



Caithness Socio-Economic Strategy Group



A Strategy for Caithness and North Sutherland

Strategy Document

UPDATED NOVEMBER 2006

An opportunity for everyone to look to the future of the North

In June the Socio Economic Strategy Group published the draft strategy entitled “A Strategy for Caithness and North Sutherland” for consultation within the community and with stakeholders. The responses received were positive and helpful. All submissions have been carefully considered and are published as Appendix 4 to this strategy. The group now publish the strategy with the amendments and recommendations consequent to the consultation process added to Chapter 11.

1. Introduction.

- 1.1 For 50 years Dounreay has been at the heart of the Caithness & North Sutherland economy. It has been calculated the Dounreay site supports nearly 2,500 jobs in the local area, this is comprised of 1,184 UKAEA direct employees, 1,073 indirect jobs in the supply chain and 213 induced jobs within the local community.
- 1.2 In October 2000, a strategy was set out in the Dounreay Site Restoration Plan (DSRP) to restore Dounreay to a “Greenfield site”. In July 2001 decisions made by Government effectively began the process of decommissioning the site. The Nuclear Decommissioning Authority was created by statute in 2005, given ownership of Britain's nuclear legacy, and charged with oversight of the decommissioning process. In addition Parliament placed a duty on the NDA to have regard to the socio economic impact of decommissioning on the host community.
- 1.3 As decommissioning progresses the numbers of employees will decline and current estimates indicate that within five years total employment associated with the site will have declined by around 25%. Within 20 years the reduction is estimated to reduce total employment associated with the site by around two-thirds, and by 2033 institutional care of the site will create only a handful of jobs. It is anticipated that as the technical challenges are overcome and skills acquired it is likely that both the cost and timescale will reduce.
- 1.4 The impact of such a reduction without replacement economic activity would devastate the employment landscape of the area and could result in a population reduction. It is therefore vital that action be taken to replace employment associated with the Dounreay site with employment opportunities broadly equal in demand and skill. The timescale of decommissioning, together with the skill base and physical assets, not least the attractions of the environment, offer a real and strong opportunity to achieve this.
- 1.5 Government at all levels, its agencies, the private sector and the community must work together to counter the economic decline following decommissioning. This requires a clear and agreed strategy to inform the action of these partners. At the invitation of CASE, the principal local partners met and agreed to form a group to draft such a strategy. For any strategy to succeed the input and support of the community and stakeholders is imperative. This draft is therefore a working document, offered to all concerned for active involvement and consultation from which process will flow an agreed strategy. On completion of the draft the group therefore undertook a widespread consultation exercise,

2. The Socio Economic Strategy Group.

- 2.1 The Socio Economic Strategy Group, convened by CASE, immediately agreed that a strategy to promote business and employment in the Dounreay travel to work area was urgently required. It was further agreed that for any strategy to succeed it would need the support of all involved and particularly the community. To begin this process required a draft strategy upon which widespread and active involvement could be sought from all stakeholders, and that such a draft would best be delivered by a small working group. It was further agreed that each member of the group should sit as an individual contributing their best endeavours to the process rather than as representatives of any organisation, locality, or interest, leaving all stakeholders to comment freely on the draft.
- 2.2 The group presented its draft strategy which was circulated to all stakeholders and the wider community. The document has produced ideas and comments which have been incorporated into the strategy.
- 2.3 Ultimately it is for Government and its agencies to action this strategy and it is therefore for them to agree it. The widespread consultation process has produced a strategy that has the backing of the community and stakeholders thus enabling the agencies to establish clear action plans.

3. Area Profile

- 3.1 The county of Caithness covers a land area of approximately 686 square miles with a coastline stretching some 105 miles. The total population of the county is 25,195, the bulk of whom live in the two main towns of Wick (population c8,500) and Thurso (population c 9,000). Table 1 in Appendix 3 provides the breakdown of population by age at the 2001 census.
- 3.2 In contrast to some other peripheral areas in the Highlands and Islands, Caithness has a reasonably diverse economic base. For example manufacturing accounts for over 25% of employment in the area, which is a greater proportion than in the Highlands as a whole. Table 2 in Appendix 3 shows employment by sector in the Caithness area. In addition to those employed approximately 10.5% of the population, or 2,645 people, aged between 16 and 74 are self-employed.
- 3.3 A large proportion of employees (~35%) work in businesses with more than 100 employees, this percentage is much greater than the average for the Highlands & Islands and is heavily influenced by companies involved at the Dounreay site. Principal employers in the area include UKAEA - 1,184; NHS Highland - 400; BT Manpower - 415; RWENukem - 220; Rolls Royce Marine Power - 300; Subsea7 - up to 250; Icetech - 100; JGC Engineering & Technical Services - 140; Mitsui Babcock - up to 100.

