



Sheringham Shoal and Dudgeon Offshore Wind Farm Extension Projects

Environmental Statement

Volume 3

Appendix 27.3 - Socio-Economics Impact Assessment

August 2022
Document Reference: 6.3.27.3
APFP Regulation: 5(2)(a)

Sheringham Shoal and Dudgeon Offshore Wind Farm Extensions Environmental Statement Appendix 27.3 Socio-Economics Impact Assessment	
PINS document no. 6.3.27.3	
Document no.: C282-HC-Z-GA-00005	
Date: August 2022	Classification Final
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Table of Contents

27.3	SOCIO-ECONOMICS IMPACT ASSESSMENT	6
27.3.1	Introduction.....	6
27.3.2	SEP & DEP Construction Cost and Sourcing	6
27.3.3	Headline Economic Impact (Totals)	8
27.3.4	Operations.....	10
27.3.5	Construction Scenarios	10
27.3.6	References	15

Table of Tables

Table 27.3-1: Overall DEVEX and CAPEX for SEP and DEP Captured within East Anglia and the Rest of the UK by Phase and Sub-Phase (£ Million)	6
Table 27.3-2: Overall Annual OPEX for SEP and DEP Captured within East Anglia and the Rest of the UK by Phase and Sub-Phase (£ Million)	7
Table 27.3-3: Overall Construction and O&M Sourcing Assumptions for SEP and DEP, values (£ million)	8
Table 27.3-4: Overall DEVEX + CAPEX Impacts for DEP	9
Table 27.3-5: Overall DEVEX + CAPEX Impacts for SEP	9
Table 27.3-6: Lifetime Operational Impacts for SEP and DEP.....	10
Table 27.3-7: Annual DEVEX + CAPEX Impacts for DEP	11
Table 27.3-8: Annual DEVEX + CAPEX Impacts for SEP	12
Table 27.3-9: Annual DEVEX + CAPEX Impacts of Concurrent Construction for SEP and DEP	12
Table 27.3-10: Annual DEVEX + CAPEX Impacts of Concurrent Construction for SEP and DEP (Incl. Cost Savings due to Economies of Scale).....	13
Table 27.3-11: Annual DEVEX + CAPEX Impacts of Sequential Construction for SEP and DEP	14
Table 27.3-12: Annual Operation Impacts for SEP and DEP.....	14



Glossary of Acronyms

CAPEX	Capital Expenditure
DEP	Dudgeon Offshore Wind Farm Extension Project
DEVEX	Development Expenditure
FTE	Full-Time Equivalent
GVA	Gross Value Added
MW	Megawatts
O&M	Operations and Maintenance
OPEX	Operational Expenditure
SEP	Sheringham Offshore Wind Farm Extension Project
UK	United Kingdom

Glossary of Terms

DEP offshore site	The Dudgeon Offshore Wind Farm Extension consisting of the DEP wind farm site, interlink cable corridors and offshore export cable corridor (up to mean high water springs).
Dudgeon Offshore Wind Farm Extension Project (DEP)	The Dudgeon Offshore Wind Farm Extension onshore and offshore sites including all onshore and offshore infrastructure.
SEP offshore site	Sheringham Shoal Offshore Wind Farm Extension consisting of the SEP wind farm site and offshore export cable corridor (up to mean high water springs).
Sheringham Shoal Offshore Wind Farm Extension Project (SEP)	The Sheringham Shoal Offshore Wind Farm Extension onshore and offshore sites including all onshore and offshore infrastructure.
The Applicant	Equinor New Energy Limited.

27.3 SOCIO-ECONOMICS IMPACT ASSESSMENT

27.3.1 Introduction

1. This note provides an overview of the total and annual economic impacts generated as a result of the construction and operations of the Dudgeon Offshore Wind Farm Extension Project (DEP) and the Sheringham Shoal Offshore Wind Farm Extension Project (SEP).

27.3.2 SEP & DEP Construction Cost and Sourcing

27.3.2.1 Total Construction Cost

2. Based on **Appendix 27.1 Socio-Economics Construction Costs and Sourcing Assumptions Note**, the overall construction cost for SEP and DEP (i.e. with a maximum generation capacity of 786MW) is estimated to be in the region of £2.14 billion without cost savings (or £2.00 billion once potential cost savings as a result of concurrent construction are taken into consideration).

