

**CAITHNESS & NORTH SUTHERLAND REGENERATION PARTNERSHIP
(CNSRP) – EXECUTIVE BOARD**

**MINUTES OF MEETING HELD 5th DECEMBER 2008 AT TOLLEMACHE
HOUSE, THURSO**

Present: Sir Anthony Cleaver (Chair)
Alistair Dodds, THC
Randall Bargelt, NDA
Sandy Cumming, HIE (by video-conference)
Greg Allan, Scottish Government

In Attendance: Roy Kirk, HIE
Ian Hargrave, THC
Eann Sinclair, CNSRP
Fiona Macpherson, HIE
Eilidh Gunn, CNSRP (minutes)
Iona Gunn, CNSRP (observing)
Dr. G Elliott (NHC) – Item 5 only

Apologies: There were no apologies

1. Welcome and Introductions

The chair welcomed everyone to the meeting.

2. Minute of Executive board Meeting held on 30th September 2008

The minutes of the meeting of 30th September 2008 were approved.

3. Matters Arising

North Highland Tourism – Both HIE and NDA are working with NHT for a sustainable future and will report further at the next board meeting. **ACTION Roy Kirk & Randall Bargelt**

Tidal Energy Project costs – The Pentland Firth Project Board is due to meet shortly and will progress costs then. **ACTION Roy Kirk**

Feb 2008 Report on Berriedale Braes – The strategic transport report has been delayed, no action currently although it was noted that Highland Council would request financial support from NDA as appropriate. **ACTION Alistair Dodds & Ian Hargrave**

Wick Tax Office – HMRC has announced that the Wick Tax office is due to close in 2012. However it seems that HMRC will be seeking sites to set up larger specialist centres and the timescale will allow for partners to work with HMRC to establish their business needs. **ACTION Ian Hargrave and Fiona MacPherson** to follow up with HMRC.

Membership of Advisory Board – another two members are due from the Chamber of Commerce, two from local companies and one member of Thurso & Wick Trades Council. Skills Development Scotland has also been invited to

attend. Although they are not able to attend the next meeting they will be invited to the first meeting of 2009.

Membership of Executive Board –Membership of the Executive Board will be reviewed in 12 months.

4. Engineering Skills

Eann Sinclair circulated a paper he'd previously prepared (Appendix 1). The paper raised issues such as the need for a strategic over view on where the sector is heading and how the sector and agencies work together. Engineering is a high priority on the action plan so this will be followed up.

It was suggested to get the various engineering firms together to discuss issues arising and how they would like to move forward. Since engineering was one of the high priority projects in the Action Plan Eann Sinclair offered to lead this process on behalf of the Partnership. Sir Anthony declared an interest as Chair of the Engineering and Technology board and suggested if the engineering sector were getting together he could invite the relevant person from the 'Engineers make it happen' campaign that has been running very successfully in England & Wales. **ACTION Eann Sinclair and Sir Anthony Cleaver** to discuss with sector.

It was noted that there is good work going on between STEM and the Highland Council which has received little press.

5. North Highland Connections

Dr. Graham Elliott from NHC had been invited to the meeting to discuss NHC's current activities and future funding needs. The Chairman informed members that he sat on the Advisory Board of North Highland Connections, and was therefore declaring a non-financial interest in the item.

Dr. Elliott explained that NHC is closely linked with NHT (North Highland Tourism) and has a very significant role in developing the cultural sector in the north Highland area to improve quality of life. NHC has two full time staff and has over the past six months run 21 events in 15 venues. These have been well received by the community. NHC is determined to decrease its dependence on public funds by applying for monies from arts foundations. However these foundations do not give funds for core activities, and these should therefore be in place before applications will be accepted. Dr Elliott welcomed an offer by HIE to provide an external adviser to help carry out a financial audit of the Company's plans. **ACTION Roy Kirk.**

Dr Elliott also agreed to ask North Highland Initiative Coordinator Robert Gray to help provide information.

Members also pointed out that the individual organisations making up the CNSRP each have due diligence to go through before any funding could be progressed. The Chairman thanked Dr. Elliot for his presentation.

Dr Elliot left the meeting at this point.