4. The Strategy

- 4.1 The purpose of this strategy is to establish the method by which the vision for our area can be delivered. Our vision is for an economy post Dounreay decommissioning, with good quality employment, a rising population, prospects for our children, good public services, and where the quality of life can be enjoyed to the full.
- 4.2 The strategy therefore sets as its objective “To maintain, and if possible increase, the GDP of the Dounreay travel to work area by actively working to promote existing employment, encourage new employment, and promote the area as an attractive location to live and work”.
- The strategy seeks to identify the areas of opportunity for realising this objective and the resources required to achieve it. The delivery of the strategy however, will depend on the action plans of Government and its respective agencies that have responsibility in these areas.
- 4.3 The strategy has three strands, each of equal importance.
- an economic development strategy which identifies areas of existing business which can be developed; identifies areas of new business which could be attracted to the area; and identifies a role that Government should play in bringing employment to the area.
 - the need to maintain and enhance public services in the community to maximise the opportunity for attracting new business and workers.
 - the role of the NDA in the decommissioning process which will be a critical factor in determining the impact of decommissioning on the economy.
- 4.4 For any strategy to succeed it must identify the actions required to put it into effect and the resources required to make that happen. Communication is vital for ensuring a good chance of success. Therefore communications, resources and actions are each addressed separately.

5. A strategy for Economic Growth.

5.1 The objective of the strategy has already been identified above. Appendix 3 sets out a picture of the current economic activity in the area. The current employment levels generated from Dounreay site activity are unlikely to be replaced from one source. There is no single answer. The strategy has therefore identified a range of activities which have been grouped into four main headings of equal importance:

- Developing or attracting to the area new businesses using the skills and assets that exist in the area.
- Supporting and growing indigenous industries.
- Exploiting the skills and assets of the Dounreay site.
- Attracting public sector administration employment.

5.2 Developing/attracting new business.

a. Successful economic regeneration identifies the strengths of the area and targets new businesses which would best profit from those strengths.

The North enjoys a population with high levels of education, and a skill base in science, technology, engineering and administration. The physical assets include first class accommodation for business, low property costs, broadband and fibre optic communications, as well as clean air, clean water and abundant energy resources. Whilst many parts of the country are congested, with time and space at a premium, the North offers good living standards in a world class natural environment.

b. These strengths have already attracted some new businesses to the area. Businesses such as Kongsburg Maritime in Wick, Subsea 7 at Wester and ABSL Power Solutions in Thurso are all examples of businesses that have benefited from these strengths.

c. The first task therefore is to quantify as accurately as possible the advantages listed above in order to create an attractive package. The second is to research and identify businesses with the best fit, and the third is to proactively market to those businesses.

d. It is a key recommendation of this strategy that a specific resource be dedicated to achieving this. (See Section 8)

e. Box 1 provides one example of how the asset of the ERI in Thurso and its skill base are being used, together with the natural resource of the tidal current in the Pentland Firth, to promote a new business in marine renewable energy.

Box One: Case Study - Environmental Research Institute

The Environmental Research Institute (ERI) is part of the North Highland College - one of the academic partners in the UHI Millennium Institute (UHI). It was officially opened in 2000 and occupies a listed building in the centre of Thurso.

The ERI is engaged in a broad range of research activities, in delivering educational programmes and in the provision of commercial services.

The ERI works closely with universities, research institutes & organisations from the UK and further afield. Research is focused on addressing contemporary environmental issues and challenges. As well as working throughout the Highlands, staff from the Institute have been involved in research projects from the chill of the deep oceans of the Arctic and Antarctic to the shallow, coral-fringed seas of Thailand.

The ERI actively work on environmental issues which impinge upon key economic sectors in the region including distilling, aquaculture and agriculture and more recently tidal energy.

Approximately twenty people are engaged in research at the ERI. Some are experienced senior researchers while others are currently working towards their Doctorates. Staff have been recruited from Caithness, from across the UK, and from France, Spain, Norway, Switzerland and Japan. These people are the key factor in advancing the ERI to becoming a vibrant and dynamic centre of research expertise built on innovation and excellence.

The College together with the ERI have been undertaking discussions with companies who wish to harness the potential for tidal energy in the Pentland Firth, and this has the potential to produce jobs in manufacturing, installation, operation and maintenance.

