



Developing  
the Caithness  
& North  
Sutherland  
Economy

**November**  
**2014**



# contents

- 3 Foreword & Welcome
- 4 MeyGen/Atlantis Resources
- 5 Inward Investment
- 6 Offshore Wind Opportunities
- 8 Thurso Battery Factory
- 10 Atlantic Frontier
- 11 NHV Helicopter Base
- 12 Supporting Businesses
- 14 NDA Nuclear Archive Progress
- 15 Progress and Plans



# Foreword

John Swinney MSP, Deputy First Minister & Cabinet Secretary for Finance, Constitution and Economy



I was pleased to return to Caithness this summer with my Cabinet colleagues for a meeting of the Cabinet in Wick. Outwith our formal meeting, we took the opportunity to meet with the community as well as with a range of businesses to hear their views and to see for ourselves just what was being achieved in the area.

Wick Harbour to hear of its far-sighted plans for growth and other Cabinet colleagues visited growing local businesses such as Kongsberg Maritime, Natural Retreats, Scrabster Seafoods and Reid's of Caithness.

We each came away with the clear feeling that Caithness & North Sutherland is an area with a clear view of its own future, and the will to ensure it achieves its aims.

I am always struck when I return to Caithness to see the wide range of work that is taking place to help diversify the area's economy and secure its prosperity as Dounreay decommissions. I opened the new office base for Process Safety Solutions at Wick Business Park and welcomed their commitment to creating 30-40 well-paid jobs in the north over the next two years. Deputy First Minister Nicola Sturgeon visited

Since then we have also seen the welcome news that the MeyGen tidal project has reached financial closure. We were delighted to be able to support this important project, which has already begun delivering economic benefits through early contracts for local companies in Caithness and the wider Highlands.

When I contributed to the 2013 CNSRP Annual Review I highlighted the opportunity for Caithness and North Sutherland to play a leading role in emerging economic opportunities. Progress over the past 12 months simply strengthens that view, and I look forward to what promises to be a further year of growth in 2015.

# Welcome

Sir Anthony Cleaver and Cllr Drew Hendry

Sir Anthony Cleaver



Drew Hendry



The past year has seen Caithness and North Sutherland continue to draw attention from businesses and communities elsewhere in the UK and around the world.

Local companies are more active than ever on the international stage, exporting to Europe and the Far East; pioneering work in tidal energy has the eyes of the world on the Pentland Firth; and communities from Europe and Canada have contacted us to learn

more about our approach to economic and socio-economic transition.

We have continued to receive welcome visits from Scottish and UK Government Ministers, with a highlight being this summer's visit to Wick of the Scottish Cabinet.

The work of the Partnership in maintaining focus on the way ahead for the area economy is crucial in all this. We have begun a new three-year plan this year, targets for which are set out in this

publication. And we have also looked much further ahead, to project job requirements in the area over the next 10 years.

2014 has been a year of encouraging milestones: we hope you will read about them in these pages and share our view that our area has a number of exciting opportunities ahead. Our mission as a Partnership is to focus on the actions that will help us achieve success.

# MeyGen/ Atlantis Resources

JGC  
Engineering

- 2007 – Establishment of Pentland Firth Tidal Energy Project Board with key CNSRP partners
- 2008 – FM Alex Salmond, speaking at the Caithness Regeneration Conference, announces world's first commercial leasing round for wave & tidal energy
- 2010 – Leases awarded to wave and tidal developers by The Crown Estate
- 2013 – MeyGen receives consent to develop site in the Inner Sound
- 2013 – Atlantis Resources Ltd purchases remaining equity in MeyGen Ltd to become the 100% owner
- 2014 – Atlantis Resources announces completion of £50M funding package for Phase 1A of the MeyGen project which includes the construction of infrastructure such as the construction of the substation onshore, cables, and civil works to the substation as well as the purchase and installation of the first 6 MW (4 x 1.5MW turbines) and their foundations.
- 2014 – JGC Engineering Services Ltd wins multi-million pound contract to manufacture device foundations
- 2015 – First devices expected to be installed in the Inner Sound of the Pentland Firth.
- 2016 – MeyGen will begin delivering power to the Grid.

