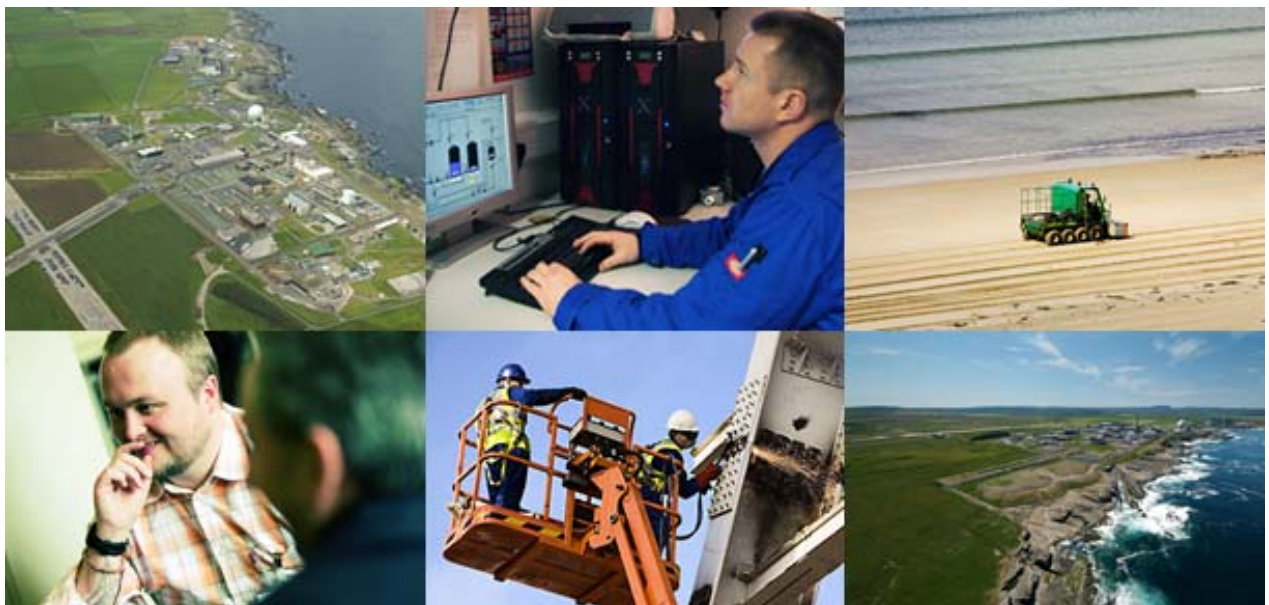


## Socio-Economic

# Caithness and North Sutherland Priority Area Plan

June 2009





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# Main purpose of this document

## 1.0 Introduction

This document includes the Socio-Economic Priority Area Plan for the Caithness and North Sutherland area. The plan has been developed from information supplied by the Site Licence Company (SLC), the local community and the senior NDA managers located in the region.

The NDA Socio-Economic Policy identifies four geographical priority areas. These are areas which are identified with the potential of being most significantly impacted by the decommissioning and clean up activities of the NDA. The priority areas will be reviewed periodically but are currently identified as:

- West Cumbria
- Caithness and North Sutherland
- Anglesey and Meirionnydd; and
- The Gretna-Lockerbie-Annan corridor in Dumfries and Galloway

As work in the area of socio economics has progressed in the NDA, it has become clear that the requirements stated in the Policy need to be interpreted into more specific plans for each of the Priority Areas, because NDA needs, and local conditions, in each area are different. The Priority Area Plans therefore provide an increased level of specific detail which is relevant to the requirements of each Priority Area.

Area Plans will be developed for other NDA sites, as appropriate, in the future.

Each Priority Area Plan contains a section which defines actions to be taken forward. These actions will be assembled into an overall project plan which will drive the delivery and co-ordination of the NDA's socio-economic activities. This will include developing reporting regimes that will provide increased visibility of project performance and an approach in planning and reporting which is co-ordinated with the SLCs.

Priority Area Plans are dynamic documents. They will be updated and maintained to reflect any changes in approaches or arrangements made in the areas concerned.