5.3 Supporting and growing indigenous industry.

- a. There are a range of traditional industries which operated in the area prior to the creation of Dounreay and who continue to play an important role as wealth generators and employers in the area. Whilst some such as the white fish industry are in a period of decline, others such as farming are in a period of change, and some such as tourism are growing. These industries and others like the reopened flagstone quarries will continue to be an important part of a healthy mixed economy and therefore need support to grow or change.
- b. Each of these industries has different needs and can best be helped in different ways. There are however some common principles that can be established that will hold good for the overall strategic aim of economic development. These are that wherever possible strategic help should be given to create infrastructure and/or grow the overall market, as well as help local businesses in any sector to come together to collectively help themselves.
- c. A core strategic aim must be to add value. For tourism, for example, that means helping to create more things to see and do to hold visitors in the area, and creating an identity or "brand" that enhances marketability of the area. As another example, for farming and fishing that means capturing more processing locally so that the exported product is higher up the value chain as well as branding to give a regional premium.
- d. There are already initiatives taking place in these industries. Box 2 gives the example of the North Highland Initiative. The objectives of initiatives such as the NHI are clearly in line with this strategy. It is a strategic aim to support such initiatives; however it is for Government and its agencies to discuss with each initiative how best that might be achieved.

Box Two: The North Highland Initiative

In April 2004 a study into Farming and Crofting in Caithness commissioned by the Castle of Mey Trust concluded that although farming and crofting in the county was reasonably stable there were a number of opportunities for diversification and value adding which could result in additional income for the area.

As a result, the North Highland Initiative was formed to raise the awareness of the area through its produce, tourism and the quality of the built environment (particularly vernacular buildings).

The North Highland Initiative's first project was the formation of a company called North Highland Products Limited trading under the brand name "Mey Selections" selling local beef and lamb to quality retail and catering outlets at a premium price. The company is currently considering the expansion of its product range.

In the tourism sector, an industry wide group has been established who are currently considering the potential for branding the area and marketing it as a quality destination both nationally and internationally.

The North Highland Initiative also intend to capitalise on the number and quality of vernacular buildings in the area, initially by compiling an inventory of buildings suitable for restoration and reuse as economic units. Ultimately a company limited by guarantee would seek to raise funding to restore certain buildings. The North Highland College are also involved in establishing accredited training programmes in the area to ensure a supply of suitably qualified craftsmen to undertake this work.

- e. As well as the more traditional industries, the area has a wide range of businesses over diverse sectors. The level of manufacturing is higher than in comparable rural economies, with export of numerous products to the oil & gas, defence, domestic appliance, and primary sectors. Construction and engineering are also major employers serving not only the local area but also wider national and international markets.

Some of these, such as construction, will largely depend on the overall level of activity in the economy of the area. Others such as engineering will need to seek new markets. It is a strategic aim to assist these companies.

5.4 Making the most of Dounreay and current skills/businesses.

This section deals with two different opportunities. The first is with regard to businesses that can be grown and/or spun off through work being undertaken on site, whilst the second is with regard to the site itself as it is restored.

- a. There are significant opportunities for businesses to be established by employees of UKAEA and its contractors, either relating to the decommissioning process or in totally unrelated sectors. There are also opportunities for “spin out” businesses to be established arising from activities carried out on site (these could be scientific, technical, support and administration based.) UKAEA themselves are also actively seeking work in other areas and sectors. Further detail can be found within Appendix 1.
- b. The current Dounreay Site Restoration Plan (DSRP) envisages the complete removal of redundant facilities from the site by the end of the decommissioning process. However the infrastructure of the Dounreay site is a valuable asset parts of which could be exploited in other ways, and best value to the taxpayer may lie in using that asset.

Box Three: Dounreay - A new solution to Britain's energy needs

Dounreay is an asset both in terms of the quality and concentration of skilled scientists, engineers and workers, as well as in terms of the physical assets of first class workshops, offices and infrastructure. The North of Scotland has been heavily involved in energy and energy technologies for over half a century. Mature industries such as oil and gas, hydro, and nuclear have all provided employment and have helped to form a concentration of skills.

The North Highlands has the knowledge, skills and natural resources to be an important source of energy for the UK. However many of these technologies are in their infancy and experimental work is required to bring them to fruition. This alone argues the need for a concerted and strategic approach to development. In addition there is the further challenge of how to transmit the vast amounts of energy being generated. There are a number of possibilities which range from the use of DC current in undersea cables to conversion to hydrogen for use in fuel cell technology, and others. None of these is being researched in a systematic way.

There is therefore a compelling argument to site all such research at one facility. The requirements are: sufficient scientific and engineering capability; sufficient skilled people; a site infrastructure; and good links to an education and research facility. The combination of Dounreay, its people, the North Highland College and the Environmental Research Institute offer, uniquely, this combination.

The establishment of a centre for research into all aspects of alternative energy technologies at Dounreay would both help to fulfil the NDA's socio-economic remit and, for the UKAEA, would provide alternative employment for its workforce thereby creating an incentive to decommission. It is therefore suggested that the UKAEA's remit be increased by statute to include alternative energy research and that it be tasked with doing this at Dounreay.