After further discussion it was agreed that Roy Kirk would draft a letter to be sent to NHC on behalf of the three partner agencies. This would set out the offer of external help with financial audit, and would also set out the likely timetable for detailed consideration of NHC proposals by individual partners. **ACTION Roy Kirk.**

6. International Fusion Materials Irradiation Facility (IFMIF)

DSRL has forwarded a proposal for consideration by the Board. It relates to the emerging research programme on “fusion” power. An international consortium of countries is developing research on power generation through nuclear fusion. The specific opportunity is the construction of the International Fusion Materials Irradiation Facility (IFMIF). This will be a particle accelerator that will be designed to test materials proposed for use in the new generation of Fusion reactors, the forerunner of which is already being designed at Caderache in the south of France. A suitable site for IFMIF is currently being sought, and DSRL believes that given the local track record in pioneering research it would be able to bid for the facility, which has the potential to create up to 200 jobs.

Eann Sinclair has sought an early view from colleagues at the Scottish Government, given the current Scottish Government policy on nuclear power. The key question to be answered is whether fusion research would be viewed in the same way as nuclear fission, given the significant differences in their operating principles. **ACTION Eann Sinclair**

This would be a medium term prospect, with a decision on site selection likely to be 2011 at the earliest, but decisions on whether the proposal is regarded as “nuclear” or not would be needed almost immediately. In order to assist the Scottish Government Energy Team the NDA will create a brief guide to fusion energy **ACTION Randall Bargelt.**

7. Update from Programme Manager

Eann provided an update:

- The issue of having elected representatives on the Executive Board was discussed again. However it was agreed that the most important role for elected representatives was on the Advisory Board, where scrutiny of the Action Plan and advice on issues relating to its delivery were key. Eann Sinclair agreed to send out a “terms of reference” document for discussion at the Advisory Board. **ACTION Eann Sinclair.**
- The Caithness Chamber of Commerce is soon to appoint its new Chief Executive. Peter Body has taken over as interim Chairman, and Stephen Sutherland is vice-chairman. They have been asked to sit on the Advisory Board to help boost the business representation on the Board.
- Communications: Eann Sinclair has attended a Ward Forum Meeting of the Highland Council, regular meetings of the Thurso & Wick Trades Council and the DSG socio-economic subgroup and has plans to meet with local community councils in Caithness and north Sutherland over the next two months. The Partnership website has now gone live

(www.cnsrp.org.uk) and the first e-newsletter will appear during the week beginning 8th December.

- Action Plan – will distribute the Action Plan to the board, feedback from conference has led to changes e.g. IT connectivity is now a high priority. Will also be put in draft form onto website following a discussion with the Advisory Board on 15th December. High priority projects will need detailed work streams over next three months.
- Lifetime plan – working on job creation figures, will have as separate action at next meeting. Will create spreadsheet/graphic. **ACTION Randall Bargelt & Eann Sinclair**
- Caithness Conference – Wash-up meeting has been held with early discussions for next year - looking at themes, possibly sustainability also keynote speaker. **ACTION Eann Sinclair**
- Key Projects – John O’ Groats master plan is moving forward. Also looking at North Highland Tourism and Wick Airport.
- Organisation is ongoing for the Mike McCartney event in the Scottish Parliament building in January.

8. Update on Inward Investment Issues

Fiona circulated information on the companies who have publicly declared interest in the Pentland Firth. A third and final 2008 inward mission was held recently. The local supply chain and Dounreay HR have been very helpful with visits.

The Crown Estate announcement at the Caithness Conference has created significant interest. It is anticipated developers will have leases by summer 09.

Joint working with Scottish Development International (SDI) is going very well. SDI will ensure Caithness is publicised particularly regarding data centres and call centres as the data centre planned by Morgan Stanley will require tenants.

9. Any other business

Economic situation – Given the difficult economic climate it is important that the board take into account any changes to the local economy for example job losses and struggling businesses. At the next board meeting it was agreed that a session will be held to assess the ongoing relevance of the Action Plan in a difficult economic climate. **ACTION Eann Sinclair & Roy Kirk**

NHRF – North Highland Regeneration Fund has been tasked with establishing whether any businesses have fallen into the high risk category since the economic downturn. This is with a view to sustaining current jobs as well as creating new opportunities for small and medium companies. Neil Robertson is leading on this.

