From:	PMO
To:	Wylfa Newydd
Subject:	RE: IACC Deadline 2 Submission : Local Impact Report - Economic Development - Supply Chain (email 6)
Date:	04 December 2018 20:29:15
Attachments:	image001.png image002.png image003.png Economic Development - Supply Chain.pdf Economic Development - Supply Chain Annex.zip

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Please note, a number of emails will follow in relation to the LIR – we will confirm the final e-mail.

Pnawn Da/ *Good afternoon*,

Gweler ynghlwm cynrychiolaeth CSYM mewn perthynas â'r uchod / *Please see IACC's representation in respect of the above.*

Bydd fersiwn Gymraeg yn cael ei ddarparu cyn gynted a phosib / *A Welsh version of the submission will be provided in due course.*

Cofion/ *Regards*,
Manon

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ISLE OF ANGLESEY COUNTY COUNCIL

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ISLE OF ANGLESEY COUNTY COUNCIL

An Outline Business Case (OBC) for a business support package

ioacc

@angleseycouncil

Draft report, May 2015

www.ynysmon.gov.uk

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Rev	Date	Details	Prepared by	Checked by	Approved by
1	May 2015	Draft report	Bob Perkins – AECOM Marc Roberts – AECOM Associate Gareth Brown - AECOM Alison Coop – AECOM	Bob Perkins, Technical Director	Bob Perkins, Technical Director

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TABLE OF CONTENTS

1. INTRODUCTION

AECOM were commissioned by the Isle of Anglesey County Council (IACC) to develop an Outline Business Case for a Business Support Package for the nuclear sector. The commission takes forward, and builds upon, proposals outlined in the Regional Supply Chain Programme (RSCP) Business Justification Case (BJC) and subsequent Regional Collaboration Fund (RCF) bid that were delivered by AECOM.

The Instruction for Work provided by IACC stated the RCF Business Case was successful in securing funding for a first phase of activity – information sharing, communications and raising awareness of current support opportunities. This IFW is focused on scoping a second phase of activity (‘Phase 2’), designed to ensure businesses are able to access contract opportunities generated by the energy sector and supply chain and where possible are assisted to mitigate against any adverse impacts of investment for example displacement of employees and wage inflation.

The commission was therefore designed to identify the supply chain demands of the developers and compare that with the existing landscape and supply of business support delivered via national, regional and local contracts; identify good practice examples from other locations and projects on the supply side; understand demand from a buyer’s perspective and then recommend the specific components of a support package required to support businesses going forward.

This draft report provides outlines the findings of the Outline Business Case. It summarises the findings of the consultation stages of activity undertaken as part of this study, the review of existing business support and proposed programmes of activity at a Welsh and UK level.

1.1 Key research questions

The following key research questions were outlined in the Instruction for Work provided by Isle of Anglesey County Council:

- What are the supply chain requirements of project developers?
- Where similar large scale investment projects have been delivered what have been the most effective mechanisms to support the local small and medium sized business base? Which of these interventions could be delivered in Anglesey and North Wales? Who was responsible for delivering this support?
- What is the scale and nature of existing business support, who provides this, who benefits from this support and what evidence is there of its effectiveness?
- What is the experience of companies who have accessed project developer designed and publicly funded support? What are the positive and negative aspects of that support and how could this be improved?
- What are the major issues for small and medium sized businesses in accessing energy project supply chain opportunities?
- Is the current profile of business support fit for purpose in terms of maximising the scale of opportunity emerging from the region’s energy sector?
- What is the overall scale and structure of the small business “sector” on Anglesey and in the wider North Wales economy and what proportion of this has the potential to access contract opportunities?
- What is the optimum shape and scale of provision required to develop a package of business support?

1.2 Methodological approach

A methodology for this study was developed in response to the Instruction for Work (IfW) and was refined by both IACC and AECOM between December 2014 and January 2015. The approach to developing the Outline Business Case involved the following stages of activity:

1.2.1 *Stage 1*

- **Inception and scoping** – An inception meeting was held on the 15th January, following which the Record of Instruction was amended (28th January) to meet IACC's needs for this study. Confirmation to proceed with the study was received on the 30th January;

- **Desk-top contextual update** – The desk top review identified the main changes in policy/demand and wider context since the publication of the original RSCP study as well as outlining the broad rationale for any business support programme based upon market failures;

- **Stakeholder consultation** – AECOM undertook consultation with key stakeholders involved in the energy and nuclear sector. Consultation was used to test the findings of the Regional Supply Chain Study; to gain opinions on the quality of existing provision and to collect any pre-existing evaluative evidence; and to understand the implications of on-going energy sector development activity. A list of stakeholders consulted as part of this project is outlined in Appendix D of this report.

- **Strategic demand review** – AECOM undertook a broad review of support business support projects to identify sources of innovative and effective practice in harnessing supply chain opportunities for the benefit of "locally based" SMEs. Detailed case studies of Sellafield, Hinkley Point and supply chain activity in the East of England were conducted as part of this study.

- **Supply and demand side intelligence** – The study sought to review the lessons emerging from Horizon's Business Readiness Programme, demand for business support and a review of business support currently available in Wales that is of relevance to this study.

1.2.2 *Stage 2*

- **Development of proposition paper and discussion** – The above stages of research activity have been summarised in this paper that outlines a set of recommendations for maximising support to businesses related to the nuclear sector opportunity in North Wales. This document forms the proposition paper and is submitted to IACC advance of discussions with Welsh Government. This meeting will be used to identify the future direction of the Business Support package the development of a draft Outline Business Case.

1.3 Report structure

The remainder of this report adopts the following format:

- Section 2 - outlines the policy and operational context for the business support package;

- Section 3 – details the scale and structure of the SME business base in North Wales and Anglesey;

- Section 4 - provides a review of existing business support based upon the mapping of existing provision;
- Section 5 – presents the findings from the stages of consultation undertaken as part of this study;
- Section 6 – presents the conclusion and key recommendations emerging from this study; and
- Section 7 – briefly outlines the next steps associated with this study.

2. THE STRATEGIC CONTEXT FOR A BUSINESS SUPPORT PACKAGE

This section of the OBC for the Business Support Package report outlines the strategic context and rationale associated with a programme of support for the nuclear sector in North Wales. The commentary in this section updates the policy and contextual review developed as part of the Regional Supply Chain Programme report. Both documents should be read in conjunction to provide a comprehensive and historical contextual review.

2.1 Funding and delivery

Wales and the EU - European Structural Funds 2014-2020

The Welsh Government's priorities for the 2014-2020 round of EU funding are outlined in the West Wales and the Valleys ERDF Operational Programme. The ERDF Operational Programme sets out how the funding will be spent in the region through priorities based on social, economic and environmental analyses of the needs and opportunities.

The 2014-2020 Structural Funds programmes have incorporated three core design principles. These are important considerations in the development of any future business support provision.

- **Concentration**: To focus on fewer things in fewer places for greater impact with a greater focus on delivering outcomes and results;
- **Integration**: To ensure EU investments work with each other and with wider investment programmes across the public and private sectors; and
- **Simplification**: To make it easier to access and administrate the funding.

Priority Axis 2 of the Operational Programme focuses upon SME competitiveness and is therefore particularly relevant to developing a business support package. This Priority will:

'Promote entrepreneurship and business start-ups and help SMEs to improve their competitiveness through growth in the size of businesses and support an increase in productivity through a range of measures'.

The following objectives from Priority Axis 2 are particularly relevant to the development of business support to increase nuclear supply chain opportunities:

- **Specific Objective 2.1: Increase availability of finance to SMEs** – The type of actions expected to be supported under this Specific Objective include access to debt, equity and mezzanine finance; micro-finance investment vehicle; and tailored business finance schemes for key sectors.
- **Specific Objective 2.2: Increase the number of SME start-ups** – The type of actions expected to be supported under this Specific Objective include advice and mentoring for start-ups with high growth potential; pre-start entrepreneurship activity; and customised delivery of support for social enterprise creation where there are evidenced gaps in

mainstream provision. A targeted approach is recommended for increasing the number of SME start-ups by concentrating resources on key priorities where a region has an existing or emerging specific strength. This provides a key opportunity to support the nuclear sector.

- **Specific Objective 2.4: Increase growth of SMEs with potential** – The objective is seeking to generate growth in the number of employees as SMEs grow. The focus under this objective is to ensure SMEs with genuine growth potential are identified so that employment growth is sustainable. Types of actions supported include information and advice for business; tailored advice for high growth businesses that addresses barriers to productivity; and customised delivery of business support for social enterprises.

Regional Collaboration Fund (RCF) bid

In 2014 the North Wales Economic Ambition Board set out a two year programme of activity for partners within North Wales to maximise the use of public funding, including the Regional Collaboration Fund, to deliver their economic growth ambitions. The programme identifies a need for increased capacity in order to deliver energy sector supply chain activities. A dedicated supply chain team would help in translating the needs of energy sector developers in order to co-ordinate existing business support provision across North Wales. This includes the development of a database of supply chain companies and responsive interventions that position North Wales businesses to be part of the energy supply chain and fill gaps in existing provision.

The RCF programme also highlights the potential of the marine energy sector. A key outcome is to build on the work of the Welsh Government, Energy Island Programme, and the URS Marine programme study to develop a North Wales Marine Energy programme to support and facilitate the development of marine energy sector in North Wales.

North West Local Investment Fund Wales (NWLIF)

The North West Local Investment Fund (NWLIF) aims to assist the growth and expansion of local businesses by providing a flexible grant support package for new and existing businesses. It offers capital grants of up to 40% of eligible expenditure for projects with a value of between £1,000 and £5,000, with consideration given to projects with a value of up to £9,999 where there is evidence of job creation.

Welsh Government Nuclear Programme

The Welsh Government are currently developing a cross departmental Nuclear Programme. The Programme has six ‘workstreams’ acting as mini programmes focusing upon:

- Education and skills;
- Business development and supply chains;
- Infrastructure
- Inward investment;
- Sites and Premises; and
- Marketing and communications.

The aim of the proposed programme is to:

'maximise the benefits to the Welsh economy and communities from the major investment anticipated in the nuclear sector in Wales over the next 20-30 years and to ensure that Wales is positioned at the heart of the UK nuclear industry'.

The ambition to position Wales at the centre of the UK nuclear industry means the proposed Programme has a wider focus than the nuclear new build at Wylfa and is seeking to maximise investment from:

- Decommissioning at Wylfa, Trawsfynydd and Oldbury;
- Construction and operation of Wylfa Newydd, Oldbury, Hinkley and Sizewell; and
- Supply chain opportunities to the main investment projects and supporting infrastructure including road, rail, Grid and wider infrastructure.

The scale and remint of the proposed Programme is currently being developed within Welsh Government prior to seeking Ministerial approval. The format of any future Nuclear Programme led by Welsh Government is critical to the support needs of Welsh companies and residents if they are to benefit from nuclear sector investment. It is vitally important that IACC and regional partners are involved to help shape the programme and ensure it maximised the benefits of the nuclear sector within North Wales.

2.2 The rationale for a business support package

The following factors strengthen the rationale for a nuclear sector business support in North Wales:

The scale of economic opportunity from the nuclear sector

A recent study by Miller Research[1] highlighted the scale of opportunity emerging from the nuclear sector in Wales. The study estimated employment and GVA impacts from the following projects:

- **Decommissioning of Wylfa A** – The decommissioning of Wylfa Newydd is forecast to generate 6,300 years of direct employment in Wales between 2013 and 2033 with a further 2,800 years of employment through supply chain activity. The economic opportunity from decommissioning is further enhanced by activity at Trawsfynydd which is forecast to estimate 3,800 jobs years or £191m in Gross Value Added.
- **Wylfa Newydd** – The planning, build, operation and maintenance of the proposed Wylfa Newydd will generate an estimated 36,500 years of employment between 2013 and 2033. A peak constriction workforce of 6,800 people is forecast in 2021 whilst the operational workforce will be at its largest (875) in 2025. The construction, operation and maintenance of the plant are forecast to generate £2.4bn in gross value added to Welsh GDP. An additional 19,300 years of employment will be generated by Welsh companies securing supply chain opportunities.
- **Ongoing decommissioning of Trawsfynydd** – Trawsfynydd is currently undergoing preparation for the 'care and maintenance' phase of decommissioning. Figures produced by Magnox shows that a budget of £1.25bn is associated with the decommissioning of Trawsfynydd. Miller Research estimate this activity will support an estimated 3,800 job years of employment and the generation of £191m of GVA between 2013 and 2033 in Wales. This will include £70m in GVA via expenditure on good and services from Welsh suppliers. Longer term opportunities may emerge at Trawsfynydd through the deployment of a Small Modular Reactor (SMR) technology although the employment impacts of are likely to be conservative.

[1] Miller Research (2014) Nuclear Capability Study

Analysis by Miller Research estimates that the three projects outlined above will support a total of 80,200 job years in Wales between 2013 and 2033. High multiplier effects are also estimated with 72 jobs expected to be generated in Wales for every 100 direct created at the nuclear power plants. These will result from employment opportunities generated within the supply chain and as a result of spending associated with the wages of nuclear sector employees. The nuclear opportunity in Wales could therefore benefit all sectors of the economy – from specialist nuclear supply chain businesses through to service industries such as hotels, catering providers and restaurants in North Wales.

The figures presented above suggest the employment creation potential of the nuclear sector in Wales is significant. It is unclear from existing evidence the extent to which these impact will actually be realised or the extent to which they will be located in North Wales and Anglesey. It is likely that the employment impacts associated with construction of Wylfa Newydd will be predominantly located in Anglesey with ripple effects felt across the North Wales region.

Market failure in terms of the demand for business advice

The findings of the Regional Supply Chain Study undertaken in 2013 by URS identified a market failure in terms of the demand for business support. The market failure is complex and should be considered when designing any future business support programmes related to the nuclear sector. The market failure associated with the demand for business support includes the following factors:

- The provision of business advice is often perceived to be complex by smaller companies who are unsure of what support is available and how different services 'fit' together. Businesses can find it difficult to navigate the current support offer and are reluctant to engage with business support provision where there isn't one central point of contact or where the immediate and direct benefits of the support are not clear. Businesses were found to disengage from support when it considered uncoordinated or unsure of the bets entry point to support. This means businesses are likely not to take full advantage of the right advice and practical assistance.

