

Building a Future

for Caithness and
North Sutherland

INSIDE:

Targets, Achievements and a Forward Look

MeyGen Tidal Energy Project

Developing the Young Workforce

NDA Nuclear Archive

Superfast Broadband

North Highland College



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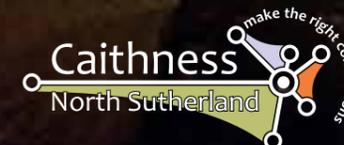
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COVER PHOTO: Loch More in Caithness by Maciej Winiarczyk
www.wildnorthskies.com



Introduction

Sir Anthony Cleaver, Independent Chairman, Caithness & North Sutherland Regeneration Partnership (CNSRP).

2015 has seen further evidence of progress in our efforts to support the diversification of the area's economy away from its current dependence on nuclear decommissioning. When I looked forward from last year's Progress Report I felt that 2015 held

We have seen local companies continue to invest in growth opportunities

the prospect of real progress with the development of tidal energy in the Pentland Firth; of further confidence in proposals to develop Wick harbour as a shore base for Offshore Wind in the Moray Firth; and of the start of "on the ground" work to construct the NDA Nuclear Archive.

I am delighted to report that 2015 has indeed seen encouraging progress with each of these economic opportunities, and you will read more of each in these pages. There has also been significant progress in the roll-out of Next Generation ("superfast") Broadband in Caithness and North Sutherland, with over 10,000 premises now able to receive superfast services.

In what continues to be a challenging business environment we have also seen local companies continue to invest in growth opportunities, and CNSRP partners have worked

together to help existing and new companies with advice and financial support. Since the Partnership's inception we have seen around 250 existing and new companies commit to 1,110 full time equivalent jobs.

The "Interim End State" date for Dounreay decommissioning changed this year, with 2030 now the expected date. We are working closely to ensure our aspirations for the area remain clear, and that we



Sir Anthony Cleaver

continue to support the development of appropriate skills that will help prepare the current and future workforce for the opportunities ahead of us. In this context it is heartening to read in these pages of the work taking place at schools, college and in the workplace to deliver this.

We therefore look forward to 2016 as a year in which milestones will be reached for several of our key opportunities – including a Final

Investment Decision on the Beatrice Offshore Windfarm project; deployment of the first tidal devices at the MeyGen site in the Pentland Firth; the opening of the new Wick High complex; and the completion of the NDA's Nuclear Archive.

Contents

- Page 1**
Introduction from Sir Anthony Cleaver
- Page 2**
Welcome signs of business activity: Ministerial foreword from Fergus Ewing MSP
- Pages 3-4**
Targets, achievements and a forward look
- Pages 5-6**
A project significant to the whole community
- Pages 7-8**
Developing the Young Workforce
- Pages 9-10**
The NDA Nuclear Archive: A lasting legacy for the area
- Pages 11-12**
Superfast Broadband
- Page 13-14**
Working together to attract business investment

Welcome signs of business activity

Foreword from Fergus Ewing, Minister for Business, Energy and Tourism, Scottish Government

The impressive progress being made in Caithness and north Sutherland continued to be evident in 2015.



Fergus Ewing MSP

We have seen tangible progress with key enabling projects such as the construction of new school facilities and the national nuclear archive in Wick, as well as the welcome launch of forward-looking initiatives such as the business-led "Developing the Young Workforce" programme.

This year has also seen welcome signs of business activity in key sectors: as we celebrated the Year of

In a challenging year for the oil & gas industry it is heartening to note the record level of oil & gas related traffic using Scrabster Harbour's new Jubilee Quay.

Underpinning this activity has been the coordinated support and encouragement of the partners in CNSRP. Scottish Government has been pleased to play its part in this, and to work with partners to ensure



Many local companies took part in October's Taste North food festival

Food & Drink in Scotland the north can be proud of the role companies such as Reids of Caithness, Scrabster Seafoods and Dunnet Bay Distillers have played in its success. And JGC Engineering and Technical Services has played a vital role in the significant steps made during the year by Atlantis Resources as it prepares for the deployment of tidal turbines in the Pentland Firth in 2016.

that sustainable economic growth remains at the heart of the Partnership's programme.

