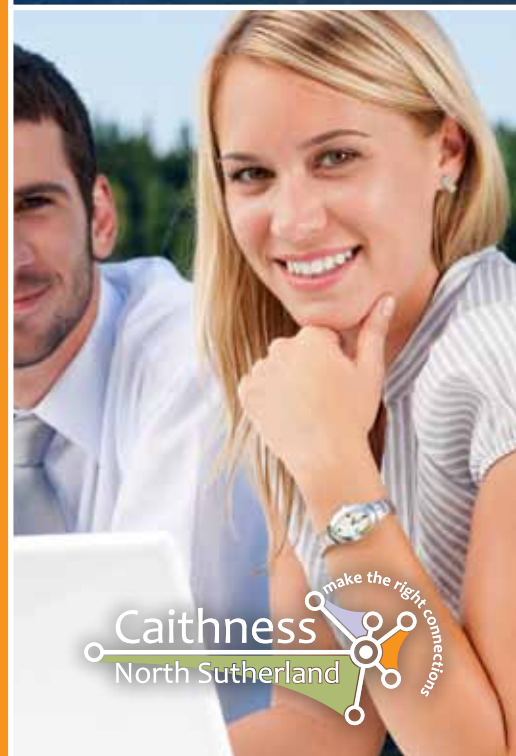
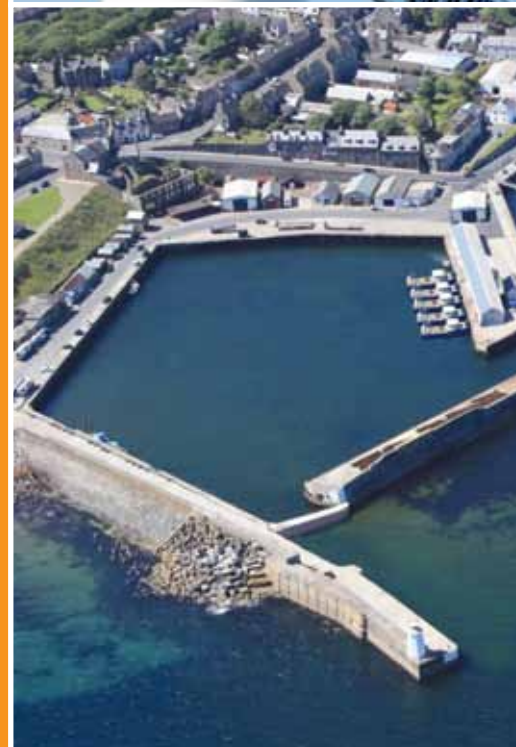


The Right Place Right Time Right People

Progress in diversifying
the Caithness and North
Sutherland economy
Autumn 2013



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The right time for Caithness and North Sutherland

THE WORK of the Caithness & North Sutherland Regeneration Partnership has stretched across many areas of the economy during this year. Significant work from our core partners has led to investments in educational and digital infrastructure, in new apprenticeship places and new targeted apprenticeship programmes. And crucially in supporting the commitment by around 50 companies to set up or grow their businesses in this area. We have enjoyed a number of visits from senior government ministers as our voice continues to be heard in both Scottish and UK Governments, and the impacts of our partnership activities have been positively assessed in an independent report.

These are challenging times but we believe that it is the right time to push forward with our mission: to lead the economic transition of the Caithness and North Sutherland economy from one that is nuclear-dependent to one which is more diverse. In the pages of this review we hope that you will see evidence that the CNSRP partners continue to work effectively together on this important mission.



Sir Anthony Cleaver



Councillor, Drew Hendry

Sir Anthony Cleaver
Independent Chairman
CNSRP Executive Board

Councillor, Drew Hendry
Chairman
CNSRP Advisory Board

A sustainable economic future

By John Swinney MSP, Cabinet Secretary for Finance, Employment & Sustainable Growth, Scottish Government

CAITHNESS AND North Sutherland represent Scotland in microcosm, working to meet the opportunities and challenges of an economy in transition. The north of Scotland is blessed with significant assets such as access to unrivalled natural resources in wave, wind and tidal power and well positioned to benefit from a new boom in oil and gas investment. It is an area with a highly skilled population where decades of experience, built up in traditional industries and world leading technologies, is finding new outlets. And it is a land whose heritage and environment speaks to consumers and to visitors from around the world, through its unique produce and places.