- Uptake of business support is uneven in terms of the size, sector and growth potential. Research by Middlesex University[2] shows that micro businesses, businesses seeking survival and those not achieving growth are less likely to access business support. Businesses in the hotel, restaurant and catering sector (73 per cent were non users), are less likely to use business support services. This is particularly important for IACC given the importance of the tourisms sector in Anglesey. It is also important given the potential to develop business support provision focused upon sectors that can provide ancillary services to the nuclear industry and its workforce.

- Engagement in business support programmes can be seen as expensive and time consuming. Smaller firms in particular lack the time or capacity to seek advice or engage in business support programmes given the day-to-day pressure of running a business. There is a need for flexible business support which makes it easier for SMEs to grow and create jobs.

- Feedback collected as part of the Regional Supply Chain Programme (RSCP) study identified increasing scepticism with business support. This was particularly true of generic support that provided information only (e.g. Horizon's supply chain events). Businesses

[2] CEEDR and BMG (2011) Research to understand the barriers to take up and use of business support. BIS

typically felt that such support did not move them any closer to gaining supply chain contracts and in some cases inadvertently raised expectations regarding the energy sector opportunity that have since not been met. This finding is supported by a number of existing studies. For instance, a survey of Business Link users[3] identified that businesses who had face to face meetings gained the most benefit from the service. The What Works Centre for Local Economic Growth's review of business support provision[4] found that managed brokerage programmes perform better than those with 'a light touch' approach to engaging with businesses. It also found that a strong relationship and a high level of trust between business advisor and client are important.

- Research by SQW found that one of the main barriers to the creation of new SMEs is access to business advice and guidance. Small businesses and particularly new businesses are typically unsure of how to access public sector business support. Instead small businesses are more likely to access business support from the private sector or professional services such as accountants. However, it is likely that business support via these routes will provide very different support than, for instance, a nuclear sector supply chain intervention and will not have the sector specific knowledge required to support a business into the energy supply chain.

- Consultation with potential supply chain businesses and existing business support providers in North Wales was carried out as part of the 2013 business justification case for a regional supply chain programme in Anglesey. Businesses highlighted their mixed experiences of accessing business support and a need for more detailed and bespoke engagement that outlines what supply chain opportunities exist, how they need to develop as a business to secure these opportunities, and the timescales involved.

- In addition to the point outlined above, the RSCP identified the following points that are relevant to this study:

  – Feedback from businesses and providers of support pointed towards there being little appetite for new programmes of sector specific support. Many of the support programmes delivered in 2013 have now ceased or are coming to end. This provides the opportunity to develop a new package of support that prioritises the nuclear sector opportunity in North Wales.

  – Business reported being confused by historical provision. Any future programme of support for the nuclear sector should be informed by private sector and sector specific expertise to ensure the offer is understandable for business.

  – Many generic support services such as accreditation support from Gwynedd Council, and the Tender Review Service from Bangor University, were considered to offer the generic services vices required by business. There is a need to ensure such provision continues to be provided beyond 2015 and at an appropriate scale to meet the energy sector opportunity.

2.3 Summary

In summary, the operating context in North Wales provides strong justification for the development of business support for the nuclear sector. This includes:

- A favourable policy context both at Wales, North Wales and Anglesey level. This includes the ability to support the aspirations of the Welsh Government's sector based approach and the aspirations of the Energy Island Programme.

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[3] SQW (2010) Research into Business Support's Online and Offline Channels of Delivery. BIS and Business Link.

[4] The Business Advice Evidence Review (2014) undertaken by the London School of Economics' What Works Centre for Local Economic Growth

- The scale of the nuclear sector opportunity also supports this need given the build; operation and maintenance of Wylfa Newydd alone have the potential to generate £2.4bn of GVA to the Welsh economy by 2033.

- The market failures associated with the existing landscape of business support in Wales.

Any future support for nuclear sector businesses in North Wales needs to be considered in the context of planned support provision and particularly the Welsh Government Nuclear Programme. The programme has a strong emphasis upon business support and supply chain capability. A central and large scale intervention also appears to fit the policy aspirations of the 2014-2020 Round of EU Structural Funds in Wales. The focus should therefore be upon influencing the national programme to deliver for North Wales and filling any delivery gaps that may emerge.

3. THE SCALE AND STRUCTURE OF THE SME BUSINESS BASE IN NORTH WALES AND ANGLESEY

This section of the report provides an overview of the overall scale and structure of the small business sector within Anglesey and the wider North Wales economy. It has been developed in direct response to the Instruction for Work provided to AECOM by IACC and includes an assessment of the proportion of SMEs that have the potential to access nuclear contract opportunities. This section of the report therefore provides a headline overview of business base in the North Wales region before presenting detailed sector based analysis of the local and regional SME business base.

It should be noted that the analysis in this section is based upon 'local units' – businesses with a premises within Wales, North Wales and Anglesey. This approach has been adapted to present information on the businesses operating within the study area as opposed to just businesses that have a head office in North Wales and Anglesey. It also mirrors the approach adopted by the Welsh Government funded Nuclear Capability Study.

Table 1: Profile of Businesses in Anglesey and Wales

	Wales		North Wales		Anglesey	
	Number	%	Number	%	Number	%
Agriculture, forestry & fishing	13,955	12.3%	3,890	13.8%	630	22.3%
Mining, quarrying & utilities	960	0.8%	250	0.9%	25	0.9%
Manufacturing	5,740	5.1%	1,450	5.2%	110	3.9%
Construction	11,150	9.8%	2,785	9.9%	315	11.1%
Motor trades	3,825	3.4%	935	3.3%	80	2.8%
Wholesale	4,310	3.8%	1,095	3.9%	85	3.0%
Retail	12,985	11.5%	3,115	11.1%	285	10.1%
Transport & storage	3,755	3.3%	990	3.5%	95	3.4%
Accommodation & food services	9,035	8.0%	2,460	8.7%	240	8.5%
Information & communication	4,100	3.6%	880	3.1%	60	2.1%
Financial & insurance	2,300	2.0%	460	1.6%	30	1.1%
Property	3,000	2.6%	655	2.3%	55	1.9%
Professional, scientific & technical	11,015	9.7%	2,610	9.3%	195	6.9%
Business administration & support services	7,205	6.4%	1,640	5.8%	150	5.3%
Public administration & defence	1,550	1.4%	415	1.5%	60	2.1%
Education	3,200	2.8%	810	2.9%	95	3.4%
Health	7,890	7.0%	1,960	7.0%	175	6.2%
Arts, entertainment, recreation & other services	7,240	6.4%	1,715	6.1%	150	5.3%
Total	**113,215**	**100.0%**	**28,115**	**100.0%**	**2,830**	**100.0%**

Source: IDBR, ONS 2014. Local Unit analysis. Figures rounded to the nearest five.

Table 1 above shows the profile of the total business base in Anglesey, North Wales and Wales. The table the following trends:

- The profile of business in Wales and the North Wales region is broadly similar with just two sectors accounting for over 10% of the business base each (agriculture and retail).

- Approximately 10% of businesses nationally, regionally and locally trade within the construction industry, a sector that will be particularly important within the nuclear supply chain. The construction sector is the second largest within the Anglesey economic behind agriculture which accounts for over a fifth of total business stock (22.3%).

Data released by the Office for National Statistics via the Interdepartmental Business Register shows the dominance of SMEs within Anglesey's business base – 99.8% of business units in Anglesey and 99.6% in North Wales have fewer than 250 employees, the accepted definition of an SME. Micro businesses (less than 10 employees) account for 82% of business units in North Wales and are most common amongst the following sectors within North Wales:

- Agriculture, forestry and fishing (98.6%);
- Information and communications (93.2%);
- Property (94.2%);
- Professional and scientific services (91.4%) and
- Construction (91.0%).

Time-series data showing trends in business units is only available from 2010. Table 2 below shows the number of business units within Anglesey, North Wales and Wales across this time period.

Table 2: Time-series trend in Business units

	Wales	North Wales	Anglesey
2010	27,955	112,810	2,825
2011	27,650	110,625	2,825
2012	27,985	111,675	2,865
2013	27,750	110,510	2,825
2014	28,115	113,215	2,830

Source: IDBR, ONS 2014. Local Unit analysis. Figures rounded to the nearest five.

Table 2 shows the following trends:

- The number of businesses within Anglesey has shown little change over the five year, increasing by 40 business units to a peak in 2012 before dropping to slightly above 2010 levels in the most recent year.
- The number of business units in both Wales and North Wales peaked in 2014. Almost a quarter of Welsh businesses are located in North Wales which has experienced a peak in the number of small (less than 50 employees) and medium companies (between 50 and 249 employees) during 2014. The number of micro business appears to show more dramatic year on year change.

3.1 Businesses with the potential to be involved in the nuclear supply chain

The Nuclear Capability Study, commissioned by Welsh Government estimated the number of businesses within Wales with the potential to be involved with the nuclear supply chain. The study matched standard nuclear 'work packages', developed from sources such as the Nuclear Industry Association, to available business data using Standard Industrial Codes. The analysis therefore provides an indication of the number of businesses nationally that are capable of being part of the nuclear supply chain. AECOM have used the SIC definition adopted by Miller Research to present the analysis outlined below to provide an indication of the number of businesses in North Wales and Anglesey that have nuclear capabilities.

Table 3: supply chain capability within Wales, North Wales and Anglesey

	Wales	North Wales	Anglesey
Total number of businesses	113,215	28,110	2,830
Businesses with supply chain potential	21,730	5,055	415
Potential suppliers with interest	11,734	2,730	224

Source: IDBR, ONS 2014. Local Unit analysis. Figures rounded to the nearest five

Table 3 above presents a headline assessment of the number of local business units that have nuclear supply chain capability in Wales, North Wales and Anglesey. It shows that:

- Just over 5,000 businesses within North Wales provide services within the scope of nuclear sector work packages.
- 19.1% of the business base is estimated to have nuclear sector capability within Wales. This is higher than the corresponding figures for North Wales (17.9%) and Anglesey (14.6%).
- Companies with supply chain capability are dominated by SMEs in Wales – 99.3% of capable companies. The dominance of SMEs in North Wales and Anglesey is less pronounced (94.9% and 92.8% respectively).
- The Nuclear Capability Study identified businesses that are both capable of, and interested in, accessing nuclear supply chain opportunities from the nuclear sector. A total of 54% of capable businesses were reported to be interested.

Table 4 shows that profile industry sectors in North Wales that are considered to have supply chain capability in North Wales and the number of businesses within these sectors. The table only lists those sectors that have more than 50 businesses locally.

Table 4: Supply chain capability in North Wales, sub sectors with more than 50 businesses

Industry	Number of businesses
Management consultancy activities (other than financial management)	690
Electrical installation	395
Other engineering activities (not including engineering design for industrial process and production or engineering related scientific and technical consulting activities)	370
Plumbing, heat and air-conditioning installation	320
Computer consultancy activities	305
Construction of other civil engineering projects	235
Joinery installation	210
Accounting, and auditing activities	205
Other professional, scientific and technical activities (not including environmental consultancy or quantity surveying)	200

Industry	Number of businesses
Specialised construction activities (other than scaffold erection)	195
Development of building projects	175
Engineering related scientific and technical consulting activities	170
Construction of commercial buildings	135
Other information technology and computer service activities	130
Machining	120
Painting	105
Roofing activities	95
Engineering design activities for industrial process and production	95
Other construction installation	70
Architectural activities	70
Scaffold erection	65
Technical testing and analysis	65
Renting and leasing of other machinery, equipment and tangible goods	65
Plastering	60
Floor and wall covering	60
Management of real estate on a fee or contract basis	60

Source: IDBR, ONS 2014. Local Unit analysis. Figures rounded to the nearest five

Table 4 shows that North Wales has businesses operating within a wide range of nuclear capabilities. The bullet points below summarise the 'work packages' and specific services required within the top five SIC codes:

- Management consultancy activities (690 companies) – Programme management and technical services work package. Demand for services is focused upon HR management and Licensing advice;
- Electrical installation (395 companies) - Plant and equipment installation work package. Demand for services is expected to include cabling and containment, high and low voltage electrical installation, cable trays and trunking, switch gear, transformers, fire and protection alarms and IT and communication services;
- Other engineering activities - Plant and equipment installation work package with demand for training simulator services;
- Plumbing, heating and air conditioning installation – Internal building works work package. Demand for services will include plumbing and the supply of specialist doors; and
- Computer consultancy activities – Plant and equipment work package with demand for services including thermal insulation and trace heating supplies.

3.2 Summary

In summary, the headline assessment of the business structure of the North Wales and Anglesey economies shows there is significant potential to maximise the benefits of the nuclear opportunity locally. The Anglesey economy has a significant presence with the construction sector, and tourism focused services, both of which have significant potential to benefit from supply chain opportunities related from the direct build at Wylfa and services required by the presence of the construction workforce (accommodation, leisure amenities and transport services). Just over 5,000 businesses in North Wales are considered to have the potential for supply chain capability. However, any future business support programme should take the broadest view of the nuclear sector opportunity by providing support to companies that may be affected by factors such as displacement and wage inflation.

4. REVIEW OF BUSINESS SUPPORT PROVISION IN NORTH WALES

This section of the report summarises the review of business support in North Wales. The information in this section was compiled through a review of background documentation, consultation with key stakeholders involved in the business support agenda, whilst also building upon the team's knowledge of historical business support delivery in North Wales. The review built upon the existing contextual, and largely descriptive, information collected as part of the Regional Supply Chain Programme study. This exercise identified the following details associated with business support provision:

- The name and lead delivery body;
- Funder (and total funding) of business support;
- Timescales associated with delivery;
- Number and roles of the team delivering support;
- Eligibility for support (size, sector of business and geography); and
- The type of support offered against the business support themes.

It should be noted that the review has taken place at a time when projects funded by the 2007-2014 round of ERDF are coming to an end whilst the 2015-2020 programme is just staring with projects. New project proposals are currently being developed and submitted to WEFO for approval. Detail of the 2015-2020 round of ERDF are therefore evolving at the time of writing, meaning this analysis does not include projects that are in the pre-planning phase with WEFO.

Appendix A and B provide details of business support provision delivered in North Wales between 2007 and 2014 and planned interventions from 2015 onwards.