5.5 Attracting public sector and administrative employment.

- a. The decision by Government to site the experimental reactor at Dounreay fundamentally altered the socio-economic future of the North. It has been a major economic driver and the area has enjoyed fifty years of relative prosperity as a result. However had Dounreay not been created, the growth of the local economy would have been very different. There is therefore a socio-economic legacy for which central government is responsible.
- b. Dounreay employs a considerable number of workers with administration skills who will become increasingly available on the jobs market during decommissioning. In addition, and unrelated to Dounreay, Government has recently scaled down work at the Department of Work and Pensions (DWP) office in Wick (an office which was one of the most productive and efficient in the UK) thus providing an available pool of skilled and competent administration workers. It is important that Ministers are made aware of and understand the potential impact of such decisions.
- c. Government has both the ability and the obligation to use public sector employment to kick start this sector of the economy. Given the low cost of property in the area, and the high quality and availability of the workforce, placement of such jobs would represent best value for the taxpayer. In addition it will encourage private sector administration jobs of a similar nature to come to the area.

6. Public Services

- 6.1 The economic strategy outlined above will be the main driver of future economic prosperity. The second strand, that of maintaining and enhancing public services, is also of critical importance to support the existing population and assist inward investment.
- 6.2 There are two key regional service providers - The Highland Council and NHS Highland. Another important contributor is the Scottish Executive, particularly with regard to transport (road, rail and through HIAL, air). It is important for each of these providers to understand the need to support the objective of the strategy and to support, and if possible enhance, the services they provide in order to facilitate inward investment and defend against outward migration.
- 6.3 Health services - The provision of a high quality health service is continually highlighted as a key issue for potential inward investors. As the recent debate over maternity services at Caithness General Hospital has demonstrated, some core services are fragile and therefore under threat. Issues such as this, widely reported in national and local press, have a very negative impact on the profile of the area as a suitable location for development in the eyes of potential inward investors. It will therefore be a priority for key stakeholders to work together to maintain and enhance the level of health service provision within the local area.
- 6.4 Transport - Good transport links with shorter travelling times for both people and freight have been identified as essential. The first priority is therefore to ensure that existing links are not only maintained but strengthened with shorter journey times for people and improved capacity for freight. Expectations on both lower time and cost of transport are constantly increasing, and investment is required in current infrastructure to meet that expectation.
- 6.5 The Highland Council (THC) has principal responsibility for public services including education, housing, non trunk roads, and leisure and recreation. As with other services loss of population could result in reduced services. Quality public services are essential for inward investment and THC is therefore a key partner in helping to maintain and enhance the area as an attractive location for business.
- 6.6 An important asset is the North Highland College which has worked closely with Dounreay for many years. The retention of young people is vital to the future economic and social well being of Caithness and the college is developing new programmes in Further and Higher Education and extending existing programmes to maximise the opportunities for young people to remain in Caithness and to attract 'in migration' of talented young people from elsewhere in the UK and Europe. There are two further opportunities:
- to assist in training provision for decommissioning
 - to become a centre of learning and research excellence in energy matters.

North Highland College will thus play a key role in the provision of training which reflects the needs of a knowledge based, high value economy for Caithness, post Dounreay, taking full advantage of the opportunities afforded by the new University of the Highlands and Islands, expected in 2007.

(See Appendix 2)

7. The Impact of the NDA.

- 7.1 The principal task given to the NDA is to manage Britain's nuclear legacy safely and at best value to the taxpayer. In addition Parliament has given the NDA a responsibility of having regard to the socio-economic legacy of decommissioning. This may mean that best value to the taxpayer is not necessarily either the cheapest or quickest option as the manner in which the NDA carries out its work will have a significant impact on the socio-economic legacy.
- 7.2 There are a number of ways in which the NDA's decisions should take into account the socio-economic impact:
- a. Early studies indicate that the fastest way to decommission might be the cheapest in pure cost terms. However the work pattern flowing from this is likely to be a series of peaks and troughs in labour demand. Smoothing of the work pattern could have the effect of retaining more workers in residence in the area thereby allowing a smoother transfer to other local employment.
 - b. The NDA will contract the management of the site decommissioning to management companies for the operation of the site. Studies, particularly in the US, show that where contractors are obliged to invest in the host economy considerable economic benefit leading to future sustainability can be derived. It is a key recommendation of this strategy that the NDA use the contracting process to deliver socio economic benefit - particularly employment.
 - c. The NDA funded the study which was the basis for many of the facts set out in this document. Judicious investment by the NDA can clearly act as a catalyst to achieving results. However this is new territory for all concerned as the NDA's socio economic responsibility is new. This strategy should help the NDA towards a route map for fulfilling their obligation and suggest ways in which shrewd investment, outside the contracting process, can yield high value for the taxpayer.