In responding to these challenges and opportunities I have been particularly heartened to witness at first hand the very spirited and coordinated approach being taken to the task of securing a sustainable economic future for the area. During this year I have seen encouraging progress in developing the area's ports to prepare for opportunities in the renewables and oil & gas sectors. I was

able to officially open the offices of a new renewables business in Thurso and I had the pleasure of attending the Annual Dinner of Caithness Chamber of Commerce to hear the views of area business leaders.

In all of this I have been struck by the sense of common purpose at work, and of the key coordinating role played by the Caithness & North Sutherland Regeneration Partnership. The investments in key projects being made by Scottish Government are part of a powerful partnership approach that will stand the area in good stead over the crucial months and years ahead. Not for the first time Caithness and North Sutherland can establish a leading position as new economic opportunities open up.

The Scottish Government remains a committed partner in CNSRP. The Partnership is one the area can be proud of, and I look forward to continuing our work together and seeing further evidence of progress on return visits.



John Swinney MSP

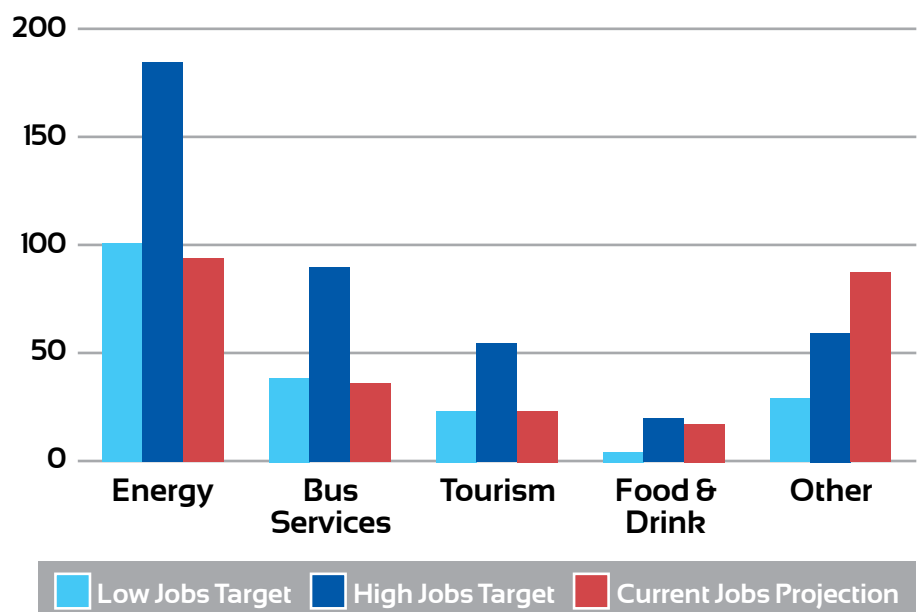
2011-14 Delivery Plan targets and progress

OUR EMPLOYMENT targets were that by March 2014 the partners in CNSRP would support the creation or retention of:

- 100-185 full-time jobs in the energy sector
- 40-90 full-time jobs in the business services sector
- 25-55 full-time jobs in the tourism sector
- 5-20 full-time jobs in the food & drink sector
- 30-60 full-time jobs in other sectors

The table below shows the number of jobs projected by companies against these overall sectoral targets

Progress Against Job Targets 2011 - 2014



Focus on:

Socio-economic impact of Dounreay decommissioning

THE ECONOMY of the north of Scotland is changing, according to an independent report commissioned by CNSRP partners Dounreay Site Restoration Ltd. and Highlands and Islands Enterprise and published in 2012.