4.1 Key difference between 2007-2014 and future provision

Over the last two decades the provision of public sector support to the business community in North Wales has been significantly funded and steered by the provision of financial support from European sources; predominantly through European Regional Development Funding, but also through European Social Funds, Rural Development Funds and Transnational Programmes such as the Ireland Wales Programme. The reliance upon European funds brings some practical issues in terms of governance and management, but has allowed for a more coherent pattern of business support delivery; with clear distinctions between programmes that became ever more apparent during the last round of Convergence and Competitiveness funding. The provision of support to business can be considered as a pyramid, as outlined in figure 1 below:

Figure 1: The structure of business support provision prior to 2015

This shape of business support outlined in figure 1 has been formulated and redesigned on a number of occasions, most particularly during the development of the Entrepreneurship Action Plan. The specific business support programmes and projects may have changed, but the underpinning principles remain – that the provision of support should be to encourage growth from the bottom up.

During the last round of European Funding, fewer large scale projects were developed; this allowed for increased granularity with regards the target businesses, the resources being applied and the expectations as regards outcomes. However, it provided a complex landscape of support as represented in figure 2 below.

Figure 2: Overview of business provision in Wales prior to 2015

The review of existing programmes has also shown that Welsh Government played an arguably dominant role in the delivery of business support over the last five years. This allowed for more coherence and coordination and significantly reduced overlap and market confusion. In terms of regional positioning, the Local Investment Fund played an important complementary role, particularly supporting companies in the third tier of the pyramid to grow and move up into tier.

Although not illustrated on the Pyramid, the increasing influence of the North Wales Economic Ambition Board (NWEAB) should not be underestimated in the provision of business support. The coordinated approach taken by the six North Wales Local Authorities and partners led to improved level of dialogue between Welsh Government and Local Authorities, improving the delivery of support to businesses across the region. For instance, the Business Wales team worked closely with the Local Authorities to ensure that resources were optimised and clients' needs prioritised.

In general, the review of business support demonstrated that there were few tangible gaps in provision that could not be addressed through programme bend and lateral thinking. However, this review was considered generically, and does not specifically take into account how business support could be tailored and built upon to take advantage of significant opportunities such as Wylfa Newydd.

4.2 Future delivery of business support

In assessing the likely shape of business support over the forthcoming decade, when such services will be at their most pivotal in the context of Wylfa Newydd, a number of sources were utilised, including consultation with key stakeholders and decision makers, evaluations of existing provisions and information drawn from the Welsh European Funding Office on projects either approved or in the business planning process for the new round of Funding.

At present there are very few mainstream business support projects approved; the main exceptions being Business Wales, which is the subject of two funding approvals. However, there are a number of projects now in the business planning process, and a number are likely to be approved in the next couple of months.

The main conclusion from this review is that in terms of Business Support Welsh Government's dominance will become even more evident than in the 2007-2014 round of ERDF funding with an increased focus upon larger projects. The majority of projects approved or in the business planning process involve Welsh Government, confirming the design principles incorporated into the new Operational Programmes; namely:

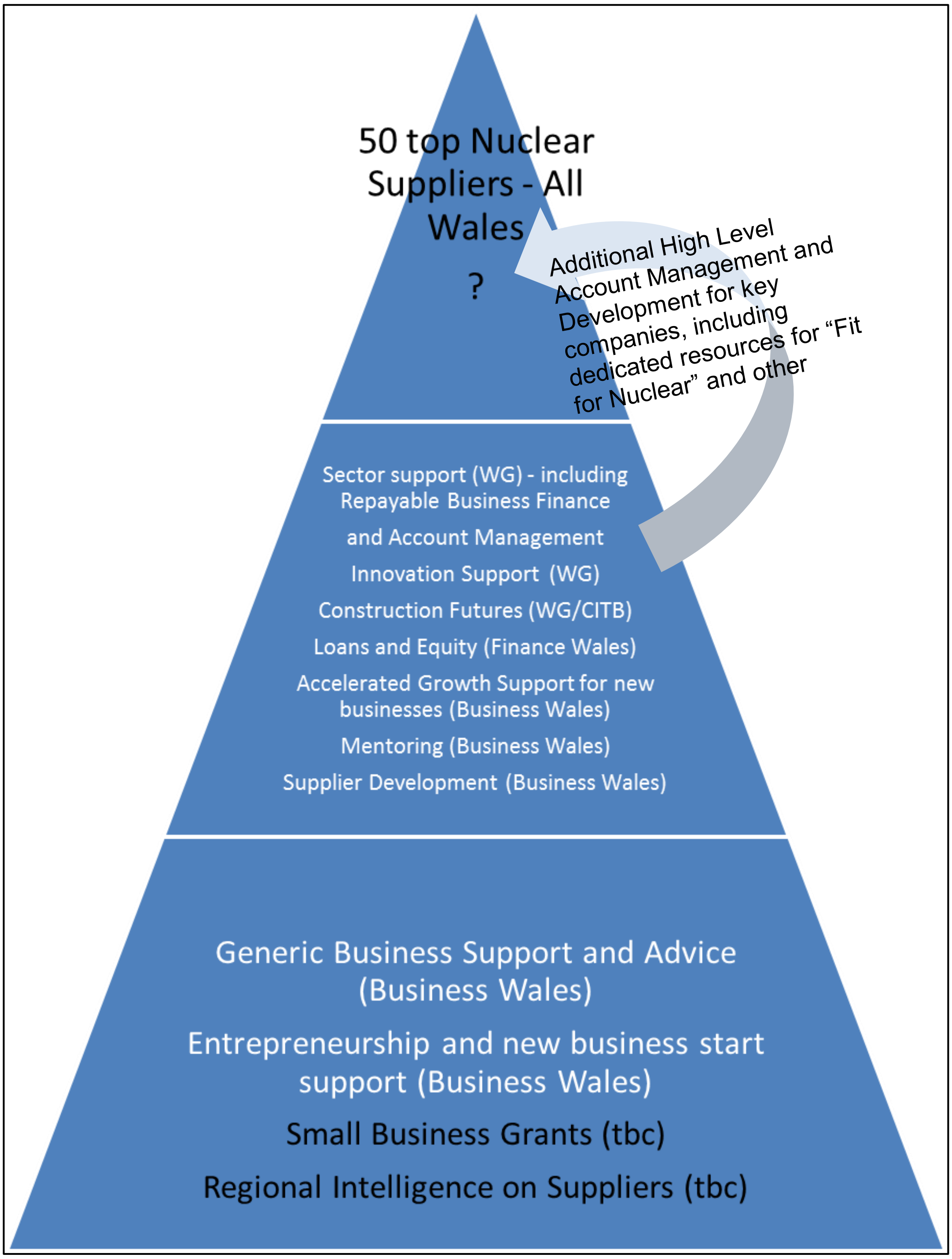
- **Concentration –** focusing on fewer things in fewer places for greater impact;
- **Integration –** to ensure investments work with each other across the public and private sector; and
- **Simplification –** to make it easier to access and administer funding.

Despite the principles outlined above, the current position for the new Operational Programmes is not dissimilar to the landscape up to 20015; reflected in the West Wales and the Valleys Operational Programme which states:

> *'A key feature for 2014-2020 has been the decision to avoid wholesale changes from the 20007-2013 programmes….Our partners have requested continuity and consistency'.*

The confirmed future landscape of business support has been represented in the diagram below:

Figure 3: Overview of the planned business support provision in Wales



Potential gaps in future business support

Figure 3 above presents an overview of future business support provision in diagrammatical form. The areas of business support provision highlighted in white text are those where provision is felt to be comprehensive in nature. The diagram therefore reflects the dominance of Business Wales at both the lower and middle tiers. This should be welcomed, particularly in relation to entrepreneurship where, under the current arrangements clients would potentially have to access support from both Business Wales and a New Start Provider.

The headline finding from this review of business support provision is that all the support services likely to be required are either in place or in the pipeline and will be co-ordinated nationally. There are however, uncertainties regarding the level of staffing capacity and funding support; and whether these programmes will be geographically targeted at the areas and businesses most in need of support. It is likely that a much higher level of financial support and expertise may well be required to fully maximise the economic benefits of Wylfa Newydd than is currently planned although confirmation of this will only emerge over time. Partners at a regional and local level can play a role here in terms of monitoring the need and emerging demand for business support and influencing its future direction. This role should be facilitated via the intelligence function outline below and feeding this information into the management of national provision.

The following potential gaps in future business support provision have been identified:

- **Small grants (LIF) –** There are potential gaps at tier 3 of the diagram given the current uncertainty regarding the future of small business grants. Although we understand that some discussions have taken place at a Local Government level; it has also been suggested that either such grants will not be available, or may be available through Business Wales. In supporting smaller companies to exploit the opportunities of Wylfa Newydd, a grants package tailored towards businesses on, or wishing to join, the nuclear supply chain would be welcome.

- **Fit for Nuclear and other higher level support** – Welsh Government's aspiration is to develop a network of around 50 key companies in the nuclear supply chain. This will require additional high level consultancy development support, most specifically, but not exclusively, via "Fit for Nuclear". However, our consultation suggests that a specific provision to enable businesses to do this is not currently secured. Welsh Government are however actively working to secure funding for this type of support. The specialist nature of the Fit for Nuclear provision lends itself to this support being delivered at a UK government and Welsh Government, as opposed to Local Government level.

- **Support below Tier 3** – There is a potential need for more 'grass roots' business support interventions at a regional/local level. Previous experience of large scale Capital Investments (such as the Llanberis Hydro Electric Scheme) in the region suggest that a large proportion of businesses reaped short term benefits but did not spend enough time focusing upon long term planning meaning legacy benefits were limited.

Case Study - Llanberis Hydro Electric Scheme

This was constructed in the abandoned Dinorwic slate quarry. To preserve the natural beauty of Snowdonia National Park, the power station itself had to be located deep inside the mountain Elidir Fawr, inside tunnels and caverns. The project begun in 1974 cost £425 million and took ten years to complete. At the time it was the largest civil engineering contract awarded by the UK Government.

Businesses in Llanberis and its environs gained significant short term benefit from this investment, with many hotels and guest houses in particular accommodating a huge number of construction workers (at the expense of tourists). However it was a case of boom and bust, and many of those same hoteliers experienced a significant downturn in business after the main construction work came to an end.

- There is therefore a case to be made that a regional intervention supporting businesses to look at their business planning in the long term. The focus should be on ensuring any additional cash injections resulting from Wylfa Newydd is used sustainably for the benefit of the business in the longer term. This type of support could focus upon ancillary service providers as well as direct supply chain businesses. It could work to support the resilience of the Anglesey economy by for instance, supporting an increase in tourism accommodation to mitigate the likely impact associated with existing stock being occupied in a long term basis by nuclear workers.

- **Social Enterprise support** – There is no specific programme of business support within planned provision for Social Enterprises. However, this sector is recognised as having particular needs within the context of business growth and is reflected in the 2014-2020 round of EU funding as outlined in the West Wales and the Valleys ERDF Operational Programme. At present the only project specifically identified is the Social Business Wales project, which will be aligned with Business Wales. In driving the sustainability of communities impacted by Wylfa Newydd forward, the social enterprise model could be critical to ensure the community infrastructure in Anglesey is sufficient to support the anticipated increase in population associated with the nuclear new build.

- **Intelligence support** – The success of any business support provision relies on up-to-date intelligence both from a supply and demand perspective. This is a role that provides the opportunity for North Wales Economic Ambition Board to lead on this element of support through its role to co-ordinate activity across the North Wales region. The intelligence function should be underpinned by the database development activity, using secured Regional Collaboration Fund monies. The intelligence function is considered vital in monitoring and influencing existing provision in terms of identifying emerging gaps in business support based upon the capabilities of Welsh businesses and the supply chain needs of the nuclear sector.

- **Labour Supply and European Social Fund provision** – A review of planned employment and skills provision was not within the scope of this study. Despite this, the extent to which employment brokerage provision will be provided; the scale of any future support; and the level of governance at which this provision will be managed is currently unclear. Up-skilling the local population and particularly residents that are furthest away from the labour market should be a priority for North Wales Local Authorities and particularly IACC. Encouragingly, our review of WEFO's business planning projects suggests that many projects are already in the pipeline, and a number will have a significant relevance to this point. Many of these interventions are being driven regionally and carry the influence of the NWEAB. Ensuring integration with business support will be key as well as providing adequate employment support (e.g. brokerage support) is available locally that is of sufficient quality to provide long term support to allow disadvantaged residents to benefit from the nuclear sector opportunity.

4.3 Summary

In summary, it is clear that planned business support activity to support the nuclear sector is still emerging. The information available to date shows that Welsh Government are seeking to co-ordinate the bulk of business support provision with the scale of proposed intervention appearing to be comprehensive at this point in time. As a result, the main recommendation flowing from this review of business support provision is that IACC should work with the Welsh Government's Nuclear Programme to provide a co-ordinated approach to business support. IACC's role should focus upon:

- Adopting an influencing and monitoring role that supports the development and delivery of the Welsh Government's Nuclear Programme but ensures North Wales and IACC priorities are reflected in this programme.

- Use their monitoring role to develop proposals for bespoke projects that fill any emerging gaps within the Welsh Government's Nuclear Programme if they occur.

The recommendations outlined above mean that IACC's should also adopt a wider focus to supporting supply chain businesses to include:

  – Providing the intelligence and local knowledge to secure infrastructure investment to key employment sites in Anglesey to provide the sites and premises demanded by supply chain companies. In the first instance, this should be pursued by the Welsh Government Nuclear Programme; and

- Ensuring employment brokerage services, apprenticeship opportunities and pre-apprenticeship support are available for Anglesey residents. This should be pursued by the Employment and Skills work stream of the Welsh Government Nuclear Programme but also through the use of mechanisms such as S106 to support local residents, including these that are some distance away from the labour market, to access employment and apprenticeship opportunities generated by nuclear supply chain businesses.

5. KEY CONSULTATION FINDINGS

The section of the OBC Business Support Package report outlines the findings that have emerged from the stages of consultation undertaken as part of this study. Consultation primarily focused upon gaining the views of public sector stakeholders from Isle of Anglesey Council, Energy Island, Welsh Government and business support specialists from with Wales. AECOM have also undertaken case study research with professionals involved in the development of nuclear and energy projects in Somerset, the East of England and Cumbria.

5.1 Consultation findings

The shape of the nuclear sector opportunity is still unclear

Feedback from consultations identified the lack of information emerging from Horizon regarding the profile (e.g. the specific timing and requirements) of works and supply chain requirements that will be needed to deliver Wylfa Newydd. At the same time it appears that Horizon are reluctant to make speculative announcements indicating the potential profile of new build programme. This situation is making it difficult to plan and move forward with business support programmes that is likely to be required. The challenge here is ensuring public agencies are in apposition to mobile a programme of business support once details of the supply chain requirements emerge.