**CNSRP** partners are celebrating a major milestone in the development of tidal energy in the north, with the news in August that Atlantis Resources Ltd secured £50M to enable work to begin on the construction of the first phase of its MeyGen tidal project to build a commercial-scale tidal site in the Inner Sound of the Pentland Firth. And the news that Caithness firm JGC Engineering and Technical Services has won a key contract brings the prospect of further good news for employment in the area.

CNSRP partner Highlands and Islands Enterprise (HIE) is backing the £50M MeyGen project with a £3.3m grant. Approval for onshore works was granted

by CNSRP partner Highland Council, and onshore works are expected to start before the end of 2014.

The complete first phase of the project will see four turbines installed in the next two years, rising to 61 turbines by 2020. It is expected that it will produce 86MW - enough power for approximately 42,000 homes in Scotland.

The overall funding syndicate includes: the Department of Energy & Climate Change, Scottish Enterprise via the Renewable Energy Investment Fund (delivered by the Scottish Investment Bank), Highlands and Islands Enterprise, the Crown Estate, and Atlantis Resources Ltd.

“We are witnessing the transformation of a sector. MeyGen is one of the most exciting and innovative renewable energy developments in the world, marking the long-awaited arrival of tidal stream generation as a serious, large-scale player in global energy markets. I am proud that Atlantis will become the first company to successfully develop a project of this kind, at this size, making Atlantis the first independent power producer from a tidal array.”



Atlantis CEO and MeyGen director  
Tim Cornelius

JGC Engineering and Technical Services **won the contract to manufacture steel subsea structures for the tidal devices being used in the MeyGen project, which will provide additional employment opportunities to the area, and shows the high level of confidence in local supply chain's capabilities.**

JGC Director Stephen Sutherland said: “We are absolutely delighted to have won this important piece of work. The early stages of tidal energy development in the Pentland Firth provides exciting opportunities for local companies to work with technology developers to de-risk projects, and we take great pride in our own track record and the wider area's track record in providing safe, cost-effective solutions. It is likely that we will need to recruit additional staff to service this contract, which also helps the area's economy.”

Scrabster harbour will play an important part in the development of the MeyGen project, and Scrabster Harbour Trust's Manager Sandy Mackie also welcomed the news: “The scale of the activity will be a challenge going forward but one we look forward to. Caithness is getting a share of the first work and that is entirely good news and is exactly what we want to hear as we plan for a future without Dounreay.”

# Inward Investment

**Process Safety Solutions (PSS)** became the first big success story from the CNSRP work in the energy sector when their new base at Wick Business Park was opened by Scottish Government Cabinet Secretary for Finance, Employment and Sustainable Growth.

The company's decision to open a Caithness base will create 30-40 full-time equivalent jobs in Wick. Managing Director David Green, himself a Caithness native, said

“We have had great support and have worked closely with the team from Highlands and Islands Enterprise as we saw great potential in utilising the wide skills base in the area. More and more companies in Aberdeen are out sourcing engineering work, until now this has been largely to India and England.”

“We would like to reverse this trend, and fully realise the potential within Scotland's engineering community. Access to the local skill base developed over the last 50 years at Dounreay was one of the main drivers to the new office location.”

CNSRP's efforts are led by HIE's Area Manager Roy Kirk, supported by June Love and Lindsay Foord who are seconded from CNSRP partners Dounreay Site Restoration Ltd (DSRL) and Highland Council respectively. Roy said:

“We are delighted to welcome PSS to Caithness. In deciding to open this new office in the county, the company is taking advantage of a skilled workforce and our excellent connectivity with Aberdeen, which can be reached in only 25 minutes via Wick John O'Groats Airport. Our funding will assist the company to recruit 30-40 staff, many of whom currently undertake the significant commute to Aberdeen, into highly-paid, skilled jobs which will support the local Caithness economy.”