Local agencies and business leaders have welcomed the findings of the study which show the percentage of jobs dependent upon Dounreay has decreased from 15% to 10% since 2006, and the number of new businesses being created has risen.

The study – “The Socio-economic Impacts of Dounreay Decommissioning” – was undertaken by Grangeston Economics as a follow-up to a previous study from 2006. It examined economic data as well as surveying Dounreay workers, contractors and local supply-chain companies.

Of the supply chain companies surveyed in association with Caithness Chamber of Commerce, 78% said their turnover had increased since 2006 and almost half of those said the proportion of their turnover linked to Dounreay work had decreased.

Sir Anthony Cleaver, independent Chairman of Caithness & North Sutherland Regeneration Partnership (CNSRP), said “Whilst there can be no room for complacency, these results are encouraging on a number of levels, not least because they take place against the wider backdrop of economic uncertainty we have seen in the last few years.

Twice as many Dounreay workers are expressing an interest in setting up a business, and from a position in 2006 where the area lagged behind the rest of the Highlands and Islands in business start-up rates, we now see very healthy levels of new business creation.”

The report also highlights the important role the Partnership has played in the process of economic change. Data collated by HIE, Business Gateway and North Highland Regeneration Fund show that over 150 businesses have committed to creating or retaining hundreds of jobs in the last five years.

Trudy Morris, Chief Executive of Caithness Chamber of Commerce, said

“These are challenging times for the business community, and for the area’s wider workforce. But this report does support our view that the economy of the north is changing and that individuals and companies are responding to the challenges and trying to capitalise on future opportunities. We work closely with CNSRP partners and are helping drive change with collaborative initiatives such as Make the Right Connections, Invest Caithness and the Innovation Challenge.”

View the full report at:
<http://bit.ly/17ZdShK>

How we help

THE PARTNERSHIP’S 2011-14 Delivery Plan sets out a series of commitments from partners. These are:

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

Focus on:

Business Services



Escape Business Technologies

EVIDENCE OF the area’s ability to compete on a global level in business services has come this year from a number of sources. Two excellent examples of this are Escape Group and Aon Hewitt.

Escape Business Technologies

Escape Group moved into larger premises in Thurso in 2013, from its existing premises just outside the town. The company provides IT infrastructure consultancy and support to local, national and international clients and is now investing in new office accommodation and jobs. The move was

supported by a £98,000 employment grant from CNSRP partner Highlands and Islands Enterprise (HIE).

From its Caithness base, Escape staff manage a remote helpdesk for clients across the UK, Ireland, Middle East, Asia and Australia. The company also employs 35 people at its headquarters in Aberdeen and at an office in Glasgow with a turnover of over £3 million.

Director Mike Bain, who is originally from Thurso, founded the business in 1999 with business



partner Robin Parkinson. He said: "It is fantastic that the government supports efforts like these. As in any business the right investment can see good returns. Since the grant was awarded in December 2012, Escape has created four new jobs, bringing the total to nine staff with an annual investment in Caithness of over £250,000 per annum.

Since expanding to Caithness in 2010, the company has built up a strong reputation in the area where they manage various IT packages for clients operating across the Highlands and Islands, Scotland and internationally. The skills and talent available in Caithness played a major part in attracting us to the region, and we see this as a growth area for us as we continue to build our IT outsourcing business within the energy sector. Escape remains focused on the global oil and gas industry and have diversified into the construction and renewable industries as well as nuclear."

Aon Hewitt

AON HEWITT, the global human resources and outsourcing firm, this year purchased the Pensions Administration Office (PAO) from Babcock International. The PAO had previously managed the pensions of most of the UK's civil nuclear pensions from its base in Caithness.

Based at the Forss Business & Technology Park, around 30 staff work for Aon Hewitt as the company continues to seek new business in the benefits administration industry. Aon Hewitt Chief Executive Officer Andy Cox, speaking at a meeting in Caithness, highlighted the company's intention to grow its business in Caithness.

