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

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

Swyddfa Rhaglen Ynys Ynni /
Energy Island Programme Office
01248 752435 / 2431
PMO@ynymon.gov.uk

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THE ISLE OF

Anglesey

Wylfa Newydd
Local Impact Report

Chapter 4: Economic Development – Supply Chain

December 2018

PINS Ref: EN010007

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1.0 Economic Development – Supply Chain

1.1 Overview of Impacts

1.1.1 The Isle of Anglesey County Council (IACC) is supportive of the Wylfa Newydd project which can bring about long term economic and well-being benefits and opportunities for the residents of Anglesey and wider North Wales.

1.1.2 The IACC are of the opinion that the following positive and negative impacts are a likely consequence of the Wylfa Newydd project proposals. The breadth, depth and duration of the impacts will be felt greatest by the communities closest to the main site, and will be directly influenced by the commercial approach, supply chain strategy, and commitments of the developer to enhance the benefits and effectively manage/ mitigate the negative impacts.

1.1.3 **The positive impacts of the Wylfa Newydd project on supply chain**:

a) Local spend
b) Opportunities for businesses
c) Legacy of upskilling and improving competitiveness
d) Port of Holyhead (potentially)
e) Sites & Premises
f) Indirect opportunities

1.1.4 **The neutral impacts of the Wylfa Newydd project on supply chain:**

a) Whilst it is accepted that some spend and footfall will occur in Amlwch, without regeneration investment in the local area the benefits would not be maximised.

1.1.5 **The negative impacts of the Wylfa Newydd project on supply chain**:

a) Displacement
b) Some local businesses and self-employment contracting (no additionality)
c) Tourism sector contracting (see Tourism Chapter of LIR)
d) Boom and bust scenario

It is emphasised that the lack of sight of the Supply Chain Action Plan (SCAP) throughout the process has hindered the IACCs ability to assess and formulate and informed opinion on the adequacy of the measures and approach proposed by the developer to address and minimise adverse impacts and to maximise the benefits

1.2 Anglesey Socio-Economic Context

1.2.1 The Anglesey economy is characterised by its structure and wage/productivity levels. The financial and economic crisis from 2008 onwards hit Anglesey hard and that remains the case. Major closures on the Island e.g. Anglesey Aluminium, Welsh Country Foods and Eaton Electrical, and the end of generation at Wylfa A have resulted in nearly 1,000 job losses.

1.2.2 Anglesey Aluminium and Wylfa A in particular were long-established major employers providing very favourable pay and employment conditions relative to other employers on Anglesey. In a location that has experienced long-term economic problems, and during a time of global financial and economic crisis, the closures of such major employers providing well paid secure employment had a huge social impact and represented a significant challenge not just to the individuals concerned and their community but also for regional economic development policy. The cumulative impacts associated with the closure of Anglesey Aluminium Metals compounded the effects identified for the decommissioning of the station. The loss of Anglesey Aluminium led to a loss of 652 directly employed jobs in the company and a further 248 jobs in the rest of the economy through indirect and induced effects. The average wage attached to these jobs was 65% greater than the average for jobs within the local economy. The HSE in 2013 identified the following in relation to Wylfa A[1]:

a) Wylfa A employed 3.5% of the employed workforce of the Isle of Anglesey;
b) A further 406 resident adults and 450 children were estimated to be affected by the closure as a result of being part of families of Wylfa workers;
c) Around 173 adults (resident workers and partners) and 67 children (representing 98 households) were expected to migrate away from the island entirely after the end of Care and Maintenance Preparations;
d) In addition to the jobs lost from the station itself, a further 108 jobs were supported through expenditures of the station;
e) Average wage levels depressed by 2.1%

1.2.3 These closures/reductions in workforce have had adverse effects on the structure of the Anglesey economy through a substantial reduction in the number of high value industries/manufacturing and the associated reduction in well paid jobs. As a consequence, average wages have been forced downward since 2008[2].

1.2.4 Generally, employment on the mainland is better remunerated, evidenced by many residents out-commuting on a daily basis. For every 1,000 workers on Anglesey, 200 will be working off the Island. With approximately 9,400 people commuting out of Anglesey and only 3,500 commuting in, there is a net outflow of approximately 5,900 people[3]. This exacerbates the GVA figures. However, both resident and workplace average earnings are below the national average level with the gap between Anglesey and Wales increasing over the period on both measures. Earnings on Anglesey (£446.90 a week) are significantly lower than the Wales average (£509.00)[4].