Dates for next meeting(s) – will be circulated. **ACTION Eann Sinclair**

Summary of Actions

Action	Due Date	Responsible Person
Review Berriedale report along with strategic transport announcement	Next appropriate meeting.	Alistair Dodds Ian Hargrave
Report on North Highland Tourism.	Next board meeting	Roy Kirk and Randall Bargelt
Follow up HMRC business needs (re: specialist centres)	By next meeting	Ian Hargrave/ Fiona MacPherson
Bring together engineering firms to discuss skills issues and possible actions. Invite representative from the 'Engineers make it happen' campaign.	ASAP	Eann Sinclair and Sir Anthony Cleaver
Offer Board of North Highland Connections external financial advisor to help audit current activities and future plans.	ASAP	Roy Kirk
Write letter to NHC Chairman on behalf of HIE, THC and NDA summarising discussions.	By 12 Dec.	Roy Kirk
Consult Scottish Government on whether fusion will be viewed in same way as fission in policy terms.	By next meeting	Eann Sinclair
Create a guide to fusion energy for the Scottish Government Energy Team	ASAP	Randall Bargelt
Produce paper on roles & remit of Advisory Board	By 10 th Dec	Eann Sinclair
Circulate spreadsheet and graphics on job creation versus job losses throughout Dounreay lifetime plan.	By 19 th Dec	Randall Bargelt & Eann Sinclair
Work on Caithness	ongoing	Eann Sinclair

Conference ideas for 2009		
Discussion at next Board meeting on economic climate	For next Board	Eann Sinclair & Roy Kirk
Dates for next meeting(s)	By 19 th Dec	Eann Sinclair

Appendix 1

Progress on Engineering Skills

Background

The area has developed a highly-skilled engineering base over the past few decades, mainly due to the often challenging working requirements of the nuclear industry. As the decommissioning programme at Dounreay continues to make rapid progress towards a site “end state” so the need to both develop the future engineering labour force and help local companies find new markets also increases. This short paper indicates current issues in the sector, and then describes measures being taken to address them.

Current situation

The current engineering industry in the area comprises companies with local headquarters and other (largely multi-national) companies headquartered outside the Highlands & Islands. Most of these companies currently rely upon the nuclear industry, although recent attention has been given to the potential for diversifying into the emerging renewables sector, or into the renewed activity in oil & gas. The current situation can be divided into three areas:

1. Diversifying the local supply chain into new markets
2. Developing the local labour market (from school-age through apprentices to CPD)
3. “Anchoring” local engineering companies currently headquartered outside the Highlands & Islands

1. Diversifying the supply chain

As part of its newly-refocused role in economic development HIE is identifying those local companies with the highest growth potential, with a view to working with them on “growth plans”. Several of the main local engineering firms (JGC Engineering, Nicolson Engineering Services, Calder Engineering, MTDS and Gow’s of Lybster) have been identified as growth companies, and are currently working on ambitious growth plans. Some have invested heavily in infrastructure (JGC’s T3UK facility and NES’ new workshop complex) and all are actively involved in identifying new markets. It is becoming clear that for these companies the biggest issue is not accessing new markets, but accessing labour to service new contracts.

2. Developing the Local Labour Market

The local industry’s approach to skills development has been fragmented in the past. Whilst there have been successful attempts to deliver joint initiatives (e.g. at apprentice level) these have not been sustained. Companies have also expressed concern at their abilities to compete with the oil industry in Aberdeen, which is seen to attract local labour because of higher wage structures for offshore work.

There is therefore a concern that with the anticipated decline in contract work from the Dounreay site in the coming years, and with the site apprentice scheme due to be closed in the next few years, there is an impending labour market problem that may affect the capacity of companies to compete for work in new markets.

A key concern from industry has been the role of the further education sector, with a view expressed that the current level of skills development on offer from North Highland College may not be delivering what the industry requires, in terms of both volume of trainees/ apprentices and quality of provision.

North Highland College, along with all other training and learning establishments in Scotland, delivers the Scottish Government's "Skills for Scotland" strategy published in 2007. It identifies key actions grouped around the key headings:

- Individual development
- Increased demand for skills and improved utilisation of skills (from and by employers)
- Cohesive structures (simplified; parity between academic and vocational; best use of funding budgets)

The views of industry have been considered by College staff and they in turn have been working with staff from the National Skills Academy for Nuclear to identify both infrastructure and skills requirements to support the nuclear industry in the area. The core skills and infrastructure requirements are also seen as being key in supporting the regeneration of the area. A project to create an Engineering Skills Centre has been formed chaired by the NDA. A Business Case has been completed for the proposal along with a functional specification. Outline drawings of the facility are currently being produced. Although this facility would be owned and maintained by North Highland College, there will need to be significant input from industry in the design and running of it. Subject to funding and planning permissions, the Project Board aims to have the facility established by August 2010.