In the year that CNSRP partner Highlands and Islands Enterprise celebrated 50 years of its own and its predecessor's role in that growth, CNSRP's focus on the future is evident in its clear projections of what the next 15 years could hold for employment opportunities. I hope that this continuing effort will provide encouragement that Caithness and north Sutherland will remain at the centre of economic opportunity and endeavour for many years to come.

It is heartening to note the record level of oil & gas related traffic using Scrabster Harbour's Jubilee Quay

TARGETS, ACHIEVEMENTS AND A FORWARD LOOK

Since the creation of CNSRP in late 2007 more than 200 companies have committed to generating or retaining around 1,100 full-time equivalent (FTE) jobs.

These commitments have come from new business start-ups, existing local companies, and from companies moving into the area for the first time.

These companies operate across a number of sectors including energy, business services, tourism, food & drink, local markets (e.g. local trades) and other sectors such as manufacturing, life sciences and creative industries.

See figure 1 for a sectoral breakdown.

By the year 2030, when it is expected that the Dounreay site will reach the "Interim End State" and when few direct on-site jobs will remain, CNSRP partners currently project that around 1,600 FTE jobs can be created and retained in the area economy.

These projections are based on current estimates of growth opportunities in key sectors such as energy, business services, food & drink and tourism.

See figure 2 for a sectoral breakdown of these projections.