It is expected that further details of the supply chain will be released shortly, such as the announcement of the successful tier one contractor. This means the first piece of the supply chain picture will emerge and will allow detailed negotiations to begin between Welsh Government and the tier 1 contractor regarding supply chain commitments and working together to secure local benefit.

Informal feedback from potential Tier 1 contractors highlights different commitments to the use of local supply chains. The level of commitment is reported to range from a commitment to maximise local supply chains and work with Welsh Government through to a potential contractor reporting they have a supply chain in place that largely ignores the capabilities of local suppliers. The latter example was reflected in feedback gained from Welsh construction companies who had concerns about the use of large framework agreements in the nuclear new build as they act to push local companies further down the supply chain, inevitably reducing their margins and the impact gained for the local economy.

In the meantime, Welsh Government is proceeding with preparations to develop a co-ordinated nuclear support programme that can assist businesses to position for supply chain opportunities.

An ongoing need to improve business intelligence within North Wales

The Welsh Government commissioned Nuclear Capability Study[5] provides useful intelligence regarding the potential structure of the nuclear supply chain and the readiness or interest of businesses to become a nuclear supplier. In summary the study found that:

The Nuclear Capability Study provides a useful starting point in term so segmenting the business base. However, there is recognition amongst stakeholders that both supply and demand side intelligence is in need of further development. On the demand side, Welsh Government are trying to engage with Cavendish Fluer and Horizon to gain more detailed intelligence on supply chain needs. There is general consensus that engagement with both organisations should be co-ordinated and streamlined to facilitate the flow of intelligence.

[5] Source: Miller Research, 2014

There is also a lack of intelligence on the supply side such as the names, details and capabilities of Welsh companies that could secure contracts from the nuclear new build (The Nuclear Capability Study estimates that approximately 2,000 companies are within this category). This lack of intelligence results from an urgent need to develop a regularly maintained business database that informs and helps to target business support provision in North Wales by including the details of companies, their capability and fit with the tiers of the nuclear supply chain, and their support needs. Such a database would allow any gaps in supply chain capability to be identified, information that could help inform inward investment activity. Lessons from supply chain activity in Suffolk and the East of England show that database development is a useful starting point for mapping capabilities, accreditation and capacity of the local businesses base again the SIC codes identified within by Miller Research to reflect nuclear industry work packages during build, operation and maintenance and decommissioning.

It is recommended that immediate attention is given to pursuing database development activity at the North Wales level. The database should be a live resource that can map businesses against supply chain demands as and when they emerge. Updating this database should be an ongoing task and include intelligence on business capability and any displacement effects resulting from the nuclear sector. This will require a dedicated staffing resource to be allocated to this task.

A need for a co-ordinated approach to business support

Consultation identified a desire from all parties to ensure a co-ordinated approach to business support is developed in Wales that can support businesses to take advantage of nuclear sector opportunities. Developing a co-ordinated approach is challenges by a number of factors including:

- A lack of information regarding the supply chain requirements at Wylfa and the timing associated with these requirements;
- Concerns about the pace associated with developing a business support response in Welsh Government;
- Uncertainty and concerns regarding the internal capacity of the public sector to deliver a programme of support for the nuclear sector;
- The potential need to mobilise quickly when Horizon make announcements regarding their supply chain; and
- The need to balance local, regional and national priorities.

The need for co-ordination reflects the findings from the 2013 RSCP study which identified confusion within the business support market with companies wishing to see a more simplified system of support. The Welsh Government Nuclear Programme provides the opportunity to deliver this more co-ordinated approach particularly as the ‘work streams’ mirror the thematic ‘Project Boards’ established by North Wales Economic Ambition Board (NWEAB) and the ‘integrated work streams’ of the Anglesey Energy Island Programme. IACC’s role should therefore focus upon:

- Ensuring co-ordination of business support is delivered across North Wales;
- Monitoring the impact of the nuclear sector investment upon businesses locally including the collection of business intelligence; and
- Lobby and influencing the Welsh Government Programme using the above information and intelligence to improve support for Anglesey businesses and maximise the impact locally of nuclear sector investment locally. This should include ensuring provision has the capacity to support businesses in Wales.

Timing of interaction with businesses

Feedback from businesses, strategic stakeholders and lessons from case study areas highlighted the importance of timing supply chain related interaction with businesses. Welsh construction companies reported a general reticence to attend general supply chain briefing events unless they were delivered at opportune times, linked to specific announcements about supply chain opportunities. This reflects the opinions of SMEs gained in the RSCP study where most businesses engaged were focusing upon short term opportunities as opposed to longer term positioning for potentially larger contract opportunities.

The feedback collected from Welsh businesses reflects the approach being taken in the East of England. Suffolk Chamber of Commerce and EDF reported being reluctant at this point in time to undertake significant supply chain engagement activity until the project moves nearer to a final investment decision and the supply chain requirements and timing of these opportunities became more certain. The key message emerging from business engagement in Suffolk is that businesses assume they have missed nuclear supply chain opportunities and that only specialist nuclear skills are required within the supply chain.

There is clearly a difficult balance to be struck in the provision of nuclear supply chain business support given the need to not overly raise businesses' expectations whilst also addressing perceptions that the nuclear sector only requires specialist skills. Addressing this factor will become much easier as further details of the supply chain emerge and point towards the need to focus business support and engagement around key announcements related to the nuclear new build.

A need to learn the lessons from the Business Readiness Programme in future support programmes

Horizon, Welsh Government and Energy Island recently completed a pilot Business Readiness Programme of five taster sessions, designed to increase awareness of the opportunities likely to emerge from Wylfa Newydd. The following sessions formed the Business Readiness Programme:

- Overview of the Nuclear Industry : past, present and future;
- How to tender workshop with Horizon Nuclear Power;
- Security of Information Management with Horizon Nuclear Power;
- CV writing for tendering; and
- Method statements and risk assessments with Horizon Nuclear Power.

AECOM have been unable to undertake a comprehensive review of the Business Readiness Programme due to data protection issues preventing the contact details of participating companies from being passed to the consultancy team. However, a review of the programme has been undertaken by Horizon, Welsh Government and Energy Island. The following anecdotal feedback and lessons learnt have been provided to the consultancy team:

- Uptake and attendance levels at the workshops were considered to be positive indicating strong interest in the sector and the potential business opportunities it offers;
- On reflection, some of the sessions were considered too simplistic for attendees meaning any future programme should place greater emphasis on understanding the knowledge of the audience and tailoring the content of sessions accordingly. This finding reflects consultation undertaken with construction companies in North Wales who had mixed experiences of 'meet the buyer' events, suggesting they could be improved by having greater awareness of the skills, size and capabilities of attending companies;

- The order in which the sessions were delivered needs greater attention in the future. It was reported that the 'Overview of the nuclear industry' session was delivered last and would have been better sited as an introductory session;

- The next steps associated with programme required further consideration. There is a feeling that the sessions should have led onto further and more specific and practical support with participants wanting help to secure business opportunities.

The lessons outlined above suggest the Business Readiness Programme was, on the whole, successful and that generic workshop sessions are of use to companies. However, it also points towards the need for a more co-ordinated approach to business support that helps companies to progress by overcoming the barriers they face to securing contracts associated with the nuclear sector. This is particularly importance in the context of scepticism amongst some businesses regarding the extent to which nuclear related business opportunities will be secured locally.

In future 'one to many' business support should therefore link to 'one to one support' that is specific to each individual business and helps position them closer to securing contracts from the nuclear sector.

Support to ancillary service providers

Consultation has identified the potential to focus attention regionally and locally upon ancillary sectors that will see an increased demand from both the nuclear sector and its temporary construction workforce. There is perceived to be demand to maximise the local impact of nuclear investment in sectors such as:

- **Food and catering** – the provision of on-site catering at Wylfa and its associated developments or the supply of local produce to the suppliers of these services. The food sector locally is also likely to benefit from increases in demand from hotels, restaurants and other outlets generated by the increased resident population in Anglesey;

- **Restaurants and public houses** – additional demand will be generated from the temporary workforce in addition to the demands generated from the existing tourism trade. Demand on public houses is expected to increase significantly given likely demographic of the construction workforce;

- **Hotels and B&Bs** – increased demand for hotel and B&Bs in Anglesey will inevitably occur from the temporary nuclear workforce and the existing tourism trade that is central to the island's economy; and

- **Transport services (buses and taxi services)** – Transport services will be generated by the need to transport the construction workforce from temporary accommodation to the construction site. Increased trade for taxi services will occur from the increase in business visits to Anglesey and demand for transport by the construction workforce in the evenings and weekends.

Supporting business within these sectors is seen as an opportunity for IACC and other North Wales authorities given the impact upon ancillary services will be felt locally. A number of support mechanisms should be considered for ancillary services including awareness raising of the nuclear opportunity; support to form business collaborations including the most appropriate model to adopt and (joint ventures, business partnership, co-operative) and the associated benefits and risks.

A need to monitor and address any displacement effects

Feedback from construction businesses highlights the very real threat of displacement effects having a negative impact on local businesses. Energy sector opportunities were felt to potentially impact on businesses by 'doubling their turnover of threatening the existence of the businesses'. Concerns were raised in terms of a failure to secure supply chain opportunities leading to difficulties securing both labour and sub-contractors who are drawn towards nuclear sector opportunities by longer term contracts and potentially higher wage rates. The knock-on effect for construction companies being they are unable to bid for contracts and become constrained by reduced capacity to deliver work. Some public sector organisations have also raised concerns about displacement effects (e.g. emergency services). For instance, North Wales Fire and Rescue raised concerns related to displacement of their retained firefighting workforce and skilled roles (e.g. mechanics) into more secure positions. Wage inflation generated by the nuclear sector was reported to be a significant problem in Cumbria with some business reporting they had to increase wages by over 10% in order to retain staff. A similar impact has been reported historically in Deeside when a major advanced manufacturing employer located in the area.

The concerns raised about displacement mean there is a need for regular engagement and monitoring of displacement effects upon local businesses in North Wales, via the monitoring role proposed for the North Wales Economic Ambition Board. The intelligence function should also focus upon establishing a panel of businesses within the region that can be contacted either annual or six monthly to understand their business support needs including any displacement effects that are negatively impacting on their business. This could be achieved by creating a nuclear supply chain business forum to capture this information or by incorporating this role of any database development posts funded by NWEAB. The latter approach is initially recommended as a way to capture information in a way that does not place too much emphasis on local businesses. Intelligence from business should therefore be collected as part of an ongoing update and capture of information from businesses as part of developing an up to date supply chain database.

5.2 Lessons from case study areas

Case studies of business support and supply chain activity in Hinkley, Sellafield, and the East of England are presented in Appendix C of this document. The case studies have focused upon understanding the delivery of business support in nuclear power or wider energy sector, including the identification of key lessons learnt and examples of best practice. Case study evidence has been collected via a desk based review of evidence, site visits and interviews with key stakeholders involve in delivering business support in case study areas:

The suitability of the public sector leading upon supply chain engagement

Experience from Cumbria and Somerset demonstrates that the lead body for supply chain engagement needs careful consideration. Experience form other nuclear developments shows a private sector lead on business support is most effective given that they have more relevant expertise and credibility with businesses. This has been recognised in Cumbria where the public sector provides financial and in-kind support for supply chain development but have minimal lead inputs on the delivery of support to businesses. In Cumbria, direct engagement with SME management has been delivered by Sellafield itself rather than by an intermediary. Key here is having the understanding and detailed knowledge of the procurement processes, operational environment and buyer organisation in helping SMEs to understand the nuclear 'environment' for businesses and the specific needs, accreditations, standards and practices that are applicable to individual businesses. This approach has helped identify the gaps in capability and capacity which in turn leads to further support to achieve any required standards.

A different model has been adopted in Hinkley and Somerset where the local Chamber of Commerce have a central role to play in obtaining, and performing quality control role, on business capability and capacity information. This role was considered essential in order to look credible with Tier 1 suppliers and to help them to find high quality firms local area that provide the skills and accreditation required. Delivery via a Chamber of Commerce possibly reflects EDF's experience in France although in Suffolk, they have a very close working relationship with Economic Development functions at both Council and Borough Council level. Suffolk Chamber also have close working links with the East of England Energy Group and specialist membership organisation for the energy sector that has very close links with industry and provides business support and directs employment and skills provision.

The need to emphasise supply chain opportunities within the non-nuclear sector

Feedback from both Hinkley and the East of England highlighted the scale of opportunity within associated services to the nuclear sector. Businesses are typically under the assumption that they need specialist nuclear skills to become part of the nuclear supply chain. There is considered to be a lack of awareness regarding the detail of the nuclear opportunity, especially that it is a large civil engineering project which involves many of their day to day roles just on a larger scale. Stakeholders in Hinkley and the East of England have place great emphasis upon translating known supply chain needs (work packages) into a language and services that local businesses can relate to (e.g. scaffolding and fencing contractors). This has also included, in simple terms, the uplift in service industries (e.g. hairdressing, leisure and entertainment, transport services) that will be generated by the temporary construction workforce and the timescales associate with the influx of construction workers.

Linked to this, there are significant opportunities for local business to ‘scale up’ to secure nuclear related opportunities by forming alliances to provide the capacity and capability to tender for supply chain opportunities. The most high profile example is the Somerset Larder that has been promoted by EDF. Feedback from Hinkley also reported that alliances have also been formed around infrastructure, construction, utilities, hotel requirements, bus companies, reprographics, and facilities management although it is unclear whether these collaborations have secured any supply chain opportunities. Experience from Hinkley suggests that some of these ‘alliances’ require business support to co-ordinate their activities and are most effective when one point of contact is identified to lead on tender opportunities and engage with business support provision. This is a new of working for many small businesses that need business support services to overcome uncertainly related to consortium bidding for opportunities.

Prioritise and target business support towards the most able companies

Case study areas all reported the need for both ‘one-to-many’ and ‘one-to-one’ business support are both valuable mechanisms for developing energy supply chains. However, stakeholders emphasises that the need to prioritise one to one business support and specifically targeting this towards businesses that have the best chance of securing supply chain opportunities. It appears this approach is also being pursued in Wales following the segmentation of the supply chain undertaken by Miller Research. This approach fits the priorities for the 2014-2020 Round of ERDF and the focus upon the concentration of funding to deliver the greatest impact.

