

# THE HIGHLAND COUNCIL

7<sup>th</sup> May 2009

Agenda Item	
Report No	

## Caithness & North Sutherland Regeneration Partnership Dounreay Decommissioning

### Report by Chief Executive

#### Summary

This report brings members up to date with various aspects of the socio-economic agenda which arises out of the ongoing work to decommission the Dounreay site. It emphasises that a strong partnership is in place, and draws attention to a number of specific items.

<b>1.</b>	<b><u>Background</u></b>
1.1	“A Strategy for Caithness and North Sutherland” was published in October 2006, and endorsed by the Highland Council in April 2007.
1.2	Last year (March 2008), members were reminded that the four key public sector organisations (Highlands and Islands Enterprise (HIE), Nuclear Decommissioning Authority (NDA), the Highland Council, and the then Scottish Executive) had joined forces to form the Caithness Regeneration Partnership. North Sutherland was added to that title to better reflect the geographical area affected by the decommissioning of Dounreay.
1.3	A wide-ranging and successful Caithness Conference had been held in September 2007, resulting in the production of a multi-point (but unprioritised) Action Plan.
1.4	The March 2008 report went on to outline a partnership structure in which the Executive Board, comprising chief executive or equivalent representatives of the four bodies listed above, would be supported by a senior officers group, and would liaise with a Stakeholder/Advisory Board. In addition, the Action Plan would be taken forward by a dedicated Partnership Team comprising of a small number of professional staff with administrative support.
1.5	The purpose of this report is to provide members with a further update on progress to date.
<b>2</b>	<b>Partnership Team</b>
2.1	The dedicated Partnership Team consists of Fiona MacPherson, Inward Investment Manager, and Eann Sinclair, the Programme Manager, together with administrative

	<p>support which is provided by the Council. A further two posts will be created by HIE later this year.</p>
2.2	<p>Two members of staff who are working on the Pentland Firth for HIE and the Crown Estate respectively are based at the same location.</p>
3	<p><b>Advisory Board</b></p>
3.1	<p>The term “stakeholder” was deleted from the description of this group, principally to avoid confusion with the separate Dounreay Stakeholders Group which was set up by the NDA. The Board has met twice under the chairmanship of the Council’s Convener, and is in the process of developing a three-pronged role – acting collectively as a sounding board for emerging issues, facilitating two-way dialogue with the wider community about the overall aims of the project, and also allowing prominent members of the community to contribute in their own areas of expertise. The Council is represented on this body by the Convener as described above, Councillors David Flear and Katrina MacNab, and Councillor Ian Ross in his capacity as Chair of Planning Environment &amp; Development. If members are minded to have further representation from the North, West and Central Sutherland Ward, it is recommended that this request should be placed before the Advisory Board at its next meeting.</p>
3.2	<p>At their most recent meeting, in March, members of the Advisory Board discussed the development of the Pentland Firth (see further below), the associated power transmission issues, future transport infrastructure improvements, and proposals to enhance the profile of engineering locally as a career opportunity.</p>
4	<p><b>Executive Board</b></p>
4.1	<p>Members of the Executive Board (Chief Executives of HIE and Highland Council, Programme Director of NDA, and Senior Adviser to the Scottish Government) meet regularly under the chairmanship of their independent chairman, Sir Anthony Cleaver, who has extensive experience in industry. Minutes of Executive Board meetings are published on the Partnership website. The Board’s primary remit is to oversee progress on the Action Plan, which has now been prioritised for the first time. The initial list of priorities can be summarised as follows (in no particular order):-</p> <ul style="list-style-type: none"> <li>* Scrabster Harbour</li> <li>* Wick Harbour</li> <li>* Pentland Firth</li> <li>* Engineering</li> <li>* John O’Groats</li> <li>* Food &amp; Drink</li> <li>* Inward Investment</li> <li>* IT Connectivity</li> <li>* Transport links</li> </ul>

5	<b>Caithness Conference 2008</b>
5.1	The 2007 event was followed by an equally successful gathering in September last year. A wide range of topics was covered, but most interest inevitably focussed on the First Minister's endorsement of the renewable energy potential of the tidal power in the Pentland Firth, and the Crown Estate's formal announcement of its plan to lease areas of the seabed for development. Amongst other presentations, Scrabster Harbour Trust announced ambitious plans to extend its operations, including the construction of a new deep water quay and a 30 acre industrial park.
6	<b>Pentland Firth</b>
6.1	The Crown Estate's invitation to the market to express an interest in developing areas of the Firth and surrounding waters resulted in a significant number of applications and, following an initial assessment process, no fewer than 38 companies and consortia have been invited to tender. One firm has already set up an operational base in Wick, and it is hoped that this will be followed by several more.
6.2	This project has been brought to this stage by the actions of individual partners, and by a largely informal alliance of interested partner agencies, chaired by the Council's Corporate Manager for Caithness Sutherland and Easter Ross. In the light of these recent significant developments, HIE has intimated that it intends to take the project forward as one of its key priorities, and is currently establishing its internal arrangements.
7	<b>National Nuclear Archive</b>
7.1	We have been advised that the National Nuclear Archive (NNA) has now been transferred to the NDA Forss Team who will oversee the project. A new schedule and scope of work is expected to be completed by June 2009. This follows a period of some uncertainty.
7.2	Members will be aware that the Council's offer to co-locate its own archive facility with the NNA was a key factor in persuading the NDA to choose Caithness as its preferred location. This is a project which is of major significance to the area, and members may wish to reiterate their support in a letter to the NDA.
8	<b>Community Benefit (Low level waste facility)</b>
8.1	Planning permission has been granted in respect of a low level waste facility at Dounreay. It has been confirmed by the contractor that a Community Fund will be set up, with an initial payment of £1million being payable in 2011 (anticipated site start date), to be followed from 2014 by ten annual payments of £300k, making a £4million package in total. This fund recognises that Dounreay was a national research establishment, and that the work which was carried out there had more than simply local importance.
8.2	A special body will be set up to manage the fund, and the Corporate Manager for Caithness Sutherland and Easter Ross will be involved in the discussions regarding the formation, terms of reference, and governance arrangements of the new body.