1.2.5 Employment rates are higher for Anglesey residents than they are for Wales as a whole with nearly 77% of residents in employment. However, as stated above average wage levels are relatively low. As also noted previously, the level of self-employment is much higher on the Island – 13.5% - than in comparison to the wider area and for Wales which stands at 9.5%. The overall lower density

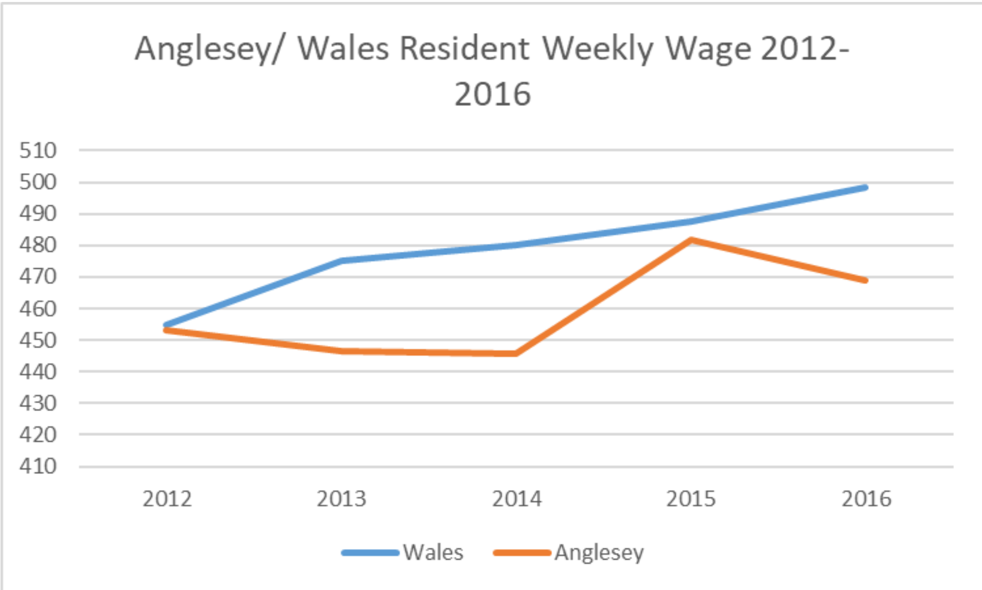
[1] Wylfa Newydd – Environmental Statement (Link)
[2] UK labour market: October 2018 (Link)
[3] SPG Topic Paper 4: Economic Development (Link)
[4] Average (median) gross weekly earnings by Welsh local areas and year (£) (Link)

of jobs available being a major factor in terms of forcing residents to pursue self-employment, particularly in lifestyle businesses.[5]

1.2.6 The context of the Anglesey economy is underlined in recently published 2016 ONS data (the next available update is 12th December 2018). In particular, GVA per head in Wales in 2016 (the measure of productivity) was the lowest in the UK at £19,140 Significantly, Anglesey continued to have the lowest GVA in the UK at £13,655. Anglesey has the lowest levels of GVA per head of any NUTS3 regions across the UK, with GVA per head at 51.8%.[6]

1.2.7 Information from Stats Wales demonstrates that the Gross Weekly Earnings on Anglesey is extremely volatile and barring two outliers is consistently below the Welsh average. The Anglesey weekly wage is now however a significant 12.2% lower than the Welsh average, the highest it has been in 10 years.[7]

Figure 1.0 – Anglesey/ Wales Workplace Weekly Wage[8]

