

Hornsea Offshore Wind Farm

Project Two

Outline Supply Chain and Employment Plan

Appendix T to the Response submitted for Deadline V
Application Reference: EN010053

12 November 2015

smartwind.co.uk



1. Outline Supply Chain and Employment Plan

Background

- 1.1 DONG Energy Limited (i.e. the developer) has submitted an application to build an offshore wind farm, called Hornsea Project Two, located off the eastern coast of Humberside.
- 1.2 DONG Energy intends to work with the Humber Local Economic Partnership (LEP) and relevant local authorities to maximise the economic benefits of the wind farm to the local area.
- 1.3 This document sets out the intention of Dong Energy to work with Humber LEP to maximise the economic benefits of Hornsea Project Two to the 'Local Area'. The Local Area specifically refers to the functional economic area surrounding the Humber Estuary.
- 1.4 The developer and Humber LEP have agreed to work together to try to increase the amount of economic benefit that the development delivers locally by seeking to maximise:
 - The opportunities for the involvement of local companies in the construction and operation supply chain; and
 - The ability of local residents to access employment opportunities associated with the construction and operation of the wind farm.
- 1.5 Current uncertainty about the scale of economic opportunity likely to arise locally means that specific actions cannot yet be developed. However, this document outlines how the Project plans to work with the LEP and wider stakeholders in the local area to maximise local economic benefit.

Principles of the Approach

- 1.6 The strategic importance placed on of the renewable energy sector in the Humber LEP area means that there are already a large number of interventions in place to support related supply chain and market development. As the precise nature and scale of economic opportunity which will occur locally is currently unknown it is not possible to say at this stage whether current provision is adequate. Should development consent for the project be granted, we would assess, in partnership with the Humber LEP, the need for additional actions to support local economic benefit.
- 1.7 Although it is not appropriate at this stage to specify in full the nature of activities which could be delivered, it is important to put in place now the working relationships with relevant stakeholders to ensure that any future activities can be developed quickly.
- 1.8 We have agreed to work with the LEP around three themes of activity:
 - **Provide information and communication** - we will ensure that we communicate effectively with appropriate stakeholders (including local authorities and public sector agencies with relevant economic development responsibilities, as well as business groups) as the local economic opportunities associated with the development become clear. The aim of this activity will be to make sure that businesses and public sector agencies have time to plan for the supply chain and skills demands associated with the development.
 - **Understand intervention needs** – once the nature and scale of local economic opportunities are more clear, we will work with Humber LEP and other local stakeholders

to assess whether there is a case for targeted actions to develop supply chain or labour market capability.

- **Deliver other supportive activities** – we will seek to identify other opportunities to design how we construct and operate the development to help maximise the potential for local economic benefits.

The table overleaf (Table 1.2) sets out more detail of what this means in practice.

- 1.9 The principle of communication means that together, we will need to develop a network of contacts to work with to deliver our aspirations. We have also provided below an indicative list of organisations that we propose to engage with to deliver our aspirations.

Table 1.1 Public and Private Sector Organisations	
Primary Public Sector Partners	Humber LEP
	Hull City Council
	East Riding Council
	East Lindsey
	West Lindsey
	North Lincolnshire
	North East Lincolnshire
Education and Training Providers	Job Centres
	Humberside Engineering Training Association
	Humber Energy Skills Centre of Excellence
	Hull College Energy and Climate Centre
	Humber University Technical College
Business Sector Groups	North Lincolnshire College
	Humber Renewables Forum
	Team Humber Marine Alliance
	Grimsby Renewables Partnership

Monitoring the Success of the Plan

- 1.10 DONG Energy are committed to realising local economic benefits and the activities set out in the E&S plan are central to this. We are proposing to monitor the scale and type of local economic benefits that the development secures, both to provide intelligence about the success of particular measures employed in the E&S plan, as well as to improve the wider evidence base about the local economic benefits associated with offshore wind developments. The detail of the monitoring plan is currently being developed but we expect that it will have two elements:

- **Use of DONG Energy’s supply chain and employment records:** including information on the home and workplace locations of direct employees, data relating to the value and geography of the development’s direct supply chain.
- **Collection of additional supply chain and employment information from Tier 1 and Tier 2 suppliers:** all Tier 1 and Tier 2 suppliers to the project will be required to complete regular (monthly) monitoring returns. An indicative data pro-forma that could be used to provide this information is provided in Section 2 of this note. This could be used to collect supply chain and employment information from both Tier 1 and Tier 2 companies and would provide information on the geography of the first three tiers of the construction and O&M supply chain.