2007 to 2015 2016 to 2030

**BETWEEN 2007 & 2015
>200 COMPANIES
HAVE CREATED
1100
JOBS**

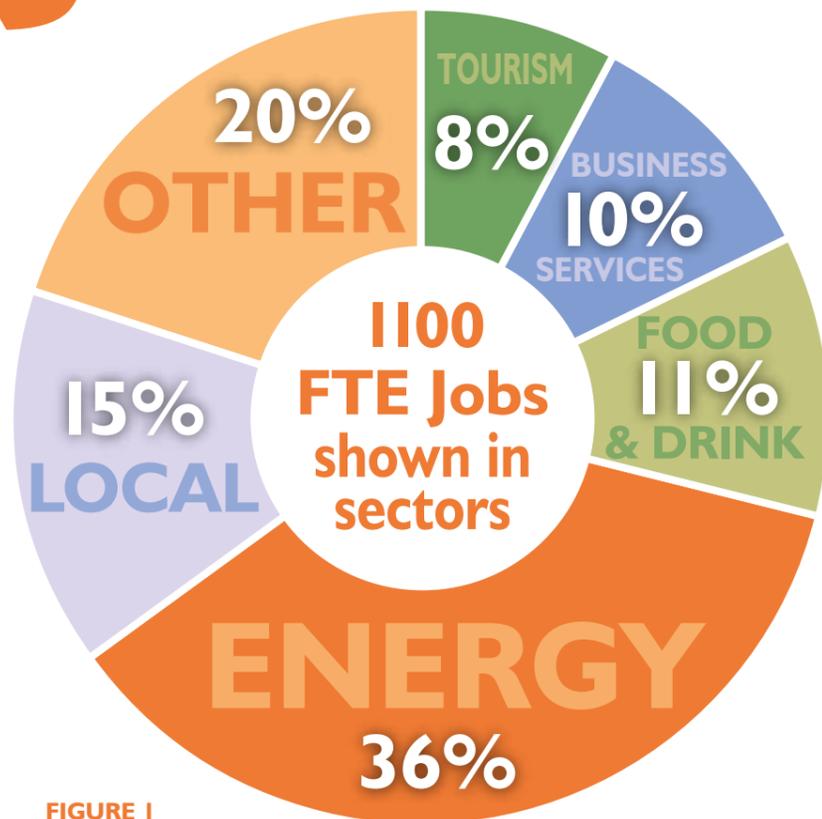


FIGURE 1

**BETWEEN 2016 & 2030
IT IS ESTIMATED THAT
1600
JOBS
WILL BE CREATED**

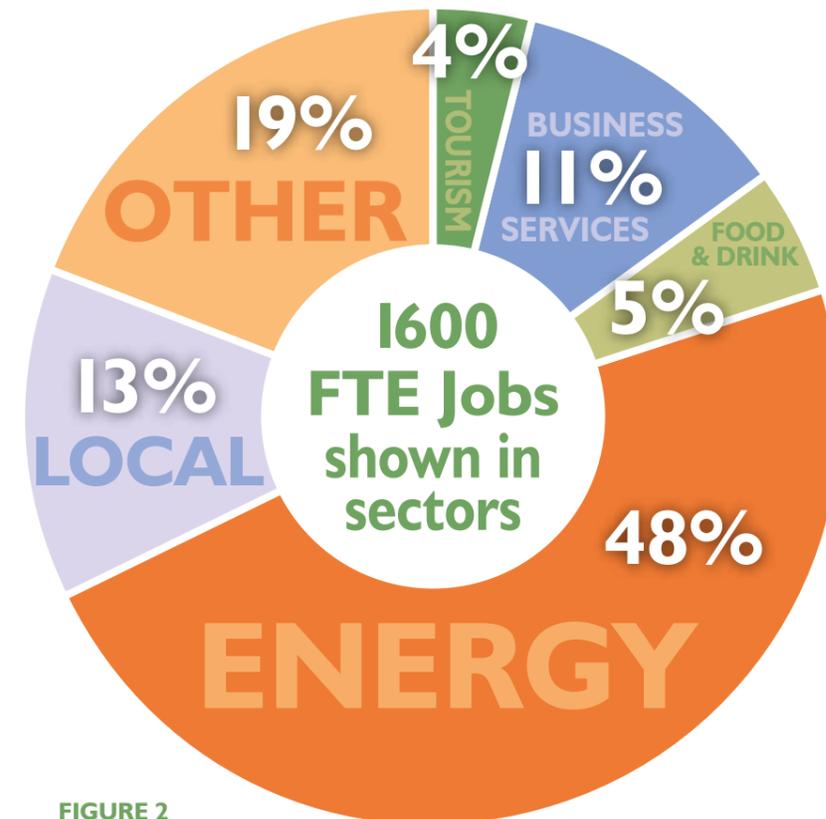


FIGURE 2

The partners in CNSRP agree a series of projects that will either support companies to create employment opportunities, or that will create relevant enabling infrastructure (e.g. harbours, education facilities, business space, broadband). These are set out in a programme that allows lead bodies to be identified for each project, and relevant supports to be agreed (advice, planning, finance etc.).

The current CNSRP Programme includes the following projects:

Skills 1 - North Highland College UHI
North Highland College UHI

Skills 2 - Talent Attraction
Highlands and Islands Enterprise (HIE)

Skills 3 - Developing the Young Workforce
Caithness Chamber of Commerce

Business & Industrial Land
HIE

Inward Investment
HIE

NDA Nuclear Archive
Nuclear Decommissioning Authority (NDA)

Cavendish Nuclear Project Programme
Cavendish Nuclear

Dounreay Business Development
Dounreay Site Restoration Ltd (DSRL)

Scrabster Harbour
Scrabster Harbour Trust

Superfast Broadband
HIE

Roads 1 - A9 Trunk (Berriedale)
Transport Scotland

Roads 2 - Non-trunk (B876 Killimster Moss)
Highland Council

Wick Harbour
Wick Harbour Authority

Wick John O'Groats Airport
Highlands & Islands Airports Ltd

Thurso Community Sports Hub
Thurso Community Sports Hub Ltd

Balance of Jobs (existing company growth)
Caithness & North Sutherland Regeneration Partnership (CNSRP)

Dounreay Decommissioning Programme
DSRL

A project significant to the whole community

JGC Engineering saw another first in 2015, as the company accepted delivery of the largest single shipment of steel ever to enter Caithness.