27.3.2.2 DEVEX + CAPEX Sourcing

3. **Appendix 27.1 Socio-Economics Construction Costs and Sourcing Assumptions Note** sets out two sourcing scenarios with regards to construction port and the retention of spend within the East Anglia study area, which are:
 - **UK-based port scenario** – a construction port is located within the UK but outside the East Anglia area; and
 - **Local port scenario** – at least one UK-based construction port is located within the East Anglia area.
4. Based on the various sourcing assumptions outlined in **Appendix 27.1 Socio-Economics Construction Costs and Sourcing Assumptions Note** it is estimated that between £19.2 million and £171.0 million of first round construction-related expenditure will be retained in East Anglia across SEP and DEP. More detail about the expenditure retained in East Anglia and the rest of the UK for the two projects' various phases (ie. DEVEX, turbines, balance of plant (defined as all components other than those related to the turbine generators), installation and commissioning), under each scenario outline above is presented in **Table 27.3-1** below. Please note that the estimates presented below remain unchanged, irrespective of the construction scenario being considered.

Table 27.3-1: Overall DEVEX and CAPEX for SEP and DEP Captured within East Anglia and the Rest of the UK by Phase and Sub-Phase (£ Million)

	UK-based port scenario		Local port scenario	
	East Anglia	Rest of UK	East Anglia	Rest of UK
DEVEX	£8.4	£58.5	£8.4	£58.5
CAPEX	£10.9	£517.5	£162.7	£365.7

	UK-based port scenario		Local port scenario	
	East Anglia	Rest of UK	East Anglia	Rest of UK
- Turbines (incl. rotor, nacelle, tower)	£0.0	£185.7	£0.0	£185.7
- Balance of plant (incl. cables, foundations, substations and operations base)	£0.0	£87.3	£38.7	£48.6
- Installation and commissioning	£10.9	£244.5	£124.0	£131.4
Total	£19.2	£576.0	£171.0	£424.2

Source: Hatch calculations, based on The Crown Estate (2019).

27.3.2.3 Operations and Maintenance (O&M) Sourcing

5. Overall, it is assumed that operation activity of SEP and DEP will equate to a little over £1.1 billion over the 40-year operational lifetime for each project.
6. As set out in **Appendix 27.1 Socio-Economics Construction Costs and Sourcing Assumptions Note** it is assumed that the O&M port is located in East Anglia and all direct operational labour is sourced from within the study area.
7. Furthermore, it is assumed that 77% of total OPEX expenditure for both projects is sourced from within the UK, with overall sourcing being split 26%-48% between East Anglia and the rest of the UK. On this basis, it is estimated that £10.1 million in direct staff wages and first round supply chain expenditure would be retained within the East Anglia study area each year.

Table 27.3-2: Overall Annual OPEX for SEP and DEP Captured within East Anglia and the Rest of the UK by Phase and Sub-Phase (£ Million)

	East Anglia	Rest of UK
OPEX	£10.1	£13.4
- Direct employment	£3.1	£0.6
- Supply chain expenditure	£6.9	£12.8

Source: Hatch calculations, based on The Crown Estate (2019).

27.3.2.4 Total East Anglia and UK Sourcing

8. Based on the assumptions outlined above, an overall generation capacity of up to 786MW, and a 40-year lifespan each wind farm, it is therefore estimated that the overall share of the construction and lifetime O&M expenditure retained in East Anglia will range between 13% and 17% depending on whether a local construction port is used, which is equivalent to £423.0 million and £574.8 million (in current prices).

Table 27.3-3: Overall Construction and O&M Sourcing Assumptions for SEP and DEP, values (£ million)

Phase	UK-based port scenario		Local port scenario	
	East Anglia	Rest of UK	East Anglia	Rest of UK
Construction (incl. DEVEX)	£19.2	£576.0	£171.0	£424.2
Operation	£403.7	£535.2	£403.7	£535.2
Total	£423.0	£1,111.2	£574.8	£959.4

Source: Hatch calculations, based on The Crown Estate (2019).

9. Using employment and gross value added (GVA) coefficients and regional multiplier benchmarks from the Hatch Input-Output model (derived from UK national accounts data) it is possible to generate estimates for employment and economic output that could be supported by the sourcing assumptions outlined above. Please note that the assessment of economic impact uses an approach that is consistent with the methods for economic impact assessment set out in The Green Book (HM Treasury, 2020).