8. Communications.

- 8.1 A clear communication strategy which identifies what is to be communicated and to whom is vital for successful implementation of this strategy.
- 8.2 First and in many respects most important is communication with the people of the area. The nature of the threat we face must be clearly understood and the importance of pulling together as a community with a common purpose cannot be understated. It is also important that the threat from, and the opportunity offered by, the timescale of decommissioning is properly appreciated. The community must understand the imperative of unity to achieve a sustainable future for our economy.
- 8.3 Communications with Government at all levels are a priority. At UK level it is clear that the Government have little understanding of the impact of decisions, such as that of scaling down the DWP office in Wick, or of their ability to take positive decisions and become part of the solution rather than the problem. At Holyrood there is a greater understanding but also a need to ensure effective communication to maximise available support. This is equally true for local government and regional agencies.
- 8.4 Ultimately the most important communications will be with the outside world in particular new businesses and consumers. This requires a coherent communications strategy. The first element of such a strategy is to establish what needs to be communicated i.e. the identity of the area, its strengths and its values. The second element is to define the target audience - both business and consumer, the third element will be to define the best methods of communication. In short the area needs a recognisable external identity which is distinctive and appealing.
- 8.5 To understand how others see the area an audit of external communications in the media and on the web was undertaken by Bell Pottinger Ltd. This shows that many good points come through but that many misapprehensions exist. To correct this, the agencies should work together to develop an appropriate communications strategy for the area.

9. Resources.

- 9.1 Many of the actions which flow from this strategy are in the remit of Government and its agencies which have particular responsibilities. An action plan is required which clearly allocates tasks and which should be regularly reviewed by the partners.
- 9.2 However it is also obvious that many of the most important actions will require a dedicated resource. This should not require a large budget, but it does require a dedicated human resource of sufficient ability and experience to undertake the key tasks of coordination and marketing. None of the above will happen without it.
- 9.3 It is not for this paper to dictate to the agencies how this should be done. It could be the responsibility of one agency, or a partnership effort. However there must be a dedicated resource with strong line management, clear goals and the ability to deliver.

10. Who does what?

- 10.1 This document sets out an overall strategy. The responsibility for acting on it lies with Government and its agencies at all levels. The primary responsibility will lie with The Highland Council, Caithness & Sutherland Enterprise and The Nuclear Decommissioning Authority.
- 10.2 The Caithness Socio Economic Strategy Group was formed with the specific task of establishing a strategy, a task which is complete. However it has become obvious during its work that a similar group which brings together the partner agencies and members of the community should be established to monitor progress and act as a forum for further discussion. We therefore recommend such a group be set up.
- 10.3 The actions required are:-
- Consultation with the community and all stakeholders; finalise the strategy; deliver it to the agencies and government.
 - Agencies agree strategy.
 - Resource allocated to management of the strategy and put in place.
 - Marketing and communication action plan agreed and activated with targets and key deliverables specified.
 - Scottish and Westminster governments lobbied for specific assistance.
 - Review mechanism established.