In March 2015 4800 tonnes of steel arrived at Scrabster Harbour destined for manufacture and assembly at the JGC Engineering site at Janetstown near Thurso. Put in context, that is around three times the weight of the iconic Dounreay Dome. The steel was safely offloaded and transported with the support of local partner Hugh Simpson Contractors.

This multi-million pound contract is to fabricate steel ballast structures for Phase 1a of Atlantis Resources' MeyGen tidal energy project in the Inner Sound of the Pentland Firth. Once completed the 24 structures, each weighing around 200 tonnes, will be in position as the initial four tidal devices are deployed in 2016.

Speaking about what the MeyGen project means to JGC, company director Stephen Sutherland said: "JGC has invested heavily in both people and facilities to provide a comprehensive range of services for our clients and in particular to win additional work within new sectors such as renewable energy. We hope that, through building on the good work carried out to date and the relationships we have formed, we can support Atlantis Resources over the years ahead.

This project is not only significant to JGC as a company and local employer but also to many of our local partners, sub-contractors and indeed to the community as a whole. JGC employs 150 people locally, and after a successful completion of phase 1a we could have the opportunity to

significantly enhance our future prospects at a time when both Dounreay and the MOD shore test facility at Vulcan will be moving through decommissioning phases."

MeyGen is a project owned by Atlantis Resources Ltd, whose onshore infrastructure at Ness of Quoy has

24 structures will be in position as the initial four tidal devices are deployed in 2016

also made significant progress this year, with Caithness contractor John Gunn & Sons delivering civil construction works at the site, and contractors MA Munro Drainage and MM Miller also involved in supporting the build of the connecting power line between the Ness of Quoy site and a sub-station between Wick and Castletown. Construction on the Power Conversion Unit building at the site is underway, and cables have been directionally drilled and laid from the site to the final seabed location of the tidal turbines. The four Phase 1a turbines are due to be installed at the Inner Sound seabed site in 2016, following successful financing of the project with support from organisations including CNSRP partners Scottish Government and Highlands and Islands Enterprise.



Fabricating the steel ballast structures, JGC Engineering, Janetstown by Thurso



Directional drilling and cable laying for the project was completed in 2015

Developing the Young Workforce

In November 2015 Annabelle Ewing MSP, Minister for Youth and Women's Employment, launched the North Highland "Developing the Young Workforce" initiative, created to improve links between education and work and increase opportunities for young people in the north. The Minister officially launched the new initiative on behalf of Caithness Chamber of Commerce.

Led by local employers and shaped by regional needs, this initiative will provide a new way of examining and resolving the issues of skills gaps and youth unemployment in Caithness and Sutherland. The initiative will establish a regional industry-led group which will provide leadership and a single point of contact in facilitating engagement between employers and education, with the aim of ensuring that our young workforce is developing the skills necessary to meet up and coming industry needs.

As lead partner in the local development of the initiative, which



Katie Gunn of the Chore Attack team, winner of the Productivity category of the "Apps for Good" competition

features on the Caithness & North Sutherland Regeneration Partnership Programme (CNSRP), Caithness Chamber of Commerce worked throughout the first half of the year to engage with employers, education providers and local stakeholders to develop successful funding bids to CNSRP partners the Scottish Government and the Nuclear Decommissioning Authority. It focuses on one of a number of recommendations arising from the Scottish Government's Commission for Developing Scotland's Young Workforce.

The initial funding for the initiative will run for three years, commencing from September 2015, and will focus on working with employers and education providers to ensure that school and college leavers are better prepared for the world of work, that education focuses on employment and progression in learning, that Modern Apprenticeships are focused on industry needs and that more employers are engaging with education and recruiting young people.

Following this initial three-year period, the North Highland Developing the Young Workforce initiative will continue on as an employer-led group funded through other sources, working to identify new skills needs and providing employment opportunities for local young people.