27.3.3 Headline Economic Impact (Totals)

10. This section provides an overview of the headline economic impacts generated as a result of the development, construction and operation of both SEP and DEP. Please note that the employment figures outlined in this section represent person years of employment (rather than annual jobs), whilst GVA figures are totals shown in 2020 prices.

27.3.3.1 Development and Construction

27.3.3.1.1 Construction of DEP

11. Overall, it is estimated that the development and construction of DEP will require an investment in the region of £1.23 billion, of which £344 million are estimated to be captured by UK-based businesses. Based on the sourcing assumptions set out in **Appendix 27.1 Socio-Economics Construction Costs and Sourcing Assumptions Note** it is estimated that between £11.0 and £100.1 million will be captured directly and/ or indirectly by businesses located in East Anglia.
12. Once these estimates are put through the Hatch Input-Output model, it is estimated that the construction of DEP has potential to support between 160 and 1,050 person years of employment within the East Anglia study area, generating between £6.3 and £55.5 million in GVA to the East Anglia economy. At the national level, the construction of DEP has potential to support around 5,060 person years of employment and contribute £288 million in GVA to the national economy.



Table 27.3-4: Overall DEVEX + CAPEX Impacts for DEP

	UK-based port scenario		Local port scenario	
	East Anglia	UK (Total)	East Anglia	UK (Total)
Construction cost (£ million)	£11.0	£344.0	£100.1	£344.0
Direct (incl. Tier 1) + indirect construction jobs (person years)	160	5,060	1,050	5,060
Direct (incl. Tier 1) + indirect construction GVA (£ million)	£6.3	£287.9	£55.5	£287.9

Source: Calculations by Hatch, 2022.

27.3.3.1.2 Construction of SEP

13. The development and construction of SEP is estimated to require an overall investment in the region of £903 million, of which £251 million have potential to be captured by UK-based businesses. Based on the sourcing assumptions set out in **Appendix 27.1 Socio-Economics Construction Costs and Sourcing Assumptions Note** it is estimated that between £8.3 and £70.9 million will be captured directly and/ or indirectly by businesses located in East Anglia.
14. Once these estimates are put through the Hatch Input-Output model, it is estimated that the construction of SEP has potential to support between 100 and 750 person years of employment within the East Anglia study area, generating a contribution of between £4.7 and £39.2 million GVA to the East Anglia economy. At the national level, the construction of SEP has potential to support around 3,700 person years of employment and contribute a little over £210.0 million GVA to the national economy.

Table 27.3-5: Overall DEVEX + CAPEX Impacts for SEP

	UK-based port scenario		Local port scenario	
	East Anglia	UK (Total)	East Anglia	UK (Total)
Construction cost (£ million)	£8.3	£251.3	£70.9	£251.3
Direct (incl. Tier 1) + indirect construction jobs (person years)	100	3,700	750	3,700
Direct (incl. Tier 1) + indirect construction GVA (£ million)	£4.7	£210.0	£39.2	£210.0

Source: Calculations by Hatch, 2022.

27.3.4 Operations

27.3.4.1 Operations of DEP

15. Based on an assumed 40-year operational lifetime, total expenditure (including labour costs) for DEP is estimated to be £734 million, of which £573 million is retained in the UK. Of this, around £259 million is estimated to be retained in East Anglia, supporting 2,530 person years of employment, and generating around £232 million in GVA to the local economy.

27.3.4.2 Operations of SEP

16. Based on an assumed 40-year operational lifetime, total expenditure (including labour costs) for SEP is estimated to be £567 million, of which £450 million has potential to be retained in the UK. Of this, around £216 million is estimated to be retained in East Anglia, supporting 2,330 person years of employment, and generating around £213 million in GVA to the local economy.

27.3.4.3 Operations of SEP and DEP

17. Based on an assumed 40-year operational lifetime, total expenditure (including labour costs) for SEP and DEP when operational together is estimated to be £1,217 million, of which £934 million has potential to be retained in the UK. Of this, around £404 million is estimated to be retained in East Anglia, supporting 3,560 person years of employment, and generating around £280 million in GVA to the local economy.

Table 27.3-6: Lifetime Operational Impacts for SEP and DEP

	SEP and DEP		DEP		SEP	
	East Anglia	UK (Total)	East Anglia	UK (Total)	East Anglia	UK (Total)
O&M expenditure (£ million)	£404	£934	£259	£573	£216	£450
Direct (incl. Tier 1) + indirect O&M jobs (person years)	3,560	9,300	2,530	5,930	2,330	4,900
Direct (incl. Tier 1) + indirect O&M GVA (£ million)	£280	£737	£232	£496	£214	£408

Source: Calculations by Hatch, 2022.