- 1.11 This information could be used as the basis of a periodic analysis of the local economic impacts supported by the construction and operation of Hornsea Project Two.

Table 1.2 Skills and Supply Chain Commitments

	Supply Chain Development	Skills Activity
Information and Communication	<ul style="list-style-type: none"> • Web-portal: We will maintain and seek to extend the number of registered businesses on the SMart Wind web portal (now in use by DONG Energy). Notify all registered businesses of opportunities as they arise and encourage upper tier suppliers to do the same • Communication with business groups: We will maintain open lines of communications with the business groups identified in Table 1.1 in order to provide updates on the development, notify of up and coming opportunities and encourage registration on the portal. • Encourage engagement – We will use supply chain events to bring together upper tier suppliers from the offshore wind industry with local companies, including encouraging upper tier suppliers to work on a collaborative basis with local suppliers in order to bid for contracts • General awareness raising: We will continue to work with the LEP to provide updates to local businesses on the progress of the project. For example, SMart Wind presented at the Humber Offshore Wind Connections conference on 25th March 2014. Further opportunities such as this will be secured. 	<ul style="list-style-type: none"> • Communicate demands effectively to education and training providers: We will maintain communication with local education and training providers as construction and operation plans emerge and our understanding of the likely employment opportunities associated with the project emerges. This communicated to maximise the possibility of a timely response to specific training needs from providers. • Communicate strategic messages about general skills demands to the LEP: We will seek to provide market insight and intelligence to the LEP about industry trends, technology developments and associated pressure on skills to inform strategy development. DONG Energy is proposing to participate in the Humber LEP’s skills network as part of this commitment. • Promote job opportunities locally: We will provide information on the expected employment opportunities to local job seekers in an accessible format. This will include posting all direct employment opportunities on the project’s web portal, advertising employment opportunities in local news publications. In addition, we intend to promote existing and future career opportunities to local people more generally by continuing our work with local Job Centres and engaging with 14-18 school pupils and students in further and higher education. • Communicate with businesses to identify skills needs: We will clearly identify the skills needs associated with the various supply chain opportunities (including for example health and safety, offshore working qualifications etc) and communicate these to businesses.
Identify Intervention	<ul style="list-style-type: none"> • Identify supply chain development needs: Working alongside 	<ul style="list-style-type: none"> • Identify skills development needs: Working alongside the Local

Needs	<p>the Humber Local Enterprise Partnership, we will draw on insights from local companies, business intermediaries and major component and service suppliers to identify sector development needs locally so that firms will be better placed to access opportunities.</p> <ul style="list-style-type: none"> • Highlight gaps in provision: Again, working with the Humber LEP we will highlight any identified needs which are not being addressed by current business support provision in the local area. This will help to ensure that education and skills providers are able to tailor their provision to the requirements of industry. 	<p>Enterprise Partnership, Local Authorities and relevant public sector agencies, as well as businesses in our own supply chain, we will seek to ensure that relevant stakeholders are well informed about the labour requirements associated with Hornsea Project Two and any particular gaps in the skills base of the local population that might need to be addressed to help ensure that local people have a good chance of accessing opportunities that arise in the area.</p> <ul style="list-style-type: none"> • Highlight gaps in provision: Again, working with the LEP we will highlight any identified needs which are not being addressed by current skills development programmes in the local area. This will help to ensure that education and skills providers are able to tailor their provision to the requirements of industry.
Other Supportive Activities	<ul style="list-style-type: none"> • Monitor local content – we will monitor the local supply chain and employment impacts associated with the construction and operation of Hornsea Project Two. This will involve using our own data (on supply chain spend and direct employment) as well as data collected from Tier 1 and Tier Two suppliers to the development. 	<ul style="list-style-type: none"> • Promote opportunities widely: As outlined above, all direct employment opportunities will be advertised locally and DONG Energy will endeavour to ensure, through its wider promotional activities that opportunities associated with Hornsea Project Two and in the offshore wind sector more widely are promoted widely, including to groups that are disadvantaged in the labour market.