"The development and growth of the Forss business over the next three years is a key part of our strategy to enter and build our public sector pensions business. As market leaders in pensions administration, we have expressed our

desire to expand our presence in the public sector market and this represents an ideal opportunity to further that ambition. We are committed to growing the business in Caithness over the coming years."



Andy Cox, CEO, Aon Hewitt

Focus on:

Natural Retreats, John o'Groats

THE REPOSITIONING of John o' Groats as a tourism destination has made rapid progress since the announcement by Natural Retreats, Heritage GB and HIE of a £6M project to develop the area around the iconic "end of the road". £1.8M of the project cost was invested by HIE. Summer 2012 saw the opening of 23 eco-friendly self catering lodges as well as a new cafe, storehouse and outfitters. Wildlife tours from a RIB boat also recommenced from John o' Groats harbour, whilst work continued on the "Inn at John o' Groats" - luxury self-catering apartments based around the original hotel complex on the seafront - opened in August 2013.

A further effect of the new developments at John o' Groats has been to provide encouragement to local businesses seeking to play a part in the rejuvenation of the north's tourism industry. "Flavours" ice-cream shop has opened and has gone from strength to strength. "Tickety-Boo" has also opened in premises at the John o' Groats craft village, whilst the owners of the Seaview Hotel have purchased the neighbouring Caberfeidh Guest House and have developed the business with further investment. The latter two businesses have received support with their growth plans from

either Highland Council (through Business Gateway) or HIE.

Natural Retreats Chief Executive Matt Spence paid tribute to the support received from the community and local partners in bringing the project to fruition:

"We are delighted that after three years hard work we are approaching the

completion of phase 1 of the regeneration of John o' Groats. This has very much been a joint effort with the support and commitment from many members of the local community, Highlands and Islands Enterprise and the Highland Council having been essential to the success of this vision to establish this iconic landmark as a high quality and sustainable tourist destination."



Focus on:

National Nuclear Archive

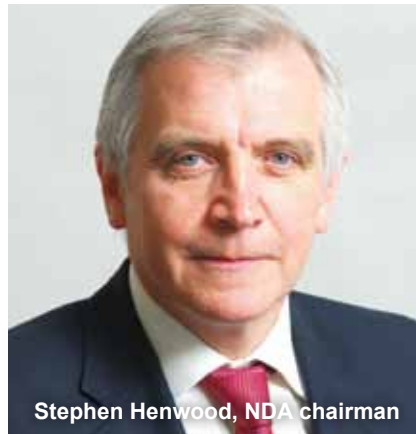
THE NUCLEAR Decommissioning Authority (NDA) - a CNSRP partner - has announced its decision to proceed with the next phase of the National Nuclear Archive project. The project will see a new purpose built archive facility constructed on land currently owned by Highland Council near Wick John o' Groats Airport to provide long-term storage of records and other archive material from civil nuclear sites in the UK. The archive will be operated on NDA's behalf by a specialist commercial partner and is expected to bring more than 20 sustainable jobs to the town.

As well as containing nuclear records from across Britain, the NDA is working in partnership with The Highland Council to ensure that the National Nuclear Archive will also provide a new, publicly accessible home for Highland Council's North Highland Archive.

NDA chairman, Stephen Henwood, said "This is a significant decision for the NDA. The announcement signals the culmination of an extensive piece of work to devise a strategy for the long-term safe management of a huge volume of records dating back to the 1940s. The archive to be built in Wick will be an

extremely important national facility and I'm particularly pleased about the additional economic benefits that will come to the north of Scotland by placing the archive in Caithness."

The next steps for the project are to develop the commercial model before engaging with the market to identify and procure a suitable partner. Further work is also needed on the design of the facility before the construction phase can get underway. The current plans indicate that a commercial partner will be appointed during 2013 and the facility will be operational in early 2016.



Stephen Henwood, NDA chairman

Focus on:

Make the Right Connections

THIS £2.3M programme is managed by Caithness Chamber of Commerce with funding support from CNSRP partners NDA, DSRL and Skills Development Scotland as well as the European Social Fund.