27.3.5 Construction Scenarios

18. The following section provides an overview of the annual employment and GVA impacts supported by the development and construction of SEP and DEP, and is based on the three construction scenarios outlined below:

- **Scenario 1:** Only one project goes ahead, delivery of either 338MW (SEP) or 448MW (DEP), construction period of four years;
- **Scenario 2:** SEP and DEP constructed concurrently, delivery of 786MW, construction period of four years; and
- **Scenario 3:** Both projects constructed sequentially, delivery of 786MW, if built at different times, either Project could be built first, each Project would require a four year period of construction, the offset between the start of construction of the first Project and the start of construction of the second Project may vary from two to four years.

19. Each of the three scenarios outlined above draws on the sourcing assumptions presented above in **Appendix 27.1 Socio-Economics Construction Costs and Sourcing Assumptions Note**. These values represent the lowest and highest bounds of the impacts that could be generated based on the two port scenarios (i.e. a UK-based port and a local port scenario) assessed.
20. In reality, should both projects be built, there might be a situation where one Project uses an East Anglia-based port for part of its construction activities, whilst the other Project makes use of another port located elsewhere in the UK). This means that in addition to the high and low estimates presented above, there are other potential options for expenditure retention within East Anglia. For this reason, the potential impacts generated across each scenario are presented as a range.

27.3.5.1 Scenario 1

27.3.5.1.1 DEP in Isolation

21. Under this scenario, it is assumed that the development and construction phase of DEP will take four years from start to finish. Based on the overall impacts outlined in **Section 27.3.3.1.1** and an assumed four-year construction period, it is estimated that the construction of DEP has potential to support around 1,270 Full-Time Equivalent (FTE) jobs and generate £72.0 million GVA each year at the national level.
22. Depending on the choice of construction port, and level of expenditure captured by local businesses, it is estimated that at the East Anglia level, the project has potential to support between 40-260 FTE jobs and generate £1.9-£14.2 million GVA each year over a four-year construction period.

Table 27.3-7: Annual DEVEX + CAPEX Impacts for DEP

	East Anglia		UK (Total)
	UK-based port	Local port	UK-based port/ Local port
Direct (incl. Tier 1) + indirect construction jobs (FTEs)	40	260	1,270
Direct (incl. Tier 1) + indirect construction GVA (£ million)	£1.6	£13.9	£72.0

Source: Calculations by Hatch, 2022.

27.3.5.1.2 SEP in Isolation

- 23. If on the other hand, only SEP were to go ahead, it is estimated that its construction has potential to support around 920 FTE jobs and generate £52.5 million GVA each year at the national level.
- 24. Depending on the choice of construction port, and level of expenditure captured by local businesses, it is estimated that at the East Anglia level, the project has potential to support between 30-190 FTE jobs and generate £1.2-£9.8 million GVA each year over a four-year construction period.

Table 27.3-8: Annual DEVEX + CAPEX Impacts for SEP

	East Anglia		UK (Total)
	UK-based port	Local port	UK-based port/ Local port
Direct (incl. Tier 1) + indirect construction jobs (FTEs)	30	190	920
Direct (incl. Tier 1) + indirect construction GVA (£ million)	£1.2	£9.8	£52.5

Source: Calculations by Hatch, 2022.

27.3.5.2 Scenario 2

- 25. Under Scenario 2, which sees both projects built concurrently over a four-year development and construction period, it is estimated that the overall expenditure captured nationally has potential to support around 2,190 FTE jobs and generate around £124.5 million GVA each year of construction.
- 26. At the East Anglia level this means that between 70-450 FTE jobs have potential to be supported, along with the generation of £2.7-£23.7 million GVA per annum over a four-year construction period. These impacts are based on there being no cost savings resulting from economies of scale enabled by the parallel construction of SEP and DEP.

Table 27.3-9: Annual DEVEX + CAPEX Impacts of Concurrent Construction for SEP and DEP

	East Anglia		UK (Total)
	UK-based port	Local port	UK-based port/ Local port
Direct (incl. Tier 1) + indirect construction jobs (FTEs)	70	450	2,190
Direct (incl. Tier 1) + indirect construction GVA (£ million)	£2.7	£23.7	£124.5

Source: Calculations by Hatch, 2022.