Trudy Morris, Chief Executive of Caithness Chamber of Commerce, said: "The Chamber is excited to once again be at the forefront of an innovative initiative which will help to secure the economic future of Caithness and Sutherland.

"Employers in every sector face skills gaps in their industry, whether now or in the future, and youth unemployment has been shown to have long-term impacts for individuals, society and the economy. Addressing these issues will require a real commitment from both employers and education providers to work together to help identify skills needs in the area and to develop the path to employment for our young people."

The launch of the initiative comes at the same time as CNSRP partner the Highland Council makes further progress with the construction of its Wick schools programme. The new £48m Wick High School complex is

School and college leavers are better prepared for the world of work

due for hand-over to Highland Council by contractor Morrison Construction in September 2016, and will allow further scope for innovative work on the likes of the very successful computing science programmes such as Apps for Good, where the High School's students have been performing well at UK-wide competitions. Lead computing science teacher Chris Aitken has praised the results achieved by his students.

"I'm delighted at the skills and entrepreneurial flair the students have been demonstrating, and I'm particularly delighted to see a significant increase in the number of female students choosing this area of study as there are so many opportunities in the digital sector that could interest and inspire them."



Students Konrad Szewczyk and John Sutherland of Wick High School, winners of the Information category for their One Click Politics app, are presented with their award by Bob Schukai, Head of Applied Innovation at Thomson Reuters

The NDA Nuclear Archive

A lasting legacy for the area

The multi-million pound NDA Archive project took major steps forward in 2015 with the commencement of construction work and the appointment of a commercial partner to operate the facility.

The NDA Archive, located next to Wick John O'Groats airport, will become the single facility to collect and store relevant records from all the civil nuclear sites in the UK. The Archive will be accessible to the industry, for international research, and to the public. Many records will also be digitised.

As a government body, the NDA is responsible for ensuring that all relevant nuclear records are preserved and made available in line with legislation on public information. These records, currently in archive storage, include hundreds of thousands of boxes from Sellafield and Magnox sites, as well as many thousands of boxes amassed over 70 years at Dounreay, Harwell and nuclear sites across Britain.

The Archive is a priority project in the Caithness & North Sutherland Regeneration Partnership (CNSRP) programme and is part of the NDA's ongoing socio-economic support to

the area. It will also provide a new home for the Caithness Archive, and is expected to provide a number of high-quality jobs in the area.

As the first ground was broken on the project in August 2015 David Flear, Chairman of the Dounreay Stakeholder Group and a member of CNSRP's Advisory Board, welcomed

The complex is being built beside Wick John O'Groats Airport

the project's progress: "This project brings a lasting legacy to the area, and I am delighted it is progressing so well. The Dounreay Stakeholder Group has been involved with the NDA on this project for some time now and everything we hoped for appears to be taking shape."

The NDA's Business Services Director Rob Higgins said the new facility and the arrangements being put in place to manage it would ensure the records are managed expertly, safely and consistently into the future as more and more sites, like Dounreay, progress through decommissioning. He added: "Records Management, like all the other work done across our estate, is subject to regulation and scrutiny to make sure we look after all our records safely and securely and retrievable in the best possible condition. Consolidating all of our archived records in Wick will ensure best information management practices and better value for money."

The complex, which is being built on land beside Wick John O'Groats Airport, will also house the Highland Council's North Highland Archive.

Morrison Construction is the main build contractor and Crimson UK is the company appointed to operate the facility. The facility, which will create a number of high quality jobs in Caithness, is due to be ready to receive its first archive materials by late 2016, opening to the public in 2017.



BACKGROUND PHOTO
One of the many items on display will be this stone sculpture commissioned in 1966 to commemorate the opening of Dounreay's Prototype Fast Reactor (PFR)

INSET PHOTOS
Site work started on the Archive building in Autumn 2015

Superfast Broadband

for more than 10,000 homes and businesses

More than 10,000 homes and businesses in Caithness can now order next generation fibre broadband through the Digital Scotland Superfast Broadband (DSSB) roll-out. And the villages of Dunbeath, Keiss, Melvich and Reay as well as Bettyhill in north Sutherland are also set to see local fibre broadband networks built to give many premises a boost in speeds.