“I am particularly grateful to DSRL and Highland Council for the support to the programme of targeted business attraction. June and Lindsay have been instrumental in achieving success to date, and we look forward to an exciting period ahead, as more companies show interest in relocating to the area.”

## £51M PROJECT FINANCING OF THE FIRST PHASE OF THE WORLD'S LARGEST TIDAL POWER PROJECT, MEYGEN

### WHAT AN INCREDIBLE ACHIEVEMENT!

WE WOULD LIKE TO THANK ALL OF OUR PARTNERS, WITHOUT YOU, THIS WOULD NOT HAVE BEEN POSSIBLE



We're bringing the world tidal power energy today, follow our journey at [atlantisresourcesltd.com](http://atlantisresourcesltd.com)

# Offshore Wind Opportunities

**B**eatrice Offshore Windfarm Ltd (BOWL), has announced that Wick Harbour has been chosen as the location to site the Beatrice Offshore Wind Farm Operation and Maintenance base.

A Memorandum of Understanding has been signed between Wick Harbour Authority and BOWL which – if BOWL reaches a positive investment decision - would see the Beatrice project base its Operations and Maintenance Base at the Harbour during construction and operation of the offshore wind farm. The new facility, which would be leased to BOWL by Wick Harbour Authority, would also provide new working space for the Wick RNLI and would encourage investment in a new storm gate for the harbour

mouth to protect vessels and quays during harsh weather.

A number of full time, permanent jobs could be created through the BOWL O&M base at Wick; in addition to the various third party service provider jobs that would also be created in support of the base during the long term Operations and Maintenance work. During the construction phase a number of jobs are expected to be created to build the facility.

The announcement was welcomed by Wick Harbour Authority and CNSRP partners: Willie Watt, Chairman of Wick Harbour Authority said: "We are delighted that BOWL has signed an

MoU which could see the company invest in Wick Harbour to service the Offshore Wind Farm site, and we look forward to working closely with BOWL in order to deliver what we hope will be a hub for offshore renewables in the Highlands."

Wick Harbour Authority has also signed an agreement with Moray Offshore Renewables Ltd (MORL), ensuring it remains well placed to play a key role in the operations & maintenance of this windfarm site.

The Beatrice project was consented by Marine Scotland in March 2014, having been agreed by CNSRP partner the Highland Council's North Planning Committee in 2013. In preparation for opportunities in the offshore energy sector, CNSRP partners

have been supporting Wick Harbour Authority and local companies. HIE and the Nuclear Decommissioning Authority (NDA) awarded funds of £450,000 to enable the construction of a heavy lift pad on the Commercial Quay, along with related dredging works. HIE also supported a group from the north to visit SSE's offshore wind supply base in Lowestoft to learn more about how such bases work, and what lessons can be learned.

These investments are in addition to existing investment in the harbour's marina, which has already been extended to 80 berths to meet demand. The marina attracted around 300 visiting yachts in 2014



HIE supported visit to Lowestoft

Beatrice Offshore Windfarm Ltd (BOWL) is a joint venture partnership formed between SSE Renewables (50%); Copenhagen Infrastructure Partners (25%) and Repsol Nuevas Energias UK (25%). The Beatrice offshore wind farm site is situated 13.5km from the

Caithness coast at the nearest point, and is approximately 11 km north-east of the world's first deep water wind farm development – the two-turbine (10MW) Beatrice Demonstrator Project, owned by SSE and Talisman which has been operational since 2007.

The proposed wind farm is expected to have a maximum of 110 turbines (depending on turbine size) and is expected to go into construction in 2016 subject to a positive investment decision.