## Socio-Economic Caithness and North Sutherland Priority Area Plan

### 2.0 Summary of NDA Socio-Economic Policy

#### Socio Economic Vision

The Socio Economic vision of the NDA, as set out in the Policy, is:

*To support the creation of dynamic, sustainable local economies for communities living near our sites, in Partnership with regional development agencies and organisations.*

#### Socio Economic Objective

The Socio Economic Objective of the NDA, as set out in the Policy, is:

*To support the relevant agencies for economic development, through partnership where appropriate, in minimising the impact (and maximising the opportunity) of decommissioning and clean-up through:*

- *enhancing the opportunity for local people to be involved in decommissioning work and related activities through education, retraining and skills development*
- *supporting the diversification of local economies into other sectors – reducing the reliance of communities on nuclear sites for employment by increasing the number, variety and vibrancy of local businesses, promoting entrepreneurship and attracting new enterprises*
- *increasing the attractiveness of areas near NDA sites as places to live, work and invest, with particular emphasis on achieving environmental, social, cultural and infrastructure improvements*

#### Thematic Priorities

To help the NDA to achieve its socio-economic objectives, support is focussed on projects that help deliver the following benefits:

- Employment – with a preference for higher value job creation
- Education/skills – to support both decommissioning and clean-up and diversification into other economic sectors
- Economic and social infrastructure – including environmental remediation and improvements to cultural and natural heritage
- Economic diversification – diversification into other industries and sectors, including support for the local supply chain



## Socio-Economic Caithness and North Sutherland Priority Area Plan

### 3.0 The Socio-Economic Priority Area Plan for Caithness and North Sutherland

Caithness and North Sutherland is one of the four geographic priority areas defined in the NDA's Socio-Economic Policy.

Dounreay has been at the heart of the Caithness and North Sutherland economy for more than 50 years. From 1955 to 1994, the site was the centre of the fast breeder reactor research and development in the UK. Since 2000, the site has been focussed on decommissioning and clean-up; work which will, according to current forecasts, be largely completed in 15 years time. This timeframe is creating a clear understanding that the strategic regeneration and economic redevelopment actions need to be reinforced and strengthened.

The economic footprint of the site is substantial and has been for the last five decades. The site is the largest single employer in the area, accounting for one in five jobs in Caithness. Including indirect employment, it is estimated that one third of all jobs in the area is dependent on Dounreay. In 2007/08 alone, an estimated £80 million was injected into the local economy as a result of the decommissioning programme at Dounreay.

Although the Dounreay site provides high value employment, the area is relatively poor in overall socio-economic terms. The overall economic activity rate is 66%, which is two percentage points lower than the rate for the Highlands and Islands Enterprise (HIE) Local Enterprise Area (LEC) as a whole. Whilst unemployment at 3% is below the UK average, much of the employment is seasonal or low-paid and the area has a high self-employment rate at 10.5%. Apart from the nuclear industry, the largest employment sectors are public administration, education and health. Taken together, these account for one third of all jobs in the area. The distribution, hotels and restaurants and manufacturing sectors account for the majority of other employment.

The socio-economic challenges facing the area are exacerbated by its remoteness and distance from alternative areas of employment. Consequently, the area has become heavily dependent on the nuclear industry. In 2004 and 2005, Caithness and Sutherland had the lowest rate of business start-ups per capita in the HIE LEC area.

The completion of NDA mission at the Dounreay site will, therefore, present major social and economic challenges. Currently, it is estimated that the site supports nearly 2,500 jobs in the local area, including 1,184 direct UKAEA employees, 1,073 indirect jobs in the supply chain and 213 induced jobs in the local community. Job numbers in direct UKAEA employment are forecast to follow a steady decline over the coming 12 years. Contract employees are forecast to remain stable over the next 7 years. After this period, both direct UKAEA employees and Contractor staff numbers enter into a period of steeper decline. By 2025, there will be only a handful of jobs left at the site, a figure that emphasises the need for a strategic approach to socio economic activity.