Local supply chain KPIs should be monitored but are difficult to enforce

Experience from the East of England and Cumbria suggests a reluctance to formally agree targets related to the use of local suppliers within the nuclear supply chain. It was considered unrealistic to hold businesses to supply chain targets particularly where the need for specialist accreditation or suppliers are required. The need for a non-public sector led approach to supply chain engagement and development was also emphasised given a perception that it can lead to overly focusing upon targets for aspects such as the percentage value or number of contracts secured for local companies. This can cause a conflict in priorities with Tier 1 considering locational factors as secondary to the capacity and capability to deliver the supply change capabilities required. Instead local benefit is best secured when a commitment to local sourcing, employment and training needs come from the top of the supply chain and be reinforced through a consistent message and reflected in the practices of Tier 1 suppliers. As such it is essential that Horizon demonstrate and maintain a commitment to these principles.

The approach adopted in other areas shows that a softer approach is adopted whereby public sector agencies and business support provision encourage the use of local suppliers by questioning why suppliers are being sourced from outside the local area and providing the intelligence regarding the size and capabilities of the local business base to help inform sub-contracting and supply chain decisions.

One area where both Somerset and the East of England have enforced targets is through S106 agreements. However, the focus here is typically upon securing a commitment towards up-skilling local labour, offering apprenticeships and work placements.

Skills support is also critical to ensure local benefit is maximised

Anecdotal feedback from the case study areas suggests that skills support for the local residents is essential if residents are to take advantage of the nuclear sector opportunity. This is been highlighted by EDF's £2m investment in Bridgewater College via the S106 agreement with Sedgemoor District Council that is being used to develop the college's new Construction Skills Centre (£1.5m), while the rest is being spent on the college's Energy Skills Centre. Part of EDF's investment has supported an 'Energy Access to Apprenticeship Programme'.

Pre-apprenticeship support for the energy sector is also delivered in the East of England via the East of England Energy Group's *'Skills for Energy Programme'.* The Skills for Energy Programme is an NVQ level 2 pre-apprenticeship programme developed by EEEGR, in partnership with the energy sector and run at Lowestoft College and Great Yarmouth College. The programme was designed to increase the completion rate of energy sector apprenticeships as drop-out was previously high. This meant young people were starting one qualification before realizing it did not meet their expectations, resulting in high drop-out rates. As a result, there was a lack of young apprentices to meet the needs of the region's large energy sector employers. Pre-apprenticeship provision in the East of England comprises the following support:

- Site visits - students visit local companies within the energy sector, Bacton gas terminal and Sizewell B nuclear power station. This helps students to understand the working environment associated with various aspects of the nuclear sector;
- Presentation Evening - students are encouraged to present to their family and industry members to demonstrate the skills they have learnt to as part of the programme;
- Interview skills - students are offered interviews with HR personnel from the industry to increase their changes of gaining employment; and
- EEEGR conference - students are encouraged to attend EEEGR's industry conference to introduce themselves to companies within the region's energy supply chain and learn more about the sector.

Feedback from the East of England highlighted the challenges associated with gaining funding support from the private sector for skills projects, despite a reported clear commitment from major project developers. It is therefore recommended that IACC pursue funding for employability support, apprenticeship and skills development activity by S106 planning mechanisms. Any monies secured should be used to compliment the Employment and Skills work stream of the Welsh Government Nuclear Programme to ensure that, for instance, pre apprenticeship provision is provided as well as employment brokerage support to help residents that furthest away from the labour market to secure employment in the nuclear supply chain.

Securing and communicating legacy

There is significant policy emphasis upon maximising the benefits of the nuclear sector investment and securing a legacy for the Welsh economy. The scale of the nuclear sector opportunity is typically considered to be of a similar size to the 2012 London Olympics although differences in the delivery approach should be noted. The Olympic Delivery Authority (ODA), the body with co-ordinating responsibly for delivering the Olympics and managing its £9.3 billon public sector funding package. The scale of the ODA is worth considering at this point. It had a peak of almost 400 staff immediately prior to the games which recued to 18 staff member in 2014 prior to its closure. Ambitions to secure a legacy from the nuclear sector and comparisons to the London Olympics should be placed in the context of the staffing resource available to the ODA and the size of the economy within the South East compared to North Wales and Anglesey.

6. CONCLUSION

This study initially sought to identify the supply chain demands of the developers and compare that with the existing landscape and supply of business support delivered via national, regional and local contracts. This intelligence was to be used to recommend the specific components of a support package required to support businesses going forward.

Specific supply chain intelligence from project developers is not currently available and is expected to emerge in the near future. The anticipated timescales associated with the nuclear new build (site preparation works are expected to begin in 2016) means that Welsh Government are in the process of developing a Nuclear Programme that will seek to support businesses to access nuclear supply chain opportunities. At present this Programme is under development and it appears to be wide ranging in nature. However, whether the business support element has adequate depth to meet demand for support in North Wales, whilst also being agile enough to respond to supply chain demand, will only be seen as the Programme develops.

Given the development of a national programme, the central question for this work is what are the most effective ways for IACC to deliver local benefits to businesses and residents? This questions needs to be considered in the context of major infrastructure investment, a reducing budget and more limited access to external funding opportunities. One of the key messages here is the need to focus on smaller number of areas/topics where IACC has experience, levers and ability to make the most impact. The key levers and experience that are available to IACC include:

- Significant influence at the regional level via the North West Economic Ambition Board and involvement within Welsh Government's Nuclear Programme;
- Statutory planning role and decision making powers;
- Section 106 & Community benefits negotiation;
- Core budget and leverage potential from EU structural funds;
- Co-ordination and communication through a presence and broad understanding of the Island and its business and resident community;
- People, skills and jobs focus utilising existing training providers/colleges and established mechanisms;
- Knowledge and intervention in respect of sites and premises development; and
- Development of project proposals and supporting evidence to meet the needs and capitalise on investment on Anglesey as a result of major infrastructure projects.

The main conclusion of this review of business support is that IACC should using these levers primarily to influence and informing the Welsh Government Programme to ensure it delivers the maximum benefit for North Wales and Anglesey. This can only take place if business intelligence is improved through the development of a live business database. The database should include details on the capability of each business, the accreditations they hold whilst also capturing information on the barriers (including displacement effects) associated with business growth and any identified business support needs.

The following recommendations have emerged from the element of the study:

- There is an immediate need to pursue database development activity at the North Wales level. The database should be a live resource that can map businesses against supply chain demands as and when they emerge. Updating this database should be an ongoing task and include intelligence on business capability and any displacement effects resulting from the nuclear sector;

- IACC should continue to actively engage in all work streams of the Welsh Government Nuclear Programme to ensure it can meet the needs of local businesses and residents;

- IACC should adopt an influencing and monitoring role that supports the development and delivery of the Welsh Government's Nuclear Programme but ensures North Wales and IACC priorities are reflected in this programme. This role should focus upon:

  - Providing the intelligence and local knowledge to secure infrastructure investment to key employment sites in Anglesey.

  - Ensuring the needs of Anglesey's businesses is reflected in the business support strand of the Nuclear Programme.

  - Monitoring and reporting the extent to which North Wales business are securing supply chain opportunities. This should include highlighting where opportunities for local suppliers can be further exploited.

  - Consistent promotional activity to ensuring business and residents are aware of the opportunities and packages of support available through the Welsh Government's programme.

  - Ensuring impacts upon the resident population and businesses are fed back into the Welsh Government Nuclear Programme.

- IACC should use their ongoing monitoring role to develop proposals for bespoke projects that fill any emerging gaps within the Welsh Government's Nuclear Programme. At this point it is envisaged the following opportunities for bespoke business support activity could include:

  - Additional support for companies not involved in the nuclear supply chain to mitigate the effects of displacement;

  - Support for businesses in ancillary sectors (e.g. food, accommodation and transport services). Support should focus upon helping businesses to develop consortiums in order to provide the size, capability and capacity to bid for contracts or provide good and services to (e.g. the approach adopted by the Somerset Larder); and

  - Additional employment brokerage services and apprenticeship support (including pre-apprenticeship support) for Anglesey residents. This should include commissioning complimentary services with a dedicated Anglesey or North Wales focus if gaps in national provision emerge and prioritise support towards unemployed residents.

- Use mechanisms such as S106 to support local residents, including these that are some distance away from the labour market, to access employment and apprenticeship opportunities generated by nuclear supply chain businesses.

7. NEXT STEPS

The following next steps will be delivered once this paper has been submitted to Welsh Government:

- Agreement on the project proposals that should be developed further into an detailed outline case; and
- Additional consultation with businesses is required if the development of a business case is required to pursue any recommendations or project proposals made in this report.

APPENDIX A BUSINESS SUPPORT PROVISON – PRIOR TO 2015

		Elements of Support	Delivery partners		Finance and resources			Time-scales	Type of business supported				Outputs
	Name	Activity	Lead delivery org	Partners	Total project budget	Breakdown of funding by source	Staffing resource and roles	Time-scales	Size	Sector	Geography	Description of support offered	Targets
1	Business Wales	Signposting to Services One to One Guidance and Diagnostic Workshops Mentoring Tendering Advice	Welsh Gov	Delivered through contract	£31m Convergence Area £8.832 Competitiveness	EU £16m Own Funds £15m EU £.953m Own Funds £7.879m	Central Team and Call Centre managed within WG Number of staff delivering via national consortia, regionally managed.	2009 - 20015	All	All	All Wales	Delivery of first point of contact service for advice, information and support.	• EA 6,555 • Gross Jobs 4,237 • SEs assisted 271 • Env AP 2,048 • Equality 4,451
2	New Starts Programme	Self-Employment Growth Start Graduate Support High Potential	Welsh Gov	Delivered through contract	£30m Convergence Area £10.456m Competitiveness	EU £24.6m Own Funds £16.856m	Central Team and Call Centre managed within WG Number of staff delivering via national consortia, regionally managed.	2008-2015	new ent's.	All	All Wales	Provided new starts support to those wishing to establish a business in Wales.	• EA 799 • Gross Jobs 18,550 • Enterprises Created 7,808 • Increase level of export £7.8m • Individuals Assisted 19,205

		Elements of Support	Delivery partners		Finance and resources			Time-scales	Type of business supported				Outputs
	Name	Activity	Lead delivery org	Partners	Total project budget	Breakdown of funding by source	Staffing resource and roles	Time-scales	Size	Sector	Geography	Description of support offered	Targets
3	E Business and ICT Support	The Project consists of three complementary sub-projects of support for businesses with different levels of ICT sophistication and aims to increase/improve ICT uptake, efficient usage and understanding of ICT and eBusiness exploitation.	Welsh Gov	Direct Delivery	£4.949m Convergence Area £1.221m Competitiveness	EU £2.005M Own Funds £4.164m	Dedicated team and consultants.	2008 - 2014	All	All	All Wales	Project closely aligned with the aspirations of Digital Wales, offering three levels of distinct support to business, including ICT diagnostic for the business, consultancy advice and follow on support.	• EA 1,224; • Enterprises Financially Supported 29; • Jobs created 75; • Investment Induced £4.38m; • New or improved products or processes 500 • Profit benefit £6.58.

		Elements of Support	Delivery partners		Finance and resources			Time-scales	Type of business supported				Outputs
	Name	Activity	Lead delivery org	Partners	Total project budget	Breakdown of funding by source	Staffing resource and roles	Time-scales	Size	Sector	Geography	Description of support offered	Targets
4	Innovation Support	R&D Links with Academia Innovation Specialists Innovation Vouchers SMART Cymru R&D Funding IP and Licensing Advice	Welsh Gov	Delivered directly by Welsh Government Team in partnership with HE and FE Intuitions	Business Innovation Support £14m Knowledge Transfer and Collaborative Research £23m Knowledge Exploitation Capacity Development £15m RD & O Financial Support for Business £16m	EU 11.6m (convergence and competiveness) Own Funds and Private £12.3m EU £11.4m Own Funds £11.4m EU £7.5m Own Funds £7.5m EU £12.6m Own Fund and Private £15.1m (convergence and competitiveness)	Central and Regional Teams within WG	2008-2015	All	All	All Wales	Accelerate and enhance the transfer of knowledge and the development of innovative key technologies from HE and FE to the business community Supports technologically innovation businesses in the development of new products processes and technologies. Provides support for academic institutions to strengthen their capability to exploit their knowledge in partnership with companies.	• EA 806 • Enterprises Financially Supported 290 • Jobs created 144 • Individuals Assisted 47 • Individuals Financially supported 10 • Investment Induced £8m • Improved Products or Processes 360 • Products/Processes Registered 288 • Profit Benefit £17m • RD & I outputs - Enterprises Financially Support 120 • Jobs created 72 Investment induced £800k

	Name	Elements of Support: Activity	Delivery partners: Lead delivery org	Delivery partners: Partners	Finance and resources: Total project budget	Finance and resources: Breakdown of funding by source	Finance and resources: Staffing resource and roles	Time-scales: Time-scales	Type of business supported: Size	Type of business supported: Sector	Type of business supported: Geography	Description of support offered	Outputs: Targets
5	Welsh Government Sector Support	Welsh Government Support directed towards nine key sectors: • Energy and the Environment • Construction • Creative Industries • Advanced Materials • Financial and Professional Services • Food and Farming • ICT • Life Sciences • Tourism	Welsh Gov	Depending on the sector e.g. Construction working with CITB	Not Known	Not Known	Sector focused teams within Welsh Government	Ongoing	All	See Column C	All Wales	Dedicated team which focuses on providing bespoke support to key businesses. Most sectors have a package of support available as well as a generic repayable finance pot.	Not Known
6	Welsh Government Export and Trade Support	Support to support businesses internationalise through: • Programme of missions and exhibitions • Subsidised consultancy support for trade advice	Welsh Gov	Direct delivery and via contract with Trade Consultants	Convergence Area £5.6m	£2.8m - EU £2.8m WG and Private Sector match for trade advice	Central team and bank of consultants to deliver trade advice.	2009 - 06/2015	All	All	All Wales	Support for businesses capacity and capability to trade internationally through events, trade missions and one to advice via trade experts.	• EA 652 • Enterprises Financially Supported 102 • Jobs Created 170 • Increase in level of export £124m • Profit Benefit £408k

	Name	Elements of Support	Delivery partners		Finance and resources			Time-scales	Type of business supported			Description of support offered	Outputs
		Activity	Lead delivery org	Partners	Total project budget	Breakdown of funding by source	Staffing resource and roles	Time-scales	Size	Sector	Geography		Targets
7	Finance Wales	Provides support to business through loans, seed and growth capital and equity	Finance Wales (wholly owned subsidy of Welsh Government)		• £150m Wales JEREMIE Fund launched in 2009 • £40m Wales SME Investment Fund backed by the WG and Barclays • £6m Wales Micro-business Loan Fund backed by the WG • £10m Wales Property Development Fund backed by WG. • £20m Wales Capital Growth Fund backed by WG • £7.5m Wales Technology Seed Fund backed by the WG • £170 million Help to Buy - Wales Shared Equity Loan Fund backed by WG.		Five distinct teams http://www.financewales.co.uk/people.aspx	Jeremie scheduled to end Dec 2015, remainder ongoing		.	All Wales	A generalist investor that supports Welsh SMEs at all growth stages with debt, mezzanine and equity investments.	