The aims of the programme are to:

- Support Dounreay supply chain businesses to redefine their capabilities to fit emerging opportunities
- Market these redefined skills to attract inward investment
- Encourage personal motivation for change
- Provide extensive, practical career development, retraining and redeployment
- Help match re-skilled people with new opportunities

The programme runs until December 2014, and is on target to meet its projected number of 800 beneficiaries.

So far around 33% of those who have benefitted from the programme are from Dounreay Site Restoration Ltd, with the remainder being either from the Dounreay supply chain or from local area businesses. The programme is focused on future opportunities in the key sectors identified in CNSRP's programme - energy, business services, tourism and food & drink.

The Programme is also working with key supply chain companies to compile a detailed database of skills, to support marketing of the area's capabilities. The Mtrc website contains key information on the programme, along with case studies on people who have used its resources to help them or their business to diversify.

Key contact: Marcus Mennie,
Project Coordinator
www.mtrc.me.uk

Superfast Broadband

MODERN DIGITAL connectivity is widely recognised as a driver of increased productivity, innovation and international trade. Its impacts will be both social and economic. In March 2013 a £146 million investment project was announced to deliver high speed fibre broadband (known as Next Generation or "superfast" broadband) across the Highlands and Islands.

The project, led by CNSRP partner Highlands and Islands Enterprise (HIE) and delivered by BT, is being hailed as the UK's most complex and challenging broadband project ever. The public sector investment towards the contract is £126.4m. It is being delivered through the Scottish Government broadband fund, which incorporates funding from Broadband Delivery UK (BDUK is responsible for increasing access to broadband on behalf of the UK Coalition Government), and also includes up to £12m from HIE's own budget.

Roy Kirk, HIE's Area Manager for Caithness & Sutherland, explained: "Benefits from Next Generation Broadband are likely to include increased opportunities for more remote and rural areas, a potential boost to economic development, more flexible ways of working, improved retention rates of our young people as well as helping attract new residents. Connectivity is crucial in supporting new research and development in digital health, remote education, delivery of public services and helping maximise growth in key sectors.

The project plans to make a massive public investment into fibre infrastructure to deliver next generation broadband. The network will provide Fibre-to-the-cabinet (FTTC), where high-speed fibre cabling is connected to a street cabinet near a user's home or business, delivering downstream speeds of up to 80Mbps and upstream speeds of up to 20Mbps. Fibre-to-the-premises technology (FTTP) will be deployed in certain areas - usually accessed by business as it delivers much faster speeds.

In addition, Points of Presence (PoPs) will deliver wholesale Next Generation Broadband (NGB) to main population centres at prices on par with Scotland's cities. These PoPs have the capability to provide dedicated high-bandwidth services, such as Ethernet, which are widely used by larger businesses, mobile operators and the public sector."

5

Focus on:

Employability

CNSRP BROUGHT together a number of partners to look at ways to increase awareness of current and future areas of employment opportunity and to help people gain access to support that could help them enhance or refocus their skills. The result was a programme of activity that led in February 2013 to the staging of a full-day event called “Jobs and How to Get Them”.

The event was led by Caithness Chamber of Commerce and over 30 organisations and companies exhibited on the day, with over 320 people attending. Several companies were able to recruit new staff on the day, and many visitors were able to take advantage of workshops on issues such as CV writing.



A big turn out for the “Jobs and How to Get Them” event in February 2013



“Jobs and How to Get Them” full-day event

Focus on:

Engineering, & Energy Ce



First Minister Alex Salmond officially opened the ETEC

THIS YEAR has seen some major milestones for the new Engineering, Technology & Energy Centre (ETEC) at North Highland College in Thurso.

Almost £9M was invested in the planning, construction and fit out of this state of the art facility by a range of organisations including CNSRP partners the NDA, Scottish Government, the Highland Council and HIE. In designing the facility, College staff worked closely with industry to ensure that it provided the most relevant and realistic learning and training environment for students, as well as providing companies with a modern training space for current workforces.