2. Draft Supply Chain and Employment Proforma

This proforma illustrates the nature of the information that monitoring would need to capture from suppliers. This will be completed on a monthly basis so that the information can be continually updated throughout construction and O&M.

1. Your Invoice Number	
2. Month and Year of Invoice	
3. Value of monthly invoice	£
4. Total anticipated contract value	
5. Covers works completed during period	to

6. Approximately how many of your employees have worked on this contract during this monthly invoice period?	<i>Enter number here:</i>	<i>Is this? (circle as appropriate)</i>
		FTEs
		Person Days

7. Approximately what proportion of these employees have been based at sites in the following locations during this months invoice period?	<i>Please base your estimate on employees <u>main places of work</u></i>	
At sites in the Local Authority Area of North East Lincolnshire		%
At sites in the Humberside Area*		%
At sites elsewhere in the UK		%
At sites outside of the UK		%

*Humberside encompasses the local Authority Areas of North East Lincolnshire, North Lincolnshire, Kingston upon Hull and East Riding of Yorkshire

8. Are any of your employees permanently based at sites in the Humberside area?	Yes / No
If yes, how many?	FTEs

9. Have you used any apprentices to support the delivery of this work?	Yes / No
If yes, how many?	FTEs
Are any of these permanently based at sites in the Humberside area?	

10. What is the estimated cost of bought in goods and services to support delivery of works on Hornsea Project Two	£
--	---

11. Please identify the main contractors that you have used and the types of goods and services you have purchased from them.

Supplier & nature of Goods and Services	Approximate Value of Spend in this months Invoice Period	Postcode of Supplier

Instructions for Completion

Invoice Details (Question 1, 2 and 3 and 4)

Please ensure that these details are provided and accurate.

Information about Employment

Question 4: Number of employees working on contract

Please provide your best estimate for the number of your direct employees that have worked on the contract during the invoice period. It is important that you indicate whether you have provided this in terms of Full Time Equivalent Employees (FTEs) or Person Days of Employment.

Question 5: Workplace location of your employees

We need to understand where your employees have been based during this invoice period. We understand that this is difficult to define precisely, so please provide your best estimate as to where the main places of work have been for your employees during this invoice period.

Another way to think about this would be to consider approximately what proportion of the activity you have undertaken during this invoice period has taken place in the areas we have highlighted.

Please note that the Humberside area encompasses the Local Authority Areas of, North East Lincolnshire, North Lincolnshire Kingston upon Hull and the East Riding of Yorkshire

Question 6: Employees in the Humberside Area

Please provide your best estimate for the number of employees that are permanently based at sites in the Humberside area. Humberside encompasses the local Authority Areas of North East Lincolnshire, North Lincolnshire, Kingston upon Hull and East Riding of Yorkshire

Question 7: Your Supply Chain

We need to understand how much your company spends on bought in goods and services to support the delivery of the contract on Hornsea Project Two. Please provide an indication of the approximate value of bought in goods and services during this invoice period. This estimate should only cover the cost of goods and services related to the delivery of this contract. This might include bought in components and materials or rental of equipment needed to service the contract on Hornsea project Two. It could also include wider services such as catering, taxis and car hire that are associated with your activities on the project.

Question 8: Your Suppliers

We need to understand the geographical distribution of this supply chain spend. Please complete the table below to identify your key suppliers of goods and services. This needs to cover all of your major suppliers and ideally at least 80% of the cost of bought in goods and services. Please identify:

- The nature of goods and services [To discuss: if you opt to administer this online, it would be possible to provide a set of categories in the form of a drop down list, if not you could provide a set of categories here in the explanation, or simply ask for a brief description and manually code this information to categories at a later date (i.e. when analysing the data).
- An approximate value of expenditure on this supplier during this invoice period.
- The postcode of their main invoicing address