In parallel to this NHC has been liaising with a range of partners to enhance its ability to respond to the skills requirements of the sector. Staff are currently considering alterations to the way in which apprenticeships are delivered, and in the way employers are able to express their requirements before apprenticeships commence. This may result, for example, in elements of the apprenticeship being delivered outwith core College hours by industry staff using College premises. This would allow simple but significant enhancements such as 8am starts for apprentices, even through the "academic" parts of their apprenticeship.

Even before the apprenticeship stage there is a perceived need to boost the way engineering is promoted as a career option within the local schools structure. The recent changes to the Enterprise networks have also seen the creation of Skills Development Scotland (SDS), and it is now a key player in this strand. The local careers wing of SDS is currently planning a pilot event in December 2008, aimed at up to 200 local S4, S5 and S6 pupils. This will try to raise awareness of Modern Apprenticeships and how they work, and will use speakers from industry as well as current apprentices to describe how the system works for them. There is also a parallel move towards simplifying the application process for MA's in Caithness. This will focus on getting companies to work together in all aspects of recruitment, assessment and advertisement for MA vacancies. An important first step is the agreement in principle by 8 companies to use a generic application form which will be controlled through SDS locally, who will act as a 'clearing house' for companies and applicants. SDS will work in schools with prospective applicants to help prepare them for their assessment. Efforts will be directed towards application process, interview skills, employability and presentation.

SDS is also investigating how best to get current engineering know-how, practices, labour market info etc. into teachers' continuing professional development activities and then how this can be woven into the emerging curriculum for excellence in schools. SDS will be a key player in trying to bring this about locally in Caithness, by bringing partners together with schools.

Through the National Skills Academy for Nuclear resource material (Energy Foresight) has been rolled out to selected schools in the area. This resource material looks at energy production including renewables and nuclear.

The DSRL Training Department has traditionally delivered a variety of courses to staff and contractors working on the Dounreay Site. These have included Health & Safety and leadership courses. The Training Department recently relocated from Dounreay into the Naver Business Centre, where it has up to 11 training rooms available. It wishes to run training that is accessible to all companies working in the area.

3. “Anchoring” companies headquartered outside the Highlands & Islands

HIE identified this as another key aspiration whilst the decommissioning programme takes place. Indeed the identification of diversification opportunities in renewables, oil and gas has given further impetus to this. The arrival of Fiona MacPherson as new Inward Investment manager will allow a fresh look to be taken at the range of companies (e.g. Nuvia, Jacobs, Doosan Babcock, Halcrow, NDSL JCI, BNS Nuclear Services, Rolls Royce etc) and any means to identify business opportunities in the area beyond their current nuclear work.

Key Questions

- How can we grow the number of apprenticeships available?
- Can we sustain the proposed provision of training facilities (including the proposed Engineering Training Centre at North Highland College, DSRL Training at Naver House, T3UK and NES Facility at Bower)?

Suggested Key Actions

- HIE to work with key growth companies in the engineering sector, helping agree 4 individual company growth plans by March 09.
- NSA Nuclear and North Highland College to further develop the business case for engineering skills centre by Dec 08, including joint understanding with existing training facilities such as T3UK, DSRL Training.
- NSA Nuclear and North Highland College to bring together steering group of employers to drive joint planning by Dec 08.
- North Highland College to continue to enhance (in conjunction with local employers) its flexibility in delivering engineering apprenticeships, with more flexible MA offering by April 09.
- Skills development Scotland to run pilot schools event for modern apprenticeships by December 08,
- Create simplified advertising/ recruitment for MA engineering, and create joint application form with 8 local companies by April 09.
- Skills Development Scotland to develop CPD activities for teachers by April 09, to incorporate engineering information into relevant subject areas.
- DSRL Training team and T3UK staff to work with others by Feb 09 to identify respective roles in local skills development.

Eann Sinclair
13/11/08