		Elements of Support	Delivery partners		Finance and resources			Time-scales	Type of business supported				Outputs
	Name	Activity	Lead delivery org	Partners	Total project budget	Breakdown of funding by source	Staffing resource and roles	Time-scales	Size	Sector	Geography	Description of support offered	Targets
8	LCRI	Coordinated Research Expertise to provide a strategic coordinated approach to energy research and development	Cardiff University	Various - including HE, HEFCW, DVLA, Engineering and Physical Sciences Research Council	£22.5m	EU £18.2m	not known	09/2009 - 08/2015	All	All	All Wales	This programme coordinated funding allocations to industrial energy research projects in alignment with themes of the LCRI.	• Collaborative R&D 55 • EAP 250 • Equal Strat 100 • EA 550 • Jobs 275 • New or improved products, processes, services 100 • Participants 70

		Elements of Support	Delivery partners		Finance and resources			Time-scales	Type of business supported				Outputs
	Name	Activity	Lead delivery org	Partners	Total project budget	Breakdown of funding by source	Staffing resource and roles	Time-scales	Size	Sector	Geography	Description of support offered	Targets
9	North Wales Local Investment Fund	Discretionary grants support, offered towards capital costs and marketing. Usually up to £10k. Delivered across four North West Counties.	Ynys Mon Council on behalf of four counties	Ynys Mon, Gwynedd, Conwy and Denbighshire	£9.5m	EU £4.5m Private Sector and own funds £5m	Dedicated teams in each LA.	Project is now complete	SMEs	All, but with a bias towards WG priority sectors	Ynys Mon, Gwynedd, Conwy and Denbighshire	Aim of the Project is to support growth and expansions of businesses within North West Wales, offering support towards equipment, property development and marketing. Grant is discretionary and offered at a maximum of 40%	• Enterprises financially supported 450 • Jobs Created 635 • Individuals financially supported to set up new enterprise 200 • Social Enterprises financially support 5
10	WISE 2	Support the growth and development of companies in the Environmental Sector in Wales.	Aberystwyth University	Bangor, Swansea	£12m	EU 36.4m Own Funds £5.4m		Project scheduled to end 06/15	All	All	All Wales	WISE 2 will carry out collaborative R&D with enterprises in the Convergence region to improve and adapt their activities, reduce environmental impact or improve the environment.	• Collaborative R&D 36 • Env AP 40 • Equal Strat 100 • EA 100 • Jobs Created 30 • Investment Induced £1m • New or Improved Products or processes launched 15 • Products, processes or services registered 6

		Elements of Support	Delivery partners		Finance and resources			Time-scales	Type of business supported				Outputs
	Name	Activity	Lead delivery org	Partners	Total project budget	Breakdown of funding by source	Staffing resource and roles	Time-scales	Size	Sector	Geography	Description of support offered	Targets
11	BEACON	Uses concept of "bio refining" with Welsh business to produce a wide range of products from plant material.	Aberystwyth University	Bangor University, KPMG, LLP, Swansea University	£19.5m	EU £10m Own Funds £9.5m		Project scheduled to end 06/15	All	All	All Wales	Establish links between the business community and academia within Wales; Develop new products and processes that will support economic growth Create highly skilled jobs in the area of green biotech Support inward investment Promote science excellence from Wales	

		Elements of Support	Delivery partners		Finance and resources			Time-scales	Type of business supported				Outputs
	Name	Activity	Lead delivery org	Partners	Total project budget	Breakdown of funding by source	Staffing resource and roles	Time-scales	Size	Sector	Geography	Description of support offered	Targets
12	SEACAMS	Builds on the expertise of the University network with the aim of assisting businesses to address and exploit climate change in the coastal and marine sectors. Also include construction of a new Innovation Centre in Menai Bridge	Bangor University	Aberystwyth, CCW, KPMG LLP, Swansea	£24m	EU £13.7m Own Funds £10.4m		Project scheduled to end 06/15	All	All	All Wales		• Collaborative R&D 110 • Enterprises Accommodated 17 • Environmental AP 148 • Equality Strategies 122 • EA 250 • Ent's Created 20 • Jobs Created 140 • Individuals Assisted 366 • Investment Induced £2.7m • Innovation Centre and R&D facilities created 2000 m2 • Jobs accommodated 36 • New Products process or services launched 40 • Products processes or services registered 6 • Profit benefit £5.5m

		Elements of Support	Delivery partners		Finance and resources			Time-scales	Type of business supported				Outputs
	Name	Activity	Lead delivery org	Partners	Total project budget	Breakdown of funding by source	Staffing resource and roles	Time-scales	Size	Sector	Geography	Description of support offered	Targets
13	Winning in Tendering	Focused on transforming the procurement process in the public sector, with a focus on supporting the business community. Included the Tender Review Service.	Bangor University	Dublin University Irish Institute of Purchasing and Materials Management.	3.735m Euro's	2.544m ERDF							
14	Pontio	Large capital Arts and Innovation Centre in the centre of Bangor. Total Cost is nearly £50m, of which £8m is towards an Innovation Hub which includes a Da Vinci Design Studio, R&D testing environment, multimedia workshop and pre incubation space.	Bangor University	NDRC, Dublin	2.641 m Euros	ERDF 1.98m							
15	Inventorium	Located within CAST Inventorium is a programme designed to translate innovative digital ideas into sustainable businesses.	CAST / Bangor University										

		Elements of Support	Delivery partners		Finance and resources			Time-scales	Type of business supported				Outputs
	Name	Activity	Lead delivery org	Partners	Total project budget	Breakdown of funding by source	Staffing resource and roles	Time-scales	Size	Sector	Geography	Description of support offered	Targets
16	Celtic Wave	Developing the Cruise Sector within the Irish Sea Region	Ynys Mon Council	Port of Cork Company, City and County of Swansea, Dublin Port Company, Milford Haven Port Authority, Port of Waterford Company	1.238m Euros	.928m ERDF							
17	CIME - Creativity and Innovation in Micro Enterprises	Developing and delivering innovative creativity techniques to micro businesses via specialists	South East Regional Authority	Kilkenny County Enterprise Board Ltd Swansea University of Wales, Trinity St David	2.239m Euros	1.679 ERDF							
18	Wales Ireland Network for Scientific Skills	Supporting Industry with joint projects and training courses to build on the scientific skills of both partners and industry, leading to a network of companies.	Waterford Institute of Technology	Bangor University	2.634m Euros								
19	Vision - Visualisation and Innovation Project -	Supporting small businesses and entrepreneurs to develop new products and bring those products to market	Coleg Menai	Institute of Technology, Tallaght	1.36m Euros	0.982m ERDF							

		Elements of Support	Delivery partners		Finance and resources			Time-scales	Type of business supported				Outputs
	Name	Activity	Lead delivery org	Partners	Total project budget	Breakdown of funding by source	Staffing resource and roles	Time-scales	Size	Sector	Geography	Description of support offered	Targets
20	Social Enterprise Support Project	Support for the development and growth of new social enterprises in Wales.	Wales Cooperative Centre	WG Social Justice	£7.8m (convergence and competitiveness)	£4m ERDF	Wales Coop Advisors and contracted consultants	2011-06/2015	Start Ups and growing SMES	All Sectors, but must be a social enterprise	All Wales	Direct support through advice and support on marketing, networking, research and organisational development	• Jobs 350 • New social enterprises 100 • Env AP 95 • Eq St 110 • Organisations and social enterprises Assisted 265 • Individuals Assisted to establish SE 175
21	Cyfenter	Capital and revenue grant support to support the establishment of new social enterprises in north West Wales	Menter Mon	4 LAS	£4.165m	EU £2.865m	Central Team in Menter Mon (3 members of staff)	12/2011 - 07/2015	New and existing social enterprises - all	All Sectors, but must be a social enterprise	North West Wales	Grant support up to £75k	• Jobs 36 • Investment Induced £1.3m • EAP 25 • Equal Strat 25 • Organisations Assisted 20 • Organisations financially supported 45 • People Accessing Services 18.377
22	Local Community Economic Development Initiative	Practical Support at a local level to support third sector organisations move towards becoming more financially sustainable.	WCVA	WG Social Justice	£3.8m	EU £2.715m	Team of local development officers	02/2011 - 03/2105	All	Third Sector	All Wales	Local Development Officers will offer one to one and collective support (via workshops and networking)	• Jobs 25 • Individuals Assisted to set up new SE 30 • EAP 35 • Equal Strat 50 • Organisations Assisted 365 • Social Enterprises Created 36

APPENDIX B PLANNED BUSINESS SUPPORT BETWEEN 2014-2020

		Elements of Support	Delivery partners		Finance and resources			Timescale	Eligibility for support				
	Name of project / intervention	Activity	Lead org	Partners (and description of role e.g. delivery or referral partner)	Total budget	ERDF funding	Staffing resource and roles	Project timescale	Size of business	Sector of eligible business	Geography	Pyramid – level 1, 2 or 3	Description of support offered
1	Business Wales - entrepreneurship Business Wales - SME Support	Deliver support to Wales based entrepreneurs and young growth businesses through various interventions. Focus will be on growth and acceleration. Support to micro businesses and SMEs in Wales, building on the previous Business Wales programme.	Welsh Gov	Delivered through contract	West Wales £30.3m East Wales 10.1	West Wales £18.2 East Wales 6m	Central Team and Call Centre managed within WG Number of staff delivering via national contract	20015 -	All	All	All Wales	All	Delivery of first point of contact service for advice, information and support.
2	Social Business Wales	Aligned to Business Wales, this project will provide an overarching service to business in the third sector.	Welsh Gov	Not known	Between £5m and £25m		Not known	2015 -	All	Social enterprises in all sectors	All Wales	1-2	

	Name of project / intervention	Elements of Support: Activity	Delivery partners: Lead org	Delivery partners: Partners (and description of role e.g. delivery or referral partner)	Finance and resources: Total budget	Finance and resources: ERDF funding	Finance and resources: Staffing resource and roles	Timescale: Project timescale	Eligibility for support: Size of business	Eligibility for support: Sector of eligible business	Eligibility for support: Geography	Eligibility for support: Pyramid – level 1, 2 or 3	Description of support offered
2	Innovation Support SMART Innovation	Pan Wales support for Innovation and commercialisation in the form of specialist advice for SMEs and large companies. (Approved in WEFO Business Plan).	Welsh Gov	Delivered directly by Welsh Government Team in partnership with HE and FE Intuitions	West Wales £11.8m East Wales £7.9m	West Wales £7.7m East Wales £3.9m	Central and Regional Teams within WG - Approx 10 Innovation Specialists	20015 -	All	All - but Primary focus will be on AM&M, Life Sciences, ICT and Energy and the Environment	All Wales	2	Innovation Specialists to provide technical support IP Advisors Manufacturing and Design Advisors
	Smart Expertise	The Provision of grants via Higher and Further Education primarily designed to strengthen capacity and expertise in the Institution and promote increased engagement and knowledge transfer with Industry			Between £5m and £25m			2015 -	All			2	Strengthen the capacity and expertise of HE/FE to develop research areas identified under SMART specialisation. Promote increased engagement and knowledge transfer between HE/FE Institutions and Welsh industry.
	Smart Cymru	Grant scheme offers Pan Wales support for businesses at different stages of the RD&I Process. Represents WG's core support for RD&I			£40m+			2015-	All	All - but Primary focus will be on AM&M, Life Sciences, ICT and Energy and the Environment		2	Support through Technical and Commercial Feasibility Industrial Research; Experimental Development & Exploitation; Innovation Vouchers; providing capital and revenue funding.

	Name of project / intervention	Elements of Support	Delivery partners		Finance and resources			Timescale	Eligibility for support				Description of support offered
		Activity	Lead org	Partners (and description of role e.g. delivery or referral partner)	Total budget	ERDF funding	Staffing resource and roles	Project timescale	Size of business	Sector of eligible business	Geography	Pyramid – level 1, 2 or 3	
3	Welsh Government Sector Support	Welsh Government Support directed towards nine key sectors: Energy and the Environment Construction Creative Industries Advanced Materials Financial and Professional Services Food and Farming ICT Life Sciences Tourism	Welsh Gov	Depending on the sector e.g. Construction working with CITB	Not Known	Unknown	Sector focused teams within Welsh Gov	Ongoing	All	Dependent on the lead sector team	All Wales	2	Dedicated team which focuses on providing bespoke support to key businesses. Most sectors have a package of support available as well as a generic repayable finance pot. Currently reviewing provision to bring all activities under one development package for businesses.
4	Construction Futures	Construction Futures Wales (CFW) is a unique and fully funded initiative by Welsh Government and the Construction Industry Training Board (CITB), offering the Welsh construction industry support to grow.	CITB/Welsh Gov	Delivered through contract	£3m		Central Team within WG, delivery team through contract.	2015-17	All	Construction	All Wales	1-2	Support is available through 1-2-1 business support, Leadership & Management qualifications, events, workshops, and sourcing. Construction Futures Wales offers targeted support for construction companies focussing on support issues that uniquely and directly affect the sector.

		Elements of Support	Delivery partners		Finance and resources			Timescale	Eligibility for support				
	Name of project / intervention	Activity	Lead org	Partners (and description of role e.g. delivery or referral partner)	Total budget	ERDF funding	Staffing resource and roles	Project timescale	Size of business	Sector of eligible business	Geography	Pyramid – level 1, 2 or 3	Description of support offered
5	Welsh Government Export and Trade Support	Support to support businesses internationalise through: Programme of missions and exhibitions Subsidised consultancy support for trade advice	Welsh Gov	Direct delivery and via contract with Trade Consultants	Current European Programme completes in June.	not known	Central team and bank of consultants to deliver trade advice.	20015-	All	All	All Wales	All Wales	Support for businesses capacity and capability to trade internationally through events, trade missions and one to advice via trade experts.