In August 2012 First Minister Alex Salmond officially opened ETEC, and the neighbouring Centre for Energy & the Environment with its major MaREE research programme. The two facilities place the north at the heart of research and skills development in marine energy and the First Minister felt that

Technology Centre (EETEC)



the facilities provided further evidence of the central role that Caithness will have in the development of the renewables industry.

In September 2012 ETEC welcomed the first intake of 12 students to its North Highland Engineering Apprentice Programme. Developed by North Highland College with support from Scottish Funding Council and CNSRP partner Skills Development Scotland, the students will be employed by the College during their course, with work placements at relevant area companies.

First Minister Alex Salmond noted of these apprentices: "marine energy trainees here are the people who will develop the technology and manufacture the devices that will provide green power to Scotland and beyond. That is why the new ETEC and Centre for Energy and the Environment are so important to Caithness and to the wider Scottish economy."

Forward look

IN ORDER to ensure our area is in position to benefit from future employment opportunities the partners in CNSRP this year agreed to focus efforts on a small number of key priority projects. These were chosen for attention because of their likely impact on the area's future economic prospects, either through direct employment creation or by creating facilities required to attract businesses to our area.

The projects are: the servicing of the Scrabster Enterprise Area site; the attraction of offshore wind business to Wick Harbour; the further development of facilities at Scrabster harbour; and

the development of a skills investment plan for the area. The Partnership's Delivery Group identifies a lead partner to work with the developers of each project, and the Group also meets monthly to ensure that support for the projects is maintained.

CNSRP Programme Manager Eann Sinclair, who chairs the Group's monthly meetings, said: "We are working closely with each other and with project partners such as Scrabster Harbour Trust and Wick Harbour Authority so that we clearly understand project timescales and can identify support needed to push projects forward."



Scrabster Harbour



Wick Harbour

CNSRP Key

CNSRP Executive Board

THE MEMBERSHIP of the Executive Board reflects the sense of priority given by the main partner bodies to the development of the area's economy. Uniquely, the region's key public sector decision-makers come together on a quarterly basis to discuss the strategic delivery of the CNSRP Delivery Plan, offering the local community direct input from (and access to) the highest level of professional engagement. Under the independent Chairmanship of Sir Anthony Cleaver, the Board is designed to offer the economic transition process its best chance of success. It also provides direction to the Partnership's Programme Manager and to area managers in the partner bodies who sit on the Partnership's Delivery Group.

Steve Barron is the new Chief Executive for Highland Council, taking over from Alistair Dodds. Steve, who was previously the Council's Director of Housing & Property and Depute Chief Executive, will now become a member of the CNSRP Executive Board.

Not pictured – Karen Jackson, Scottish Government and Alistair Dodds, former Chief Executive, Highland Council



Sir Anthony Cleaver (CNSRP)



Alex Paterson (HIE)



Nigel Lowe (NDA)



Anthony Standing (Skills Development Scotland)



Roger Hardy (Babcock Dounreay Partnership)



Steve Barron (Highland Council)

Advisory Board

THE ADVISORY Board brings together politicians, business groups, community representatives and trades union officials, as well as other bodies such as North Highland College, The Crown Estate, Job Centre Plus, SNH, HIE, NDA, DSRL and Babcock under the chairmanship of Councillor Drew Hendry, leader of the Highland Council. The board members comment on progress with the CNSRP delivery plan, highlight areas of concern and suggest amendments or additions. These discussions may enable debate on the overall direction of the Plan (to take account of changing economic circumstances) or help agree priorities within the Plan.