Main photograph by Alan A Hendry

# New owners at Thurso battery factory



CNSRP partner HIE has supported the smooth change-over of ownership for new investors at AGM Batteries and ABSL Power Solutions Ltd which were previously owned by US-based multinational EnerSys Inc.

Denchi House, the HIE custom-built battery factory at Thurso's business park on the outskirts of the town, is home to the two companies, which together employ around 35 staff.

AGM Batteries Ltd is a manufacturer of battery cells – the basic building blocks from

which batteries are assembled – specialising in Hi-Tech Lithium Ion battery cells; whilst their neighbour ABSL Power Solutions Ltd is an assembly plant producing the finished product.

AGM Batteries Ltd has now been bought by AMTE Power Ltd, which will continue to trade under the existing AGM name. AMTE is led by a management team with significant experience in developing new technology, particularly in the battery cell sector, and they have exciting plans to develop niche products particularly for specialised military applications.

Steve Farmer, Chief Operating Officer at AMTE, said: "Battery Cell technology is moving ahead very quickly, and we believe there is a fantastic opportunity to build on the skills of the local workforce and take AGM to a whole new level. The support of HIE has been invaluable in helping us pull our plans together, and we are looking forward to an exciting future for AGM in the years ahead."

Meanwhile, the ABSL battery assembly business has also changed hands, with new owners Denchi Power Ltd taking over at the beginning of February 2014. The

new company sees a great opportunity to build on the success of ABSL, particularly in supplying the highly specialised and very demanding requirements of the military sector.

"ABSL has a great reputation with our customers," says Derek Campbell, Managing Director of Denchi Power Ltd. "We are building on that reputation, and harnessing the unique skills of our workforce here in Thurso to build a world-beating business." "Maintaining very close working relationships with our customers is the key to success in these markets," explained Derek. "Not

only do we aim to deliver the products they need right now; but we will work with our customers to plan ahead for the next generation of power solutions – and develop the products they need when they need them."

HIE has provided a package of financial support to Denchi Power to help them develop the business. As well as their existing range of battery packs, the new company has ambitious plans to develop new products to serve the needs of their customers.

The company continues to recruit and invest in highly educated and experienced team members with a broad spectrum of expertise in areas such as electrochemistry, analogue and digital electronics, mechanical engineering and product design. Denchi Power has remained at the forefront of technological development including the introduction of SMART battery and charger electronics.

The interventions have secured the jobs of the existing workforce, and have already created new jobs at the two facilities.



# Gateway to “the Atlantic Frontier”

As part of the programme to promote Caithness & North Sutherland as a great place from which to do business, we have been running a series of awareness-raising events in key target markets in Aberdeen, Edinburgh and London. In October 2014 we partnered with Subsea UK to run an event in Aberdeen focusing on our area's key position as a hub for oil & gas in the area known as the Atlantic Frontier (or West of Shetland) which is likely to be the next major oil & gas area on the UK Continental Shelf.

The key message from senior industry professionals was that as the need to reduce costs continues, so places like Caithness will have a key role to play – the combination of good infrastructure and highly effective local supply chain companies is very attractive.

To reinforce this message we continue to stage these events, and to bring companies north to see the range of facilities for themselves. As part of this programme around 25 representatives of Aberdeen-based oil & gas companies visited Caithness in October to see for themselves the range of facilities and companies in the area.