- 27. The assessment has also considered the potential for cost savings resulting from economies of scale achieved as a result of parallel construction. **Appendix 27.1 Socio-Economics Construction Costs and Sourcing Assumptions Note** outlines where costs savings could be achieved as a result of parallel construction and indicates that savings in the region of 6-7% could be achieved.



28. It is therefore expected that cost efficiencies from parallel construction have potential to reduce the overall benefits supported by the development and construction of SEP and DEP. It is estimated that the parallel construction of SEP and DEP has potential to support around 1,810 FTE jobs and generate around £101.8 million GVA per annum over a four-year period. At the East Anglia level, this has potential to translate to between 60-400 FTE jobs supported, and the generation of £2.7-£21.0 million GVA each year over a four-year construction period.

Table 27.3-10: Annual DEVEX + CAPEX Impacts of Concurrent Construction for SEP and DEP (Incl. Cost Savings due to Economies of Scale)

	East Anglia		UK (Total)
	UK-based port	Local port	UK-based port/ Local port
Direct (incl. Tier 1) + indirect construction jobs (FTEs)	60	400	1,810
Direct (incl. Tier 1) + indirect construction GVA (£ million)	£2.7	£21.0	£101.8

Source: Calculations by Hatch, 2022.

27.3.5.3 Scenario 3

29. At this stage, it is not known which of the two Projects (i.e. SEP or DEP) would be constructed first under Scenario 3, and as such a range of potential benefits is presented. The first Project built, under a sequential approach to construction has potential to support between 920-1,270 FTE jobs per annum and generate £52.5-£72.0 million GVA per annum over a four-year period nationally.
30. At the East Anglia level, the level of employment and economic output generated will depend on the location of the construction port (relative to the study area), and local businesses' ability to capture supply chain expenditure generated by either or both SEP and DEP. That said, it is estimated that the sequential construction of the first project, over a four-year-period has potential to support between 30-260 FTE jobs within East Anglia depending on which project is constructed first and the level of supply chain expenditure secured by local businesses. This translates to an overall economic contribution ranging from £1.2-£13.9 million GVA for each year of construction activity.



Table 27.3-11: Annual DEVEX + CAPEX Impacts of Sequential Construction for SEP and DEP

	East Anglia		UK (Total)
	UK-based port	Local port	UK-based port / Local port
Direct (incl. Tier 1) + indirect construction jobs (FTEs)	30 / 40	190 / 260	920 / 1,270
Direct (incl. Tier 1) + indirect construction GVA (£ million)	£1.2 / £1.6	£9.8 / £13.9	£52.5 / £72.0

Source: Calculations by Hatch, 2022.

27.3.5.4 Operations

31. Once commissioned, SEP and DEP will support ongoing employment opportunities throughout each project’s 40-year operations phase. **Table 27.3-12** below provides an overview of the annualised impacts by SEP and DEP (as shown in **Table 27.3-6** above).
32. It shows that operation of DEP has potential to support around 150 FTE jobs and generate £12.4 million GVA for each year of operation, of which 65 FTE jobs and £5.8 million GVA will be captured/ generated within East Anglia. This includes the direct employment supported at the O&M base, in addition to employment within the East Anglia supply chain.
33. The operation of SEP has potential to support 125 FTE jobs and generate £10.2 million GVA each year of operation, which at the East Anglia level means around 60 FTE jobs and a contribution of around £5.3 million GVA for each year of operation.
34. The operation of SEP and DEP concurrently has potential to support 230 FTE jobs and generate £18.4 million GVA each year of operation, which at the East Anglia level means around 90 FTE jobs and a contribution of around £7.0 million GVA for each year of operation.

Table 27.3-12: Annual Operation Impacts for SEP and DEP

	SEP and DEP		DEP		SEP	
	East Anglia	UK (Total)	East Anglia	UK (Total)	East Anglia	UK (Total)
Direct (incl. Tier 1) + indirect operation jobs (FTEs)	90	230	65	150	60	125
Direct (incl. Tier 1) + indirect operation GVA (£ million)	£7.0	£18.4	£5.8	£12.4	£5.3	£10.2

Source: Calculations by Hatch, 2022.

27.3.6 References

The Crown Estate (2019) *Guide to an offshore wind farm*.

HM Treasury (2020) *The Green Book*. [online]. Available from:
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