11. Conclusions from Consultation.

- 11.1 The first action required at 10.3 was consultation with the community. This has been completed and the responses are published at Appendix 4 to this document. Many of the responses propose specific actions and these are dealt with at 11.4 below.
- 11.2 As part of their submission the Caithness Partnership included “The Caithness Community Plan”. This plan has been prepared by the Partnership through engagement both with their partners and representatives of the wider community. This detailed plan aligns closely with this strategy, in particular with regard to public services. The strategy group has therefore adopted the Caithness Community Plan into this strategy insofar as it aligns with the strategy.
- 11.3 The Caithness Partnership also submitted “The Caithness Transport Vision” which was launched in August. This is a comprehensive transport vision for the area and is entirely in line with the aims set out in this strategy. The group has therefore adopted the transport vision into the strategy insofar as it aligns with the strategy.
- 11.4 The majority of the responses received contained suggestions relating to particular projects including the importance of the voluntary sector, the arts, heritage, tourism and a number of specific business concepts. The group believes there is merit in most of these ideas and suggestions and they should, where possible, be incorporated into the action plans which are required to take this strategy forward and prioritised.
- 11.5 At section 9.2 the group stated that to take this strategy forward to an action plan, and to implement that action plan, would require dedicated resources. This was endorsed by many respondents. The consultation responses also reinforced the view of the group that a partnership-based approach was most likely to succeed. We therefore recommend that a partnership be established and resources dedicated to deliver the actions necessary to achieve the objective of the strategy as described in 4.2.
- 11.6 We recommend that this partnership approach be achieved by establishing a strategy group to provide strategic oversight and direction and to be accountable for monitoring the delivery of the strategy. The membership would be similar to that of the existing strategy group, should meet quarterly, and be responsible for strategic oversight
- 11.7 We further recommend that a “project group” of agency officers be set up to co-ordinate the actions of each delivery agency. In particular we recommend that each project must be “owned” to ensure proper accountability of delivery.
- 11.8 We recommend that additional dedicated resources be recruited with specific skills and a demonstrable track record in economic regeneration to develop and implement the ultimate action plan.
- 11.9 The recommendations above are supported by the strategy group as a whole. There is not however consensus on how the resource identified in 11.8 above should best be deployed. Most of the group believe that there should be an individual specifically recruited to undertake the task who would be able to demonstrate the skills required and a proven track record. This individual would not be a member of any of the partner organisations but would report to and be owned by the partnership as a whole. It is important to recognise that this individual would not compete with any existing resource but compliment the actions of existing agencies. An alternative view is that the main delivery agencies should identify dedicated financial and staff resources to implement the recommendations and that their combined efforts should be mounted under the direction of the strategy group. The critical issue is to ensure “ownership”, so that both the process and individual projects are transparent and accountable. Strategic leadership and accountability for delivery of the programme are imperative. The first task for the agencies to which this strategy is presented is therefore to discuss this issue and agree, without delay, the implementation arrangements.
- 11.10 To present this strategy to Government a conference is being organised by members of the group together with members of the Caithness Partnership and members of the Dounreay Stakeholder Group. The details will be published once dates are confirmed by Ministers.

APPENDIX 1

Economic Development Strategy

Four key areas of activity have been identified by the socio-economic working group.

- Developing, or attracting to the area, new businesses using the skills and assets that exist in the area.
- Supporting and growing indigenous industries.
- Making the most of Dounreay and its current skills and assets.
- Attracting public sector administration employment.

DEVELOPING A STRONG, SUSTAINABLE AND COMPETITIVE ECONOMY

AIM A Developing and Attracting New Business to the Area

Objective	Focus	Key Partners
Development of an Inward Investment Action Plan	Build on information/opportunities identified within the baseline study to identify target markets Develop appropriate marketing tools Closer liaison with SDI Potential for dedicated project manager	CASE SDI HIE
Develop Business Infrastructure	Development of commercial property on business parks in Wick, Thurso, Forss, Dounreay and Janetstown. Develop incubator units at key locations	CASE Private Sector HC planning
Ensure Caithness makes the best possible use of renewable energy.	Encourage Renewable Demonstration Schemes Undertake appropriate research to support renewables development Identify manufacturing opportunities using existing skills base	HC NHC/UHI UKAEA OCA Private Sector CASE
Encourage businesses winning work on the Dounreay site to locate in area	Provision of good quality business accommodation	Private Sector CASE HC NDA



DEVELOPING A STRONG, SUSTAINABLE AND COMPETITIVE ECONOMY

AIM B Supporting and Growing Indigenous/Existing Businesses

Objective	Focus	Key Partners
Encourage existing businesses to diversify	Develop and promote opportunities/sectors identified by baseline study Encourage R&D through targeted support and training Identify training needs associated with diversification	CASE Private Sector Training Providers
Utilise skills and expertise of locally based companies in other areas of UK and Europe	Facilitate partnering/joint ventures with supply chain Specific exporting workshops Provision of quality information on opportunities	UKAEA Supply Chain NDA DTI CASE
Develop centres of excellence within the regional science base and support commercialisation of R & D.	Decommissioning and Environmental Remediation Centre (DERC) Trials Training and Test Facility Environmental Research Institute (ERI) Renewable Energy Encourage R&D in businesses	NHC/UHI CASE NDA Supply Chain Private Sector
Strengthen the perception of Caithness as a quality tourist destination and make the whole tourism sector more professional.	Develop Archaeology/heritage based tourism Develop cultural tourism Develop Cruise Ship Market Caithness Horizons Hub Tourist Guide Scheme (Green Badge) Promote Hospitality Assured	Visit Scotland Caithness Tourism Development Group Scrabster Harbour Trust Caithness Archaeological Trust CASVAG North Highland Tourism Operators' Group Caithness Arts CASE HC
Encourage effective business use of modern communications technology.	Monitor Broadband Provision Encourage Uptake of Broadband by business	CASE Service providers Private Sector
Develop marketing programmes which reinforce an image of excellence across all sectors	Develop Mey Selections Promote Centres of Excellence Build on Caithness Horizons Town centre marketing for Wick and Thurso Proactive marketing of business parks	North Highland Initiative Mey Selections NHC/UHI CASE Local Traders' Groups HC HIE
Identify and develop import substitution programmes, based on better local use of local products.	Develop extended Mey Selections range Utilise local forestry products - wood chip, pellets Develop local slaughter facility	SNH North Highland Initiative CASE Private Sector HC SAC
Improve freight and business transport.	Improvements to A9 Develop services from Wick Airport Develop rail services Increased use of ports Upgrading of bus fleet to complement tourism initiatives	Scottish Exec Highland Rail Partnership HC HIAL Scrabster Harbour Trust Wick Harbour Trust CASE Private Sector
Develop opportunities for young people	Further develop graduate placement programmes to encourage businesses to employ graduates Encourage entrepreneurship in schools	CASE HC & NHC/UHI Private Sector Schools & PSYBT
Develop skills infrastructure	Increase range (at all levels) of training and development available in local area	Training Providers Sector Skills Councils