# Socio-Economic Caithness and North Sutherland Priority Area Plan

## 4.0 Strategic context

There are three key documents that define the strategic context for economic development in Caithness and North Sutherland and which provide the framework for NDA engagement with lead organisations. The documents are:

### 4.1 *Scottish Government Economic Strategy (2007)*

At the heart of national regeneration strategy is the Scottish Government Economic Strategy, which was published by the Scottish Government in November 2007. Its purpose is to *'focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable growth.'*

### 4.2 *A Strategy for Caithness and Sutherland (2006)*

Published by the Caithness Socio-Economic Strategy Group in 2006, *'A Strategy for Caithness and North Sutherland'* provides the economic blueprint for the economic development of Caithness and North Sutherland. In addition to identifying business growth and improvement to local public services as key priorities, the strategy recognises the important role that the NDA can play in determining the impact of decommissioning on the local economy.

The objective of the strategy is to:

*'maintain, and if possible increase, the GDP (Gross Domestic Product) 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 four key areas of activity identified by the Working Group are:

- 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

Strategic objectives for which NDA support has been identified include:

- Encouraging (and incentivising where appropriate) businesses that have been awarded contracts at Dounreay to locate to the area through the provision of good quality business accommodation
- Developing centres of excellence within the regional science base and supporting the commercialisation of R&D, e.g.
  - Trials Training and Test Facility
  - Environmental Research Institute (ERI)
  - Renewable Energy
  - Encouraging R&D in business



## Socio-Economic Caithness and North Sutherland Priority Area Plan

- Encouraging 'spin-out' businesses from within UKAEA/SLC/Tier 2 contractors both supporting decommissioning and unrelated sectors and IP opportunities from Fast Reactor R & D
- Considering the restructuring of UKAEA/SLC to facilitate the attraction of 'new' business to be undertaken by specific business units

### **4.3 Action Plan for Caithness and North Sutherland (2007-10)**

This plan identifies the potential regeneration projects and activities for delivering the Strategy for Caithness and Sutherland and is, therefore, of particular relevance to the NDA. The plan was prepared by the Caithness and North Sutherland Regeneration Partnership following consultation within the community and with stakeholders.

The high priority projects currently identified in the action plan are:

- Development of Wick Harbour
- Development of Scrabster Harbour
- Pentland Firth Tidal Energy
- Caithness Engineering
- John O'Groats Tourism Facility
- Business Relocation to the Area
- Food and Drink Industry
- IT Connectivity
- Transport Connections



## **Socio-Economic Caithness and North Sutherland Priority Area Plan**

### **5.0 Working in partnership**

Effective partnership working with the lead agencies for economic regeneration in Caithness and North Sutherland is crucial to the delivery of socio-economic objectives in the area.

Current working relationships with these agencies, whilst good, are mainly built on informal arrangements. To maximise leverage, the NDA has identified the strategic organisations in the area and will enter into more formal working relationships with them.

The following section describes the key agencies and organisation with which the NDA will engage in carrying out its responsibilities.

#### **5.1 *The Dounreay Stakeholder Group***

Effective relationships have been built with the DSG and NDA will continue to develop and deepen this working relationship.

#### **5.2 *Highlands and Islands Enterprise***

Highlands and Islands Enterprise (HIE) is the agency responsible for the economic development of the HIE LEC area. Its vision for the regeneration of the area is captured in 'A Strategy for Caithness and North Sutherland.'

#### **5.3 *The Highland Council***

The Highland Council is the Local Authority for the area, with headquarters in Inverness. As such, the Council is a key delivery agent in the economic development of the area. Between them, Caithness and North Sutherland are represented by 13 councillors.

#### **5.4 *Caithness and North Sutherland Regeneration Partnership***

The Caithness and North Sutherland Regeneration Partnership (CNSRP) was created in 2007 to lead a united effort to move the local economy away from its dependence on the Dounreay site. The partnership comprises Scottish Government, Highlands and Islands Enterprise, The Highland Council and the NDA and is currently chaired by Sir Anthony Cleaver.