Photograph by  
Karen Munro



# NHV helicopter base

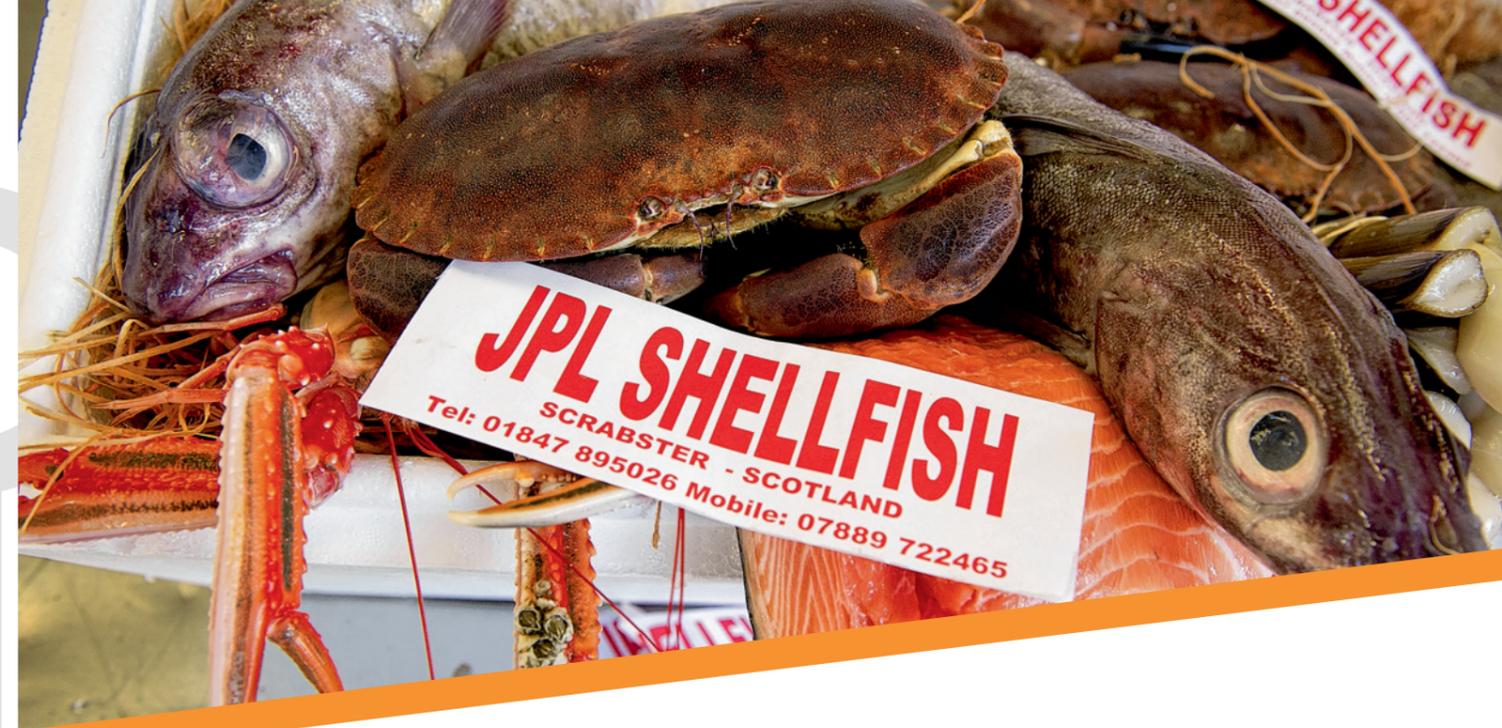


Oil & gas company Chevron UK has used Wick John O'Groats Airport to move personnel to its offshore sites, and the move has proved very beneficial for the area. Helicopter company NHV has been successfully transferring personnel from Wick, and has now worked with Highlands & Islands Airports Ltd and Chevron to establish a new hangar at the airport.



HIAL Managing Director Inglis Lyon: "The success of NHV's operations at Wick John O'Groats underlines the increasingly important role the airport plays as an energy gateway for the north of Scotland. The airport has shown that it has the capacity and the facilities to attract major operators such as Chevron and NHV and is well placed to secure a greater share of the oil and gas and renewables markets. This is good news not only for the airport and the jobs it sustains, but also for the wider economy of Caithness and Sutherland. We look forward to working with Chevron and NHV to support the growth of energy related traffic at Wick John O'Groats airport."

# Supporting businesses



2014 has been a good year for the food and drink sector in the north, with local companies seeing demand for their products increasing.