APPENDIX 1 (continued)

DEVELOPING A STRONG, SUSTAINABLE AND COMPETITIVE ECONOMY

AIM C Making the most of Dounreay- its current skills and assets

Objective	Focus	Key Partners
Increase number of business start-ups amongst workforce linked with Dounreay site	Development of entrepreneurial skills/business start up skills through targeted training programmes Provision of incubator units	CASE Training Providers UKAEA Private sector
Encourage "Spin out" businesses from within UKAEA/SLC/Tier 2 contractors both supporting decommissioning and unrelated	Ideas generation workshops with expert facilitation Research and Development support Potential for initial contracts from SLC/Tier 2	CASE UKAEA Tier 2s NDA
Consider restructuring of UKAEA/SLC to facilitate attraction of "new" business to be undertaken by specific business units	Identify appropriate support for UKAEA to undertake a business review	UKAEA NDA
Addressing Skills gaps and shortages	Re-skilling programme for Dounreay workforce -particularly for construction sector	CASE UKAEA Sector Skills Training Providers

DEVELOPING A STRONG, SUSTAINABLE AND COMPETITIVE ECONOMY

AIM D Attracting Public Sector Employment

Objective	Focus	Key Partners
Commit to the greater dispersal of public sector jobs to Caithness & Sutherland.	Provision of suitable advance office accommodation Greater partnership working to identify opportunities Develop Skills Profile for marketing purposes	MP/MSP CASE HC Planning Scottish Executive FSS
Targeted marketing at specific departments/organisations	Develop Skills Profile for marketing purposes Closer Liaison with Scottish Executive dispersal unit Identify opportunities in SE England for back office functions from private sector and local authorities	CASE HC FSS MP/MSP



APPENDIX 2

The North Highland College - UHIMI

North Highland College will assist in the development of skills for all four key areas of activity to support the economic development strategy:

- Supporting and growing indigenous industries.
- Developing, or attracting to the area, new businesses using the skills and assets that exist in the area.
- Making the most of Dounreay and its current skills and assets.
- Attracting public sector administration employment.

The retention of young people is vital to the future economy and social wellbeing of Caithness. New programmes are under development and existing programmes will be extended to maximise the opportunities to remain in the area and to attract ‘in migration’ of talented young people from elsewhere in the UK and Europe.

In addition, it is recognised that many of those already employed in work associated with Dounreay will seek retraining opportunities as the decommissioning of the site proceeds. New programmes and a flexible delivery approach will address their needs.

The College, will thus play a key role in the provision of training which reflects the needs of a knowledge based, high value economy for Caithness, post Dounreay, taking full advantage of the opportunities afforded by the new University of the Highlands and Islands, expected in 2007.

In so doing, the College will further strengthen its position as a major employer of talented individuals itself.

School/College Partnerships

The North Highland College is already engaged in a close working relationship with schools within the area and other agencies to promote courses in areas of immediate and future skills shortages. The “Skills for Work” programmes will be extended to address both areas of shortage and opportunity in particular in the following areas:-

- Engineering, Science & Construction to support the Nuclear decommissioning programme and address the current national shortage in these fields.
- Specialist construction skills for the repair and maintenance of vernacular buildings, e.g. farm buildings to support the North Highland Initiative, making Caithness more attractive for high quality tourism.
- Hospitality, Hairdressing & beauty therapy to further support the development of high quality tourism for the area.
- Healthcare, particularly childcare and care for the elderly.
- IT training at all levels, application, software development, modelling, etc.
- Support for the arts, particularly drama, in conjunction with the schools and Grey Coast Theatre Company.
- Training for the retail sector, both small and major retail chains.