They join areas such as Castletown, Halkirk, Lybster, Thrumster, Watten, Thurso and Wick where fibre based broadband is already available to order.

In addition, following a re-modelling of the roll-out plans, Highlands and Islands Enterprise (HIE) is confirming that the village of John o'Groats, which had been under evaluation, will see some fibre broadband installed in the 2016 programme.

The DSSB project, led in the region by HIE, is bringing better broadband to thousands of homes and businesses that could not be reached by the private sector's commercial roll-out. The roll-out of Superfast Broadband has been a high-priority project for the Caithness & North Sutherland Regeneration Partnership (CNSRP) since its formation in 2007.

The local coverage forms part of a three year £146m roll-out, funded by the Scottish Government, the UK Government, HIE and private sector partner BT, with engineers from BT's local network business Openreach delivering the project on the ground.

Fibre broadband is a completely new service and customers do have to

order it when it's available. New areas where work is starting are announced every three months throughout the three year project.

A full list of areas where work has started or is live is available on www.hie.co.uk/whereandwhen and there is also a postcode checker where people can check their own telephone or postcode details for an idea of progress.

When connected to Fibre to the Cabinet (FTTC) technology households and businesses could have

Fibre broadband is a completely new service and customers do have to order it when it's available

direct access to download speeds of up to 80 Mbps. These are the top wholesale speeds available from Openreach to all service providers; speeds offered by service providers may vary. Speeds will also vary from customer to customer depending on the distance from the cabinet.

HIE's Director of Digital, Stuart Robertson, said: "There are good levels of coverage now in both Wick

and Thurso. This includes the introduction of new fibre broadband cabinets created for the many businesses and customers in the town centres who were previously connected directly to the exchange.

"The roll-out does come in stages depending on the existing network, and we will see fibre broadband made more widely available in some of the places which are already 'live' such as Wick, Thurso and Lybster.

"We are delighted that ongoing modelling work has allowed us to look at how we can draw the village of John o'Groats into the programme. We'll carry out further local surveys when we start work in the area to maximise the numbers of premises reached."



Chris Greenhalgh, BT Openreach Engineer, demonstrates to Fiona Levack from Caithness Chamber of Commerce, and Carol Gunn of HIE's Digital team, how street cabinets help deliver fibre broadband services

Working together

to attract business investment

In 2015, the North Highland College UHI saw several new developments with both local and national partners.

Dounreay Site Restoration Ltd (DSRL) and North Highland College UHI are working together to support Caithness & North Sutherland Regeneration Partnership's programme to ensure the area has the skills to attract business investment for the future.

Marie Mackay is seconded two days per week from DSRL to the College to support both a school liaison programme and a higher education offering. This arrangement brings expertise from the Dounreay site and provides both College and students further valuable insight into employer requirements.

Working alongside energy giant SSE and the EU Skills Partnership, the



Marie Mackay

College also launched the "Certificate of Work Readiness" training programme. The award was designed to fast-track ten young people from Thurso and Wick who were considering a career in the engineering industry. All ten successfully completed the programme with seven moving into employment with SSE or their sub-contractors.

The North Highland Regeneration Fund (NHRF) and the College jointly launched the "iStart Challenge", a competition designed to encourage entrepreneurial spirit amongst young people in the area.

The competition saw many young people pitch their business idea to a panel of business men and women for a chance of winning a cash prize and support to develop their idea.

During the competition students engaged with many business people in the Caithness and North Sutherland community who were all impressed with the entrepreneurial spirit the college is developing in its students. NHRF also continues to provide access to advice and loan finance for businesses in the area.



Representatives of SSE and North Highland College Principal Donald MacBeath hail the success of the joint Employability Skills Project

The competition saw many young people pitch their business idea to a panel of business men and women