Two companies in particular have benefited from advice and support – both Highlands and Islands Enterprise and the NDA-funded North Highland Regeneration Fund have worked with JPL Shellfish and Dunnet Bay Distillery.

JPL Shellfish has seen its workforce treble in size, and has an international order book for its product range. It has exported to Europe and the Far East.

Dunnet Bay Distillery is a new business, started by Martin and Claire Murray.

Construction of a new distillery in Dunnet was finished in summer 2014, and the company's "Rock Rose Gin" went on sale soon afterwards to great acclaim. Company Director Martin Murray said

"The funding from NHRF and HIE allowed us to get up and running ahead of schedule. We have produced 6 batches of Rock Rose Gin (around 5,000 bottles) since opening in August and every bottle has been sold before it was made! This has greatly exceeded our expectations and it's given us a dream start to our business."

CNSRP partners DSRL and NDA have also worked with Caithness Chamber and Business Gateway to address business support needs. A pilot project is now being

run by the Chamber, where mentoring support is available to companies. Recently Dunnet Bay Distillery won an award at the Enterprise Mentoring awards.

“ it's given us a dream start to our business.”

Martin Murray

HIE has a network of account managed businesses in the north. Each company is committed to growing its turnover by 20% over a three-year period. Through HIE they are able to access a range of tailored solutions, including national and international services and expertise.

The North Highland Regeneration Fund was established by the NDA to help new and existing business to grow and to create employment opportunities in the Dounreay travel-to-work area. To date the NDA has invested £1.8M in the Fund, which is operated on behalf of the NHRF Board by Caithness Chamber of Commerce.

# NDA Nuclear Archive progress

Progress is being made with plans to establish the NDA's Nuclear Archive on ground near Wick John O'Groats airport.

The NDA is currently going through a formal procurement process to appoint a commercial company that will manage and operate the NDA's archive facility. Records dating back to the beginnings of the nuclear industry from across the UK's civil sites will be permanently housed and managed at the site.

The NDA has also issued an invitation to tender for the construction of the archive building, which will also include the Highland Council's North Highland Archive. Both contracts are due to be awarded in spring 2015 and construction is expected to start in summer 2015, with completion expected by the end of 2016. It has been estimated that the facility when fully operational will provide around 20 full time jobs



# CNSRP Progress and Plans

What will the economy of Caithness and north Sutherland look like in the future? CNSRP partners are confident that the area is well on its way to supporting a diverse range of businesses. Indeed, over the period from 2011 to 2014 partners report that over 100 businesses committed to creating around 430 full-time equivalent (FTE) jobs. And 40% of these jobs came in the Partnership's key sectors of energy and business services. The full breakdown is:



Between 2014 and 2017 CNSRP targets are to support companies to create between 359 and 479 FTE jobs:

• 138-197 FTEs in the energy sector

• 15-25 in the food & drink sector

• 62-80 in the business services sector

• 22-45 in other sectors

• 12-22 in the tourism sector

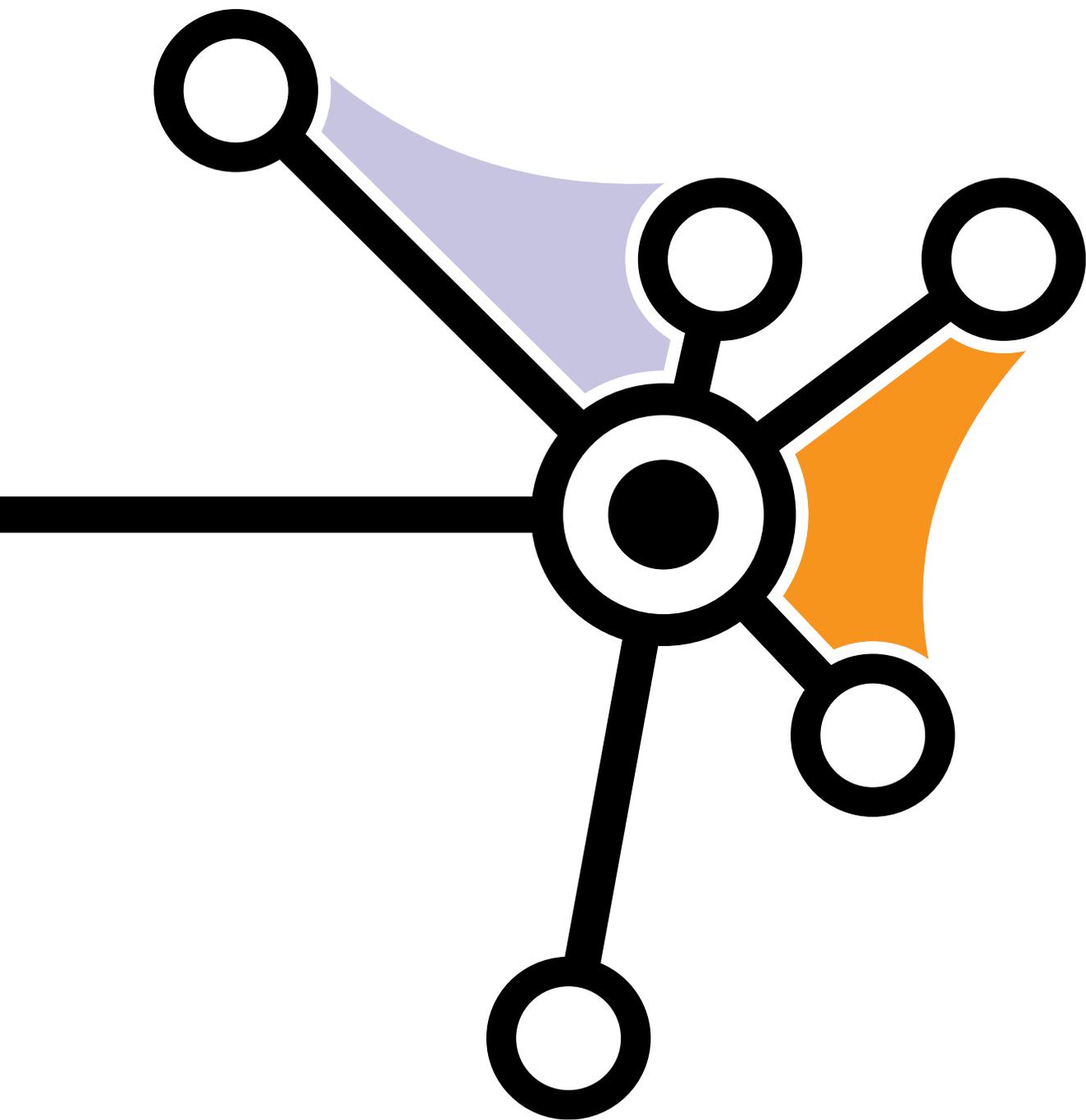
• Up to 110 FTEs in the local market sector

By September 2014 companies had committed to a further 107 jobs. CNSRP Programme Manager Eann Sinclair commented:

"When we set out on our original programme of activity back in 2008 we said that we expected economic change to come not in huge leaps, but rather through organic growth. And that is what we have seen over the past six and a half years, with a large number of local companies committing to modest but important employment opportunities."

"We are also now beginning to see the fruits of our targeted programme of business attraction, with companies from outside the area moving to set up bases here, and that is something we expect to see more of in the next two years as key decision points are reached in the energy sector in particular."

"In the next few months we will learn more about the future timescales for the Dounreay decommissioning programme, and in the meantime our growth projections remain very positive."



## Contacts & Feedback

Keep in touch with progress: [www.cnsrp.org.uk/blog](http://www.cnsrp.org.uk/blog)

Follow us on Twitter: @eanncnsrp

Eann Sinclair, Programme Manager. T: 01 847 805520