## Socio-Economic Caithness and North Sutherland Priority Area Plan

### 6.0 Summary of main NDA activities to date

NDA has worked with the Highland Council, Highlands and Islands Enterprise and stakeholders to develop a socio economic plan for the Caithness and North Sutherland Priority Area. Against the thematic priorities identified in the Socio Economic Policy, the following activities are underway, including:

- **Employment**
  - Agreement to develop the National Nuclear Archive in Caithness
  - Tourism related job opportunities created through North Highland Tourism and other initiatives
- **Education/skills**
  - Working with Dounreay Site Restoration Ltd (the Dounreay SLC) and the National Skills Academy (Scotland) to establish new facilities in the Thurso area
- **Economic and social infrastructure**
  - A grant has been made to support the development of Wick Harbour
  - In connection with planning permission for a radioactive material store on the Dounreay site, NDA is supporting the creation of a Community Benefit Fund
  - NDA is helping to strengthen and revitalise the Caithness Chamber of Commerce to enable it to support local businesses
- **Economic diversification**
  - Support to the Marine Energy Project, which facilitates alignment between public and private sector organisations and academic institutions
  - Establishment of the North Highland Regeneration Fund, which has, through its loans to enterprises, creates or safeguards jobs in the area
  - Establishment of the Thurso Pensions Office

### 7.0 Areas of focus going forward

NDA will continue to support ongoing activities in the key areas, subject to the preparation of business plans, which demonstrate alignment with our Socio Economic Policy. In addition, with our focus moving to transformational activities we will work with Highlands and Islands Enterprise and Highland Council in a collaborative, partnering approach which will enable the appropriate organisations to explore additional funding opportunities, including EU funding.

With the recently announced competition for the Parent Body for Dounreay Site Restoration Ltd, we will draw out the lessons from the Sellafield Ltd PBO competition and formulate elements of the competition strategy which will deliver the greatest benefit for the area when the new PBO is appointed.

The NDA Action Plan identifies specific actions which will be implemented during the 2009/2010 period.

# Socio-Economic Caithness and North Sutherland Priority Area Plan

## 8.0 NDA action plan

### 8.1 Agree the approach to the allocation of strategic and tactical funding with partner (delivery) organisations (including the Site Licence Company).

**Action 8.1.1** NDA will review potential funding and resource inputs to transformational priorities identified in the Action Plan for Caithness and North Sutherland and Strategy for Caithness and North Sutherland by end of Q2 2009. This will identify the desired outcomes for NDA and the community

**Action 8.1.2** The North Highland Regeneration Fund (NHRF) will continue to provide “pump-priming” funding for new business start-ups

**Action 8.1.3** DSRL funding (provided through NDA contract) will be focussed on smaller scale – tactical – funding requests. The exact amount of funding will be reviewed in Q3 2009

**Action 8.1.4** We will work with the Site Stakeholder Group and the SLC to maximise opportunities from the newly created Dounreay Community Benefit Fund and, (following competition) the new PBO contractor

**Action 8.1.5** NDA will continue its involvement with the Caithness and North Sutherland Regeneration Partnership through attendance at Board Meetings.

**Action 8.1.6** By achieving an improved understanding around sources of funding for appropriate opportunities, we will drive a reduction in the number of unsuccessful applications, i.e. applications will be developed in ways which will “screen out” those which do not adequately address the NDA criteria

**Action 8.1.7** We will work with the SLC to develop our approach to future joint reporting of our Socio Economic activities

### 8.2 Identifying the agencies and organisations with which NDA will operate and define the most effective working relationships between NDA and its “partners”.

**Action 8.2.1** NDA will focus its engagement with the three agencies identified in this plan and with the Scottish Government through the Caithness & North Sutherland Regeneration Partnership, emphasising the importance of continued funding, enabling the agencies to deliver their plans which, in turn, will enable the NDA in delivery of its decommissioning mission.

**Action 8.2.2** Direct engagement with bodies of a more tactical nature primarily through the SLC and (following competition) the new PBO.



## Socio-Economic Caithness and North Sutherland Priority Area Plan

**Action 8.2.3** NDA will agree most appropriate ways of working with the lead organisations by end of Q4 2009

### **8.3 Define role for new PBO in providing socio-economic support.**

**Action 8.3.1** PBO competition process will consider how an incoming PBO should be encouraged to invest in the host economy to deliver economic benefit and promote future sustainability with reference to the CNSRP Action Plan and local vision document.