		Elements of Support	Delivery partners		Finance and resources			Timescale	Eligibility for support				
	Name of project / intervention	Activity	Lead org	Partners (and description of role e.g. delivery or referral partner)	Total budget	ERDF funding	Staffing resource and roles	Project timescale	Size of business	Sector of eligible business	Geography	Pyramid – level 1, 2 or 3	Description of support offered
6	Finance Wales	Provides support to business through loans, seed and growth capital and equity	Finance Wales (wholly owned subsidy of Welsh Gov)		Not Known Two Applications (Loan Fund and Equity Fund) to WEFO in the business planning process. Both Project estimates are in excess of £40m	Not known	Five distinct teams: http://www.financewales.co.uk/people.aspx	Jeremie scheduled to end December 2015, remainder ongoing		Finance Wales is committed to the long-term success of Welsh SMEs. We're a generalist investor across multiple sectors. However, the new equity fund application states "The operation will invest in SMEs across a number of Thematic Economic Opportunities such as Advanced Manufacturing, Life sciences and Health in particular.	All Wales	1-2-3	Provision of investment funds to support start up and existing SMEs.

	Name of project / intervention	Elements of Support: Activity	Delivery partners: Lead org	Delivery partners: Partners (and description of role e.g. delivery or referral partner)	Finance and resources: Total budget	Finance and resources: ERDF funding	Finance and resources: Staffing resource and roles	Timescale: Project timescale	Eligibility for support: Size of business	Eligibility for support: Sector of eligible business	Eligibility for support: Geography	Eligibility for support: Pyramid – level 1, 2 or 3	Description of support offered
7	Small Grants Programme	Discretionary grants support, offered towards capital costs and marketing. Usually up to £10k.	not known	not known	not known	not known	Dedicated teams in each LA.	tbc	SMEs	All, but with a bias towards WG priority sectors in the region	Ynys Mon, Gwynedd, Conwy and Denbighshire	1-2	tbc
8	BEACON+	Building on Previous Project by using the concept of "bio refining" with Welsh businesses to produce a wide range of products from plant material.	Aberystwyth University	Bangor u University and Swansea University	£5-£25m	not known		2015-	All	All	All Wales	2	Establish links between the business community and academia within Wales to: - Develop new products and processes that will support economic growth - Create highly skilled jobs in the area of green biotech - Support inward investment - Promote science excellence from Wales
9	Pontio	Large capital Arts and Innovation Centre in the centre of Bangor. Total Cost is near £50m, of which £8m is towards an Innovation Hub which includes a Da Vinci Design Studio, R&D testing environment, multimedia workshop and pre incubation space.	Bangor University	NDRC, Dublin	2.641 m Euros	ERDF 1.98m							
10	Inventorium	Located within CAST Inventorium is a programme designed to translate innovative digital ideas into sustainable businesses.	CAST / Bangor University										

		Elements of Support	Delivery partners		Finance and resources			Timescale	Eligibility for support				
	Name of project / intervention	Activity	Lead org	Partners (and description of role e.g. delivery or referral partner)	Total budget	ERDF funding	Staffing resource and roles	Project timescale	Size of business	Sector of eligible business	Geography	Pyramid – level 1, 2 or 3	Description of support offered
12	FLEXIS - Flexible Integrated Systems	Development of world class energy systems research capability in Wales	Cardiff University	with Aberystwyth, Bangor, Swansea and University of South Wales	£25m - £40m	not known	not known	2015 -	All	Energy and the Environment	All Wales	1-2-3	Intention is to bring together research experts specialising in Energy networks, infrastructure, resources, storage, and load management demand and safety management.

APPENDIX C CASE STUDIES

Hinkley Point	
Background	**Why was the project initially developed / funded – what was the market failure?** EDF Energy is proposing to build two new nuclear reactors and associated development worth £16 billion, known collectively as Hinkley Point C, at Hinkley Point in West Somerset. *'In big construction projects contracts (such as providing thousands of meals every day, plumbing and electrical work in accommodation blocks), would often go directly to multi-national facilities services companies. The company's desire to use local businesses is based on robust business benefit for the project, including encouraging supplier loyalty, building sustainable local partnerships in a local supply chain, and reducing transport and accommodation costs'* (EDF Energy) EDF didn't want multiple agencies involved so the Somerset Chamber of Commerce was chosen to act as a conduit of information to businesses, respond to enquiries and act as the voice of local businesses. **How has the project developed?** Initial discussions with private and public sector partners were carried out to understand the measures that have previously been put in place to maximise SME involvement in supply chain contracts and expenditure. The next step was to determine what local businesses existed to develop a good understanding of the potential supply chain and to define what is 'local'. The boundary classed as the Old County of Somerset was decided upon. A local Business Engagement Forum was then set up which included the Local Authorities within the boundary, EDF, Somerset Chamber of Commerce, MAS, CITB and others. The Somerset Chamber of Commerce started with half of one member of staff's time working specifically on Hinkley Point C. This has now expanded to a team of 3fte and two other members of staff as and when required. This includes a business liaison role and specialist roles relating to particular opportunities such as construction and engineering. **Who is involved in delivering the activity?** EDF Energy is working in partnership with Somerset Chamber of Commerce to help local firms to find new ways to collaborate to secure a share of £500 million worth of contracts for the services needed to support the operation of the site during the nine years of construction. The Hinkley Supply Chain Team is coordinating an event programme to support businesses interested in winning contracts at Hinkley. These events are being delivered with the help of Somerset Chamber of Commerce, South West Manufacturing Advisory Service, Business Link, Bridgwater and West Somerset Community Colleges, EDF Energy, Local Authorities and other partner organisations. The Manufacturing Advisory Service South West offers hands-on support from industry specialists and is aimed at helping manufacturing and engineering businesses improve operational productivity, introduce new products and processes and develop effective strategies aimed at growth markets including Nuclear new build. They will also assist in the evaluation of gaps in management systems and accreditation. The local further education colleges are also working with EDF Energy to develop programmes to prepare the local workforce for this project which will help to equip local residents with the skills needed to support the project and the development of businesses in Somerset. The Construction Industry Skills Centre has been built in collaboration with Bridgwater College, close to the Hinkley Point C site. A similar centre, the Energy Skills

	centre has been developed to focus specifically on the technical and engineering skills needed in the energy industry across the UK. Advice and guidance is also being provided by Nuclear Advanced Manufacturing Research Centre and National Skills Academy for Nuclear Manufacturing which aims to equip local businesses to win contracts to support the building of the new nuclear power station and create a pool of expertise to attract more businesses to the region.
Aims and objectives	**What proportion of contracts (number or value) is the project seeking to secure for local SMEs?** The project is seeking to secure approximately £500million worth of contracts for the services needed to support the operation of the site during the nine years of construction. During the construction phase there are approximately 180 Tier 1 contracts, which can be split into the following areas: • Mechanical, Electrical and HVAC – 13 Contracts; • Technology Systems around the reactor, turbine generator and C&I – 6 Contracts; • Equipment Items and Components – 51 Contracts; • Systems and Erection – 36 Contracts; • On-Site Construction – 13 Contracts; • Off-Site Enabling – 6 Contracts; • Site Services, Logistics and Operations – 61 Contracts; EDF Energy will have around 80 manufacturing related contracts to let. In addition, the company's key supply partners (Areva, Bylor, Costain and Alstom) will need to let many sub-contracts for manufacturing work. **What is 'local' in the context of the project?** Aimed at businesses located in Somerset and the South West (within the Old County of Somerset boundary). The new skills and knowledge that construction workers and those who work on-site during the operation of the station will bring will create a pool of expertise that will attract more businesses to the region. The employment and new skills will also bring benefits to local individuals, and their families, and the economy. It will ensure that local people are suitably skilled to work in the local businesses and on the project itself. It will help equip local people with the skills needed to work on a wide range of construction sites including Hinkley Point C and so will help build a skilled workforce in the south west.
Inputs	Total and yearly breakdown of funding (2014-2015) • £150,000 to develop the Hinkley supply chain; • £1,7m ESF 'Skills Fund for Hinkley' allocated through Bridgwater College to a consortium of education and skills providers for nuclear-related training projects; • Around £225,000 from the Manufacturing Advisory Service; • Support for the development of a Hinkley Point Training Agency; • £200,000 from Job Centre Plus to provide employability support;
Activities	**How are businesses initially identified for support?** Businesses who want to become part of the supply chain for Hinkley Point C can register on the Hinkley Supply Chain website by completing a short online form. The capabilities of

	the business are then made available to EDF Energy and interested Tier 1 contractors. Businesses can also update their details as they develop their capabilities and standards and keep abreast of the latest developments including build schedules and contracts out for tender. It is important to find businesses with the right capabilities due to the high standards required with a nuclear build. In order to select the right businesses, Somerset Chamber of Commerce looked at data around the size of the business, turnover, and accreditations. The quality of the data is critical as suppliers can often be optimistic of their capabilities. **How are businesses supported by the project / intervention – what types of business support are offered?** Businesses registered on the Hinkley Supply Chain website are able to access a library of reference material and training documents and can find information and contact details for business support partners that will help them meet the quality and safety standards required. The Hinkley Supply Chain portal has details of over 50 providers of business support that can help with the delivery of the following requirements: - Strategy and Management - Procurement and Tendering - Accreditation and Certification - Workforce Skills Businesses are also able to engage with others on technical and business training events and information days designed by the Chamber and its partners to help local businesses get ‘Hinkley ready’. The programme of events is planned to meet a range of needs for the business community and the work package requirements in line with the project timetable. This includes understanding the demands that a very large civil engineering project will require including accreditation requirements, tendering for contracts, creating winning partnerships and tips on presentation. The events also help local businesses to meet the standards expected in quality, safety, project and productivity management. Meet the Buyer events also give local businesses the opportunity to engage directly with main contractors. The role of the Local Authorities is to enable local companies to be competitive e.g. providing permission for businesses to expand their premises and grants to support local businesses. Sedgemoor Council has funded events to support supply chain businesses such as leadership, procurement and finance. **How is the project linked to the development (e.g. Hinkley Point)?** Businesses can become directly involved in the supply chain for the development of Hinkley Point C and gain the knowledge and accreditations required to work on nuclear developments. Local people will be equipped with the skills needed to work on the development. Hinkley Employment Brokerage - Local people interested in job opportunities will be offered support and guidance by a team of EDF Energy’s Employment and Skills Managers (ESMs) and ‘Hinkley Point Champions’ who will be located in Job Centres across Somerset. Ensure that EDF Energy’s supply chain partners recruit, train and inspire local people. The Brokerage can offer effective, fee free recruitment of suitably trained and vetted, local residents from the Brokerage Talent Pool. This also supports the backfilling of displaced jobs.
Outputs	• What are the primary output categories • Collect information (if possible) on the targets and outputs achieved to date. • Over 1000 firms registered to be potential suppliers, EDF Energy has awarded £61 million worth of contracts across the south west, with £25 million of this total going direct to firms in Somerset.

Outcomes	**What difference has the project made for local SMEs?** £30 million has already been awarded to more than 130 local small and medium sized
Aims and objectives	
	Many SMEs have formed alliances particularly once they have become aware of the scale involved e.g. Somerset Larder. This is a private limited company with agreed company objectives, memorandum and articles of association. which means that Somerset's food and drink businesses are now ready and well-placed to compete for major projects such as the anticipated £80million spend on food and drink during the construction of Hinkley Point C. Somerset Larder will be bidding for the supply of the main catering operations at Hinkley Point C as well as catering opportunities in the three accommodation campuses. Other alliances have been formed around infrastructure, construction utilities, hotel requirements, bus companies, reprographics and facilities management.
Future direction of the intervention	**What are the future priorities for the project?** To continue to regularly communicate with local businesses to ensure that they are aware of the opportunities to get involved and that these opportunities still exist. There needs to be a constant and credible message from one main voice and it needs to be re-emphasised on a regular basis. **What would the project do differently if it was to start again?** Engagement with businesses was perhaps started too early back in 2012 as the project is still not up and running in 2015.
Key lessons learnt for the North Wales business support package	**The following key lessons have been learnt from supply chain activity at Hinkley:** • It needs to be evident to local businesses that collaborative working between the public and private sectors is happening so as not to alienate either sector. Communication needs to be credible and demonstrate the quality of business support on offer. It also needs to be put forward in a language that local businesses can relate to. • A thin client approach is beneficial so collaborations between businesses should be encouraged as it allows EDF/Chamber to focus on as few companies as possible. • It is easier to promote collaboration between companies if they are aware of the package of work on offer and the scale of work involved. Collaboration is mentioned in the contracts along with KPIs on performance although the project has tried to stay away from setting too many targets as they are often unrealistic for businesses. • Suppliers need providing with ideas and a good understanding of procurement specifically related to the development as it is often different to what they have come across before. There is often a lack of awareness about the scale of the development and an assumption that they have missed the opportunity to get involved even though it is long term project. Many SMEs also under the assumption that they need specialist nuclear skills but it is a long term civil engineering project which involves many of their day to day roles but on a larger scale.