Advisory Board membership 2012-13

Name	Organisation
Cllr Drew Hendry	Highland Council
Cllr Thomas Prag	Highland Council
Cllr George Farlow	Highland Council
Cllr Roger Saxon	Highland Council
Cllr Gail Ross	Highland Council
Stuart Black	Highland Council
Rob Gibson	MSP
John Thurso	MP
Frances Gunn	CVS North
John Green	Caithness Voluntary Group
William Manson	Association of Caithness Community Councils
Trudy Morris	Caithness Chamber of Commerce
Bill Baxter	Caithness Chamber of Commerce
Steven Sutherland	Caithness Chamber of Commerce
Derrick Milnes	Thurso & Wick Trades Council
William Sutherland	Highlands & Islands Airports Ltd.
David Flear	Dounreay Stakeholder Group
Seonag Campbell	Skills Development Scotland
Gordon Jenkins	North Highland College
John Robertson	The Crown Estate
Lesley Cranna	Scottish Natural Heritage
Willie Watt	Wick Harbour Authority
Sandy Mackie	Scrabster Harbour Trust
Susan Johnston	JobCentre Plus
Roy Kirk	HIE
June Love	HIE
Anna MacConnell	NDA
Ken Nicol	DSRL
Alastair Macdonald	Babcock

Players

Delivery Group

THE GROUP brings together managers from Highland Council, Highlands & Islands Enterprise, Skills development Scotland, the Nuclear Decommissioning Authority, Dounreay Site Restoration Ltd. and Caithness Chamber of Commerce.

It is chaired by the CNSRP Programme Manager and focuses on ensuring progress with individual actions in the Delivery Plan - particularly the high priority actions.



Eann Sinclair (Chair)



Anna MacConnell (NDA)



Ken Nicol (DSRL)



Roy Kirk (HIE)



Alistair Ferrier (SDS)



Trudy Morris
(Caithness Chamber
of Commerce)



Alastair MacDonald
(Babcock Dounreay
Partnership)



David Sutherland
(Highland Council)

Area economy in 2020?

BY 2020 the port of Wick will be a thriving port of national strategic importance, servicing the needs of many industries. From the traditional fishing and general cargoes the port will have grown to deliver cost-effective solutions for North Sea Oil and Gas (including offshore decommissioning) and the high value employee-hungry Offshore Marine Renewables. These business streams along with the established operation and maintenance work for the Beatrice Offshore Wind and Moray Offshore Renewable projects will see Wick return to the bustle generated by the traditional herring and white fish heydays of yesteryear. These new industries will once again provide economic growth and opportunity to Caithness and North Sutherland, creating huge opportunities to both shore based and maritime businesses alike. In turn, good highly qualified and locally trained people with a 'can do' attitude will provide the vital resource by which this industry will succeed, providing around 1,000 jobs in the longer term!

**Willie Watt, Chairman,
Wick Harbour Authority**

THE INNER Sound tidal array project is currently on a trajectory to install its demonstration array by early 2015. The demonstration array is the first stepping stone for the project to prove concept, technically and commercially as well as develop a better understanding of the environmental impact the project may have on the rich diversity of wildlife in the Inner Sound vicinity. Should this project be successful, it is the desire of the MeyGen project to expand towards its first phase capacity of 86MW (57 turbines). It is hoped that this will be constructed and operating by 2020 and by this time, the project will be a true commercial proposition providing a platform from which Caithness and the wider region can benefit in terms of developing supply chain and skills.

**Dan Pearson, CEO,
Meygen Ltd**

Did you know?

- 60% of the world's underwater cameras are built in Wick by Kongsberg Maritime, and have been used in the deepest parts of the earth's oceans.
- Subsea 7 at Wester assembles and moves some of the world's largest movable objects (pipeline bundles for the oil & gas industry).
- KP Technology in Wick manufactures and exports devices used for sensitive measurements in nanotechnology fields.
- The Pentland Firth area is the world's best site for tidal power, and could meet half of Scotland's electricity needs.
- 60% of sites competing for the Scottish Government's £10 million Saltire Prize for marine energy are off the coast of Caithness or North Sutherland (at Farr Point, North Sutherland; the Inner Sound and Ness of Duncansby in the Pentland Firth).
- Scrabster is the closest UK mainland port to the developing West of Shetland oil & gas fields.
- Wick is the closest main port to the developing offshore wind projects in the Moray Firth.



Contacts & Feedback

Keep in touch with progress: www.cnsrp.org.uk/blog

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