9	<b>Berriedale Braes</b>
9.1	The Council has held the position for a considerable number of years that a new route should be provided at the entrance to Caithness at Berriedale on the A9, replacing the steep gradients and series of sharp bends with a flyover or bridge. This would obviously be a major engineering undertaking.
9.2	The recently published national transport review makes no specific mention of Berriedale, and indeed makes only limited reference to some unspecified improvements on the A9 north of Tore.
9.3	A privately commissioned report has suggested that the effect of the Berriedale section on traffic speeds and bunching could be largely mitigated by a series of smaller and more practical measures, involving for example the provision of overtaking lanes at nearby locations, and a less technically challenging realignment of the road at Berriedale itself.. This approach has been endorsed by the Caithness Transport Forum, a community planning group which meets under the umbrella of the Caithness Partnership, and by the Association of Caithness Community Councils.
9.4	There is therefore widespread community acceptance that there is no practical likelihood that major expenditure will be committed by the Scottish Government to a Berriedale flyover or bridge in any realistic planning timescale. Members are invited to consider whether they would wish to adjust their previous stance in the light of this, and to agree to consider how they could contribute to an alternative series of improvements to the road network in the area.
10	<b>Dounreay Parent Body Organisation (PBO) Competition</b>
10.1	Competition is an integral part of the NDA's approach to the decommissioning process across the United Kingdom. The first agreement (for Sellafield) was signed in November 2008. The NDA has announced that it now intends to run the second PBO competition at Dounreay.
10.2	Representatives of the NDA have recently held briefing sessions with local elected members and other stakeholders in the Caithness & North Sutherland area. They were keen to emphasise that their planning is still at a relatively early stage, and that the competition process will be a lengthy one, incorporating the technique of Competitive Dialogue. The entire process is expected to take upwards of two years to complete.
10.3	The NDA team made it clear that they had come to listen as well as to convey information, and a consistent message which was relayed to them is that the socio-economic aspects of decommissioning must be taken into account at every stage in the process. The point was made, for example, that whereas the West Cumbria area sees itself as very much having a nuclear future, the economy of Caithness and North Sutherland is facing the total closure of its nuclear industry.
10.4	It is therefore seen as vital that prospective bidders for the PBO contract should be made aware of the crucial importance of socio-economic issues for the local

10.5	<p>community, and that, by the same token, those bidders should also have an opportunity to explain to the local community how they would discharge these socio-economic responsibilities. In this vein, the view was expressed that an “Industry Day”, which the NDA see as one of the first key stages in their competition process, should take place at least partly in the Caithness &amp; North Sutherland area, to allow bidders and community representatives to interact directly at the earliest opportunity.</p> <p>In view of the critical importance of this competition process to the entire socio-economic agenda, members are asked to consider, firstly, inviting the Convener to write to the Chair of the NDA to reiterate the Council’s concerns and interest in this matter, and secondly, mandating the Chief Executive to raise this issue with his colleagues on the Caithness &amp; North Sutherland Regeneration Executive Board.</p>
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**Recommendation**

Members are invited to consider this report and:-

- a) note that effective community engagement arrangements have been established via the Advisory Board;
- b) agree to request that the Advisory Board extend Council representation to include the North, West and Central Sutherland Ward;
- c) welcome the significant developments which have taken place regarding the marine energy potential of the Pentland Firth;
- d) note the information provided regarding the National Nuclear Archive and agree to reiterate their commitment to co-locating their own archive facility;
- e) note the commitment to establish a Community Benefit fund in association with the construction of a low level waste facility at Dounreay;
- f) agree to press the Scottish Government in association with the Orkney Islands Council regarding improvements to the A9 at Berriedale and at nearby locations;
- g) write to the NDA reiterating the Council’s concerns and interests with regard to the NDA’s PBO competition plan, and mandate the Chief Executive to raise the same issue at the Caithness & North Sutherland Regeneration Executive Board.

Signature:

Designation: Chief Executive

Date: 29 April 2009

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