NDA / Sellafield	
Background	**Why was the project initially developed / funded? What was the market failure?** The driver for the project was the Government commitment to making Government business and expenditure more accessible to SMEs and the associated aspiration to achieve 25% of business by value with SMEs by 2018/19. The NDA (Nuclear Decommissioning Authority) sits under the Department for Energy and Climate Change and forms a major part of the department's annual expenditure. The NDA has a well-developed SME plan and places SME requirements on its Site Licence Companies (SLCs). The approach is recognition of the importance of SMEs to the economy and as a means to allow them to compete effectively for Government contracts. An example of the NDAs approach is that adopted for Sellafield Ltd who are responsible for the effective use of circa £1.8billion of taxpayer money per annum. About one third of the annual cost is the remuneration of the Sellafield Ltd workforce, providing a significant positive impact on the local economy, the balance is spent in the supply chain (circa £1billion). Leveraging additional benefit (both nuclear and non-nuclear) against its overall investment in the local economy is a key driver for how Sellafield Ltd proposes to engage with the community in order to meet jointly agreed socio-economic objectives and related targets around: • Local education, skills and employment development; • Encouraging SME and local business growth; and • Supporting sustainability and community well-being. **Relevance to Anglesey and North Wales** NDA is already a major player in North Wales within the Nuclear sector and as such understands a part of the nuclear specific and support capabilities that the area has to offer. Its experience and that of the current PBO (Cavendish Flour) also offers helpful parallels as to what SMEs need to succeed when it comes to accessing, bidding for and winning Government contracts.
Aims and objectives	**Headline aims and objectives** NDA has taken steps to reduce the cost and complexity of trading with its estate - simplification and standardisation of PQQ and T&Cs, and adoption of Contracts Finder (used by the SLCs and progressively by the estate's Top Tier 2 contractors) to facilitate transparent access to opportunities. At the Sellafield Ltd level a socio-economic plan has been established to leverage additional benefits for local residents and businesses which include a series of 7 objectives. Those relating to businesses and employment are as follows: • Support a reduction in local youth and long-term unemployment by supporting initiatives to help equip future job seekers with the skills, confidence and real-life experience they need to find work in the area (our people) • Improve local pathways to employment through long-term development of education,

	skills and training matched to long-term Sellafield Ltd business needs (our people) • Increase the proportion of SME work, directly and indirectly, to stimulate growth in local long-term skills and services (our local businesses) • Encourage the local supply chain to support resolution of technological challenges through innovation (our local businesses) **What proportion of contracts (number or value) is the project seeking to secure for local SMEs?** Based on the Government's target of 25% of expenditure being with SMEs by 2018/19. In the DECC departmental context only 0.4% and 1.9% in 2011/12 and 2012/13 of all procurement was spent with SMEs directly with a further 11.9% of indirect spending with SMEs. **What is 'local' in the context of the project?** No specific "local" defined area is identified in the context of NDAs SME procurement but groups have been set up for Wales, Cumbria, Scotland and the North and South of England) with the aim of enabling SMEs to be more successful in the nuclear sector. This is in recognition of the complexity and diversity of the NDAs estate. For Sellafield local is identified as the county of Cumbria.
Inputs	**Total and yearly breakdown of funding** This is not a traditional business support initiative more a more permanent approach to procurement that aims to facilitate better access and more Government expenditure with SMEs.
Activities	**Detail the key activities / types of business support provided** • Working with NDA, Britain's Energy Coast and Centre of Nuclear Excellence to establish a "Supply chain brokerage" that actively encourages partnering between local suppliers, SMEs and Sellafield Ltd Tier 2 suppliers specifically matched to Sellafield Ltd's long term procurement programme, but recognising and underpinning the potential for local businesses to expand into wider and non-nuclear sectors. • Working with Sellafield Ltd technical team and NNL develop technology, commercial and funding routes to support delivery of an agreed Sellafield Ltd technology programme, working collaboratively to increase the overall technical capability of local businesses. • Working with key external stakeholders to identify investment opportunities with key Sellafield Ltd suppliers to support the aims of the Centre of Nuclear Excellence with specific emphasis on the Cumbria wide Growth Hub. • Sellafield has also incorporated a range of measures within specific contracts to help ensure local SME content. This includes getting a commitment to achieve a minimum target of 20% with SMEs on the Box Encapsulation project, through removal of barriers to SME engagement and also facilitating engagement with SMEs. Contractors have also submitted metrics for measurement during contract delivery (value of SME direct and indirect spend, etc.). • Sellafield have also developed a multiparty framework with the procurement and contracting principles designed to target SMEs. The framework has received significant interest from the SME community with a competed pilot framework populated predominantly by SMEs. In addition, an innovative "self-determination" award mechanism is in place to facilitate collaboration between the EIF members, which has resulted in delivery results but improved relationships and SME collaborations outside of the framework scope.

	• SME mentoring scheme is run by Sellafield which involves management support and mentoring from Sellafield to local SMEs. **How is the project linked to the development?** As noted above the project at the Government and NDA level is really a change in procurement approach rather than a bespoke time limited programme. The programme is linked to NDA and site licence company activity in relation to decommissioning and waste treatment.
Outputs	**What are the primary output categories** % by value of contracts let to SMEs; and % local (Cumbria) SME. **Collect information (if possible) on the targets and outputs achieved to date:** In 2012/13 Sellafield Ltd achieved 7.4% of its direct spend being with SMEs, and increased this to 7.6% in 2013/14. Sellafield Ltd continues to push to meet the NDA target for 2014/15 and future years with an aspiration target to achieve and maintain 25% by 2017/18. **Skills/Employment** In 2014 Sellafield Ltd targeted recruiting 68 graduates and successfully recruited 52. Sellafield Ltd has a number of long term links with universities which are aimed at improving recruitment and training of key skills, at the same time as sponsoring innovative waste and decommissioning research and development. With the support of Copeland Borough Council, Sellafield Ltd launched a new scheme to engender skills development and employability for the unemployed and under employed in the local area. The scheme, called ‘ready to work’ developed and improved the job prospects and employability of local people by providing access to training and work experience. It was managed by Inspira and supported by Lakes College, and provided 54 successful candidates with work experience and a guaranteed pre-selection interview with Sellafield Ltd, as well as coaching in applications, interviews and tests, personal skills development, confidence and motivation, and nationally recognised qualifications in literacy and numeracy. As a result of this initiative 26 West Cumbrians' have gained employment with a range of companies in the area, including directly with Sellafield Ltd.
Outcomes	**What difference has the project made for:** **Local SMEs** In 2012/13 Sellafield Ltd achieved 7.4% of its direct spend being with SMEs, and increased this to 7.6% in 2013/14. Sellafield Ltd continues to push to exceed the NDA target for 2014/15 and future years with an aspiration target to achieve and maintain 25% by 2017/18. **Does the market failure still exist / has it changed?** Market failure is not expressly identified within the NDA and SLCs approach to procurement with SMEs. Based on the nature of some of the activity by the NDA and SLCs there could potentially be an imperfect information market failure.
Future direction of the	**What are the future priorities for the project?** Sellafield Ltd is now building on this success by developing and implementing an integrated Sellafield Ltd and supply chain skills and employment brokerage to manage training and

intervention	employment routes into Sellafield Ltd and its suppliers. In conjunction with Sellafield Ltd major tier 2 suppliers and local agencies, the brokerage will be launched in April 2015. Additional future priorities include achieving the 25% expenditure target with SMEs; and managing the transition of staff, many of whom are with contractors.
Key lessons learnt for North Wales	• Need to instigate a commitment to using the local supply chain that starts from the very top and percolates down through organisations i.e. Government /NDA/Sellafield Ltd • Mentoring for businesses via the buyer organisation is important in helping SMEs to understand the nuclear “environment” for businesses and the specific needs/accreditations/standards and practices that are applicable. This approach has helped identify the gaps in capability/capacity and in turn led to further work to achieve these standards • Need for a brokerage scheme to match demand for employment with the training and skilled workforce available. • Direct work with SME management has been delivered by Sellafield itself rather than by an intermediary. Key here is having the understanding and detailed knowledge of the procurement and operational environment so as to better advise SMEs on the investment and approach needed.

	Supply chain activity in the East of England
Background	Norfolk and Suffolk is at the centre of the world's largest market for offshore wind energy and the UK's most dense area of offshore development is between the Humber, Greater Wash and Thames Estuary. The region has a significant presence of energy projects including : • 150 oil and gas installations, • 40 on and off shore wind farms; • 3 biomass fired power stations with a further four in the development pipeline; and • One nuclear power station. The region is expecting to benefit from a total of £30bn investment in major energy projects up to 2020. The majority of this will be for off-shore projects whilst £6bn is expected from the new build nuclear power station at Sizewell. The scale of the region's energy sector means it has a significant nuclear supply chain. The sector as a whole employs 18,850 people regionally and includes over 1,100 companies in Norfolk and Suffolk. The East of England also includes an area with Enterprise Zone status via The new Anglia Great Yarmouth and Lowestoft Enterprise Zone. The Enterprise Zone bid was developed by the Norfolk and Suffolk Energy Alliance (NSEA). The region is also recognised as one of five CORE 'Centre of Renewable Engineering'. A number organisations are involved in developing the energy sector **The East of England Energy Group (EEEGR)** – EEEGR is the industry association for energy in the East of England, representing over 390 members across the supply chain. EEEGR are a non-profit, business-led group committed to the sustained development of the energy sector in the East of England. EEGR has a number of workstreams focusing upon, for instance, **Supply Chain Development** and **Skills for Energy**. It also provides members support and representation to promote the renewable energy sector in the region. **Suffolk Chamber of Commerce** – Suffolk Chamber are leading supply chain development activity on behalf of EDF at Sizewell C. The main focus of activity at this stage is the development of a supplier database and initial engagement with potential supply chain businesses. The ERDF funded Supply Chain Development Programme is delivered by Nautilus Associates – a private sector consulting group with expertise in upstream energy developments – was focused upon the following three aspects of support. The programme was primarily focused upon the offshore energy sector but the lessons learnt are relevant to the nuclear sector: • support businesses that have already secured opportunities within the sector, and build on these strengths; • engage with businesses planning to enter the market and help them to understand the industry; • explore opportunities for companies unaware of the sector, matching gaps in the supply chain to the capabilities of businesses.

	Supply chain activity in the East of England
Inputs	**EEERG** EEERG is a membership based organisation and so is predominantly funded through subscriptions. EEERG has also previously received support from ERDF through delivery of the Supply Chain Development Programme. The Programme was worth a total of £2,370,050 over three years. EEEGR's wider support is funded by membership subscriptions and small grant contributions for specific projects. All of EEEGR's activity are delivered by its small staff team – approximately six full time members of staff which is sometimes supported by interns and secondments. **Suffolk chamber of Commerce** Supply Chain development activity at Suffolk Chamber is currently supported by one full time member of staff. This is expected to increase in the future to reflect the resources available in Somerset.
Activities	**EEEGR** The main activities delivered by EEGR include • **Supply Chain Development Programme** – An ERDF funded project delivered in partnership with Nautillus Consultants. Businesses are supported with a strategic review to identify their key capabilities and relationships before being provided with a high level SWOT analysis of its key strengths and weaknesses and the development of a 'scenario proposition' regarding the products and services businesses can offer to the market. • **Skills for Energy Programme** - Pre-apprenticeship support for the energy sector is also delivered in the East of England via the East of England Energy Group's 'Skills for Energy Programme'. The Skills for Energy Programme is an NVQ level 2 pre-apprenticeship programme developed by EEEGR, in partnership with the energy sector and run at Lowestoft College and Great Yarmouth College. The programme was designed to increase the completion rate of energy sector apprenticeships as drop-out was previously high. This meant young people were starting one qualification before realizing it did not meet their expectations, resulting in high drop-out rates. As a result, there was a lack of young apprentices to meet the needs of the region's large energy sector employers. • **Wider skills activity** – EEEGR lead on a number of strategic skills initiatives, such as the **Energy Skills Network**, acting as the conduit between industry and further and higher education providers. They have also led on **skills mapping** work, working with industry to map the qualifications available locally that are needed by the energy sector. EEEGR are also **promoting the energy sector within schools** to encourage young people to consider the sector as a career route. EEEGR have also been involved in the development of a proposed £11m energy skills centre (EPiC) for the East of England. EEEGR and Nautillus are currently trying to secure funding for this centre. • **Conferences -** EEEGR run a number of events and conferences throughout the year including a skills for energy fair and receptions in the House of Commons. Events are aimed at increasing awareness of the sector amongst members of the public, businesses and politicians. • **Information and intelligence** – EEERG produce an online and paper directory of their members and energy supply chain businesses.

	Supply chain activity in the East of England
Outputs	The following outputs were achieved by the Supply Chain Development Programme for a total funding of £2.37m : • Start-ups receiving assistance – 2 • Business receiving innovation assistance – 36 • Businesses receiving non innovation support – 47 • Jobs created – 135 • Innovation related initiatives – 8 • Non innovation related initiatives – 179 • Environmental Initiatives – 1 • Successful start-ups – 1 • Businesses integrating new products and services - 1
Future direction of the intervention	EEEGR and Nautiluses consultants are currently developing a successor ERDF project to the Supply Chain Development Programme. This will provide similar support to the previous intervention but will focus upon one-to-one support with real supply chain and business growth potential. The project will therefore be more focused in nature. It is also placing an emphasis on private sector investment – securing match funding from energy developers rather than being reliant upon public sector match funding. The proposal is currently being pitched to energy developers as a route to support their supply chain needs and deliver local benefit.

	Supply chain activity in the East of England
Key lessons learnt for the East of England.	**EEEGR** • Skills delivery (pre apprenticeship support) is considered a success in increasing uptake of energy sector apprenticeships and reducing drop-out rates. • EEEGR are finding it increasingly difficult to fund their portfolio of skills activity. It has been difficult to secure developer funding for this provision despite commitments to the skills agenda and skills shortages being reported locally. • There is a need to move away from supply chain support solely funded by the public sector. Private sector match funding should ideally be secured so support programmes have developer commitment and are seen as way to mete their supply chain needs. • Intensive business support provision is required if companies are to be moved towards being an energy supplier. Whilst here is a place for information events, more detailed support targeted a companies with growth potential is now being prioritised. **Suffolk Chamber of Commerce** • Sizewell B achieved a 46% of contracts going to local suppliers. The aim is to at least achieve this again although the formal targets will not be set. The approach is considered unhelpful for the developer although targets should be informally monitored by the public sector as a way of influencing delivery wherever possible. • Investment in database development is a critical first step in supply chain support. Suffolk's is based upon CPV codes that are used in procurement exercises. The database is being used to map supply chain capability to the work packages EDF are using in Hinkley. The Chamber than plan to target companies in sectors and work package that are under-represented in terms of supply chain companies. • Suffolk Chamber is mindful of their level of engagement with businesses at this early stage of project development. They have linked any supply chain engagement activity to announcements by EDF and are conscious of overly raising expectations. • Local businesses have a limited understanding of the nuclear sector opportunity. More detailed supply chain engagement is needed in the future to 'translate' the opportunity for local businesses including those in the service sector that could support the incoming construction workforce. • There is concern locally about young people's attitude to working in the nuclear sector. There is a need to promote the sector more intensively and provide pre-apprenticeship provision. EDF have shown a commitment to apprenticeships at Sizewell B (50 out of 500 on site staff are apprenticeships) and this commitment is likely to be replicated at Sizewell C.