The Environmental Research Institute (ERI) and Decommissioning & Environmental Remediation Centre (DERC) will continue to offer Nuffield scholarships for local 5th and 6th year pupils, giving them an insight into the possibilities and role which research and development can play in the development of the Caithness economy before they enter employment or leave for university.

The College will work with the NDA, schools and contractors to introduce a “Young Apprenticeship” scheme whereby school pupils are given the opportunity to both develop their science and engineering skills, and gain an appreciation of working in these areas where there is currently a major national shortage of skills. Entrepreneurship training will be a common theme throughout all College programmes. A young engineer and scientist club will be established.

Support for Partnership Initiatives

The College will continue to work with a variety of partners through the Caithness Partnership and provide help to organisations such as Ormlie Community Association and Pulteneytown Peoples' Project.

Further & Higher Education Opportunities

As a key partner in the development of UHI, which is expected to achieve University Title in 2007, the College will extend both its further and higher educational programmes to ensure that as many young people and mature adult returners as possible can remain within the county and develop their career possibilities to the full.

The College will extend its curriculum portfolio specifically to address the skills needs for the energy sector in general, including new build, decommissioning requirements and emerging areas such as the exploitation of renewables where we believe Caithness has significant future opportunities. In consultation with the NDA, it is proposed that NHC becomes a delivery arm of the National Nuclear Skills Academy for Scotland. The new facilities, workshop and equipment will support all engineering, science and construction programmes, including the young engineer/scientist clubs.

More focused retail training will be provided for both small and large retailers.

To support the needs of small businesses, many of which are expected to be spin-offs from the decommissioning programme, the College will provide a full range of management and professional study programmes. In addition, other curriculum areas which will support the social needs of the area as well as providing significant career opportunities will be available, for example:-

- The Arts especially Drama.
- Health & Childcare etc.
- Equestrianism, Vet Nursing, and River Ghillie training, etc., to support high quality tourism.

To assist with 'in migration' the College will provide language and cultural development programmes to assist 'in migrants'.

Graduate Placement Scheme

To encourage local industry/business to employ and retain local graduates the College will work with CASE to further increase the number of graduate placement opportunities.

Research Opportunities

Expansion of the work of all 3 of the NHC Research Centres, the ERI, DERC and Centre for Highland History, taking advantage of the European and International partnerships will provide the following:

- Continuing Professional Development opportunities such as the postgraduate Certificate, Diploma and Masters programmes for Decommissioning, Radiation Protection, Environmental Remediation.
- Consultancy and research services to support business development in Caithness.
- Research degrees available to both full time and part time students in the Environmental Sciences, Decommissioning, Renewables, History and Heritage related studies.
- The Centre for Highland History based at the Dornoch campus will provide educational programmes and research for a heritage/history high quality tourism product.
- Research services - the ERI is currently expanding, through the creation of 9 additional research posts to assist the achievement of the highest academic research grading in 2008. This will attract additional core grant funding and commercial income into Caithness and establish UHI as a lead University in this field.

Renewables Development for the Highlands & Islands

The college will assist the UHI partners by leading research and development programmes which directly address the Scottish Executive's renewables targets, but which create employment opportunities for Caithness, reduce energy costs and address fuel poverty issues.

We intend that these programmes will include, subject to planning and grant funding, all of the following key areas essential for the development of renewable sources of energy within Caithness.

- Marine Tidal Stream Power, harnessing the power of the Pentland Firth
- Biomass, R&D including the identification of new crops suitable for Caithness
- Energy Storage Issues
- Small Scale renewables development appropriate for remote communities.

National Nuclear Archive

Working with CASE, UKAEA and the NDA, the College is promoting Caithness as the Scottish Centre for the National Nuclear Archive.

APPENDIX 3

Table 1: Caithness - population by age 2001:

Age Band	Population
0 - 4	1,330
5 - 19	4,888
20 - 44	8,187
45 - 64	6,620
65 - 84	3,797
85+	403
TOTAL	25,195

Source: GROS

Population has declined in recent decades and current projections indicate a further decline over the next 15 years.

In contrast to some other peripheral areas in the Highlands and Islands, Caithness has a reasonably diverse economic base. For example manufacturing accounts for over 25% of employment in the area, which is a greater proportion than in the Highlands as a whole. The table below shows employment by sector in the Caithness area.

Table 2: Employment in Caithness area by sector:

Sector	Employees
Agriculture and Fishing	65
Energy and Water	-
Manufacturing	2,809
Construction	462
Distribution, Hotels and Restaurants	2,323
Transport and Communications	375
Banking, Finance and Insurance	1,639
Public Administration, Education and Health	3,085
Other services	376
TOTAL	11,134

Source: NOMIS (2004) (Figures for Energy and Water have been withheld to protect confidentiality)



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