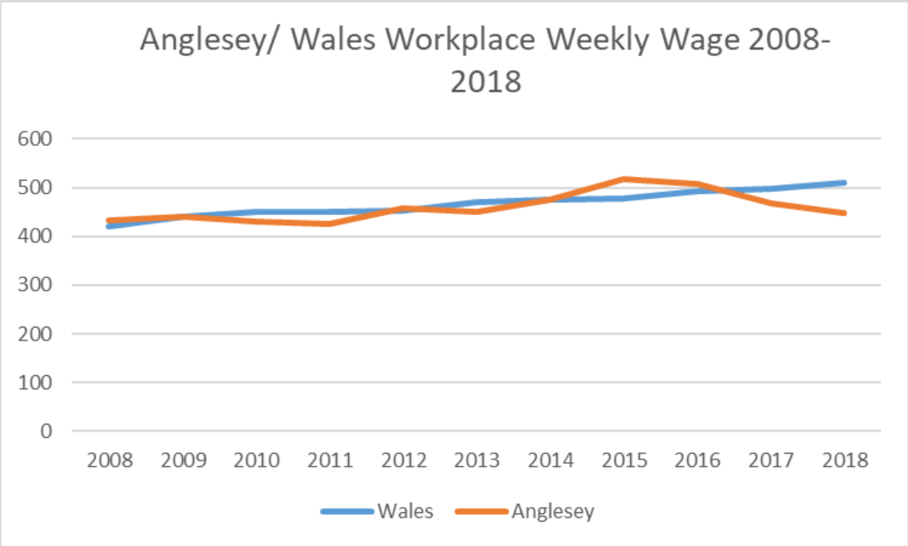


1.2.8 Adding to this volatility is that resident weekly wages on Anglesey are also low. Annual pay for 2016 in Anglesey – £23,488 for its residents was lower than in Wales (£25,667 for residents) and was significantly lower than in the UK which is £28,213. Resident annual pay decreased by 0.6% in Anglesey between 2012 and 2016 and is 7.3% less than the Wales average[9].

[5] Labour Market Profile - Isle of Anglesey (Link)
[6] Regional gross value added (GVA) and sub-regional gross value added (Link)
[7] Average (median) gross weekly earnings by Welsh local areas and year (£) (Link)
[8] SPG Topic Paper 4: Economic Development (Link)
[9] Ibid

1.2.9 The Wylfa Newydd project therefore has the potential to contribute to a positive long term shift in the structure of the Anglesey economy, create higher paid jobs during all of its phases, to move local businesses up the value chain through sourcing and support services contracts and to attract both new start-ups and inward investment associate with the project.

Figure 2.0 – Anglesey/ Wales Resident Weekly Wage[10]



1.3 Anglesey's Business Profile

1.3.1 It is crucial to contextualise and understand the make-up and structure of the businesses that make up the Anglesey economy and how they can, or cannot maximise the opportunities associated with the Wylfa Newydd supply chain.

[10] Average (median) gross weekly earnings by Welsh local areas and year (£) (Link)

Table 1.0 – Anglesey Business Profile[11]

	Anglesey	Anglesey %	Wales	Wales %
Enterprises				
Micro 0-9	2,245	89.8	92,235	89.1
Small 10-49	225	9.0	9,550	9.2
Medium 50-249	25	1.0	1,430	1.4
Large 250+	5	0.2	315	0.3
Total	2,500	-	103,530	-
Local Units				
Micro 0-9	2,560	84.8	105,095	83.1
Small 10-49	395	13.1	17,665	14.0
Medium 50-249	60	2.0	3,210	2.5
Large 250+	5	0.2	500	0.4
Total	3,020	-	126,470	-

1.3.2 The vast majority of businesses on Anglesey are Micro, nearly 90% of the economy. This complicates the supply chain picture as a result of Wylfa Newydd as the vast majority of these businesses – without proper and timely interventions – cannot realistically play a part within the development. The diagram below outlines where the IACC believes the likelihood work/ activity-packages exist and whether they are direct or in-direct. Effective business support is therefore essential in providing companies with the right information and support to understand the scale and scope of these opportunities. Wylfa Newydd will require a varied level of capability and accreditation to be part of any aspect of the supply chain, and the closer to the site – the nuclear island – the more specialised these become.

1.3.3 When compared to North Wales and Wales, the size of turnover generated by Anglesey businesses is generally lower, and there are a lower proportion of businesses generating £250,000 or more in total turnover. Anglesey businesses with turnover greater than £250,000 represent 22.9% of the business population, with the rate being 25.3% in North Wales and 25.6% in Wales. At the lowest revenue band, £0 to £49,000, 24.1% of Anglesey's businesses generate this level of turnover compared to 20.6% in North Wales and 20.7% in Wales. Businesses generating £5 million or more in turnover is comparable between all areas at 0.2%. This again exemplifies the realities and difficulty in securing entry into the Wylfa Newydd supply chain for a number of our businesses[12].

1.3.4 There is no question that the development of Wylfa Newydd can assist to rebalance the Anglesey economy in terms of its business base by providing large scale employment opportunities, both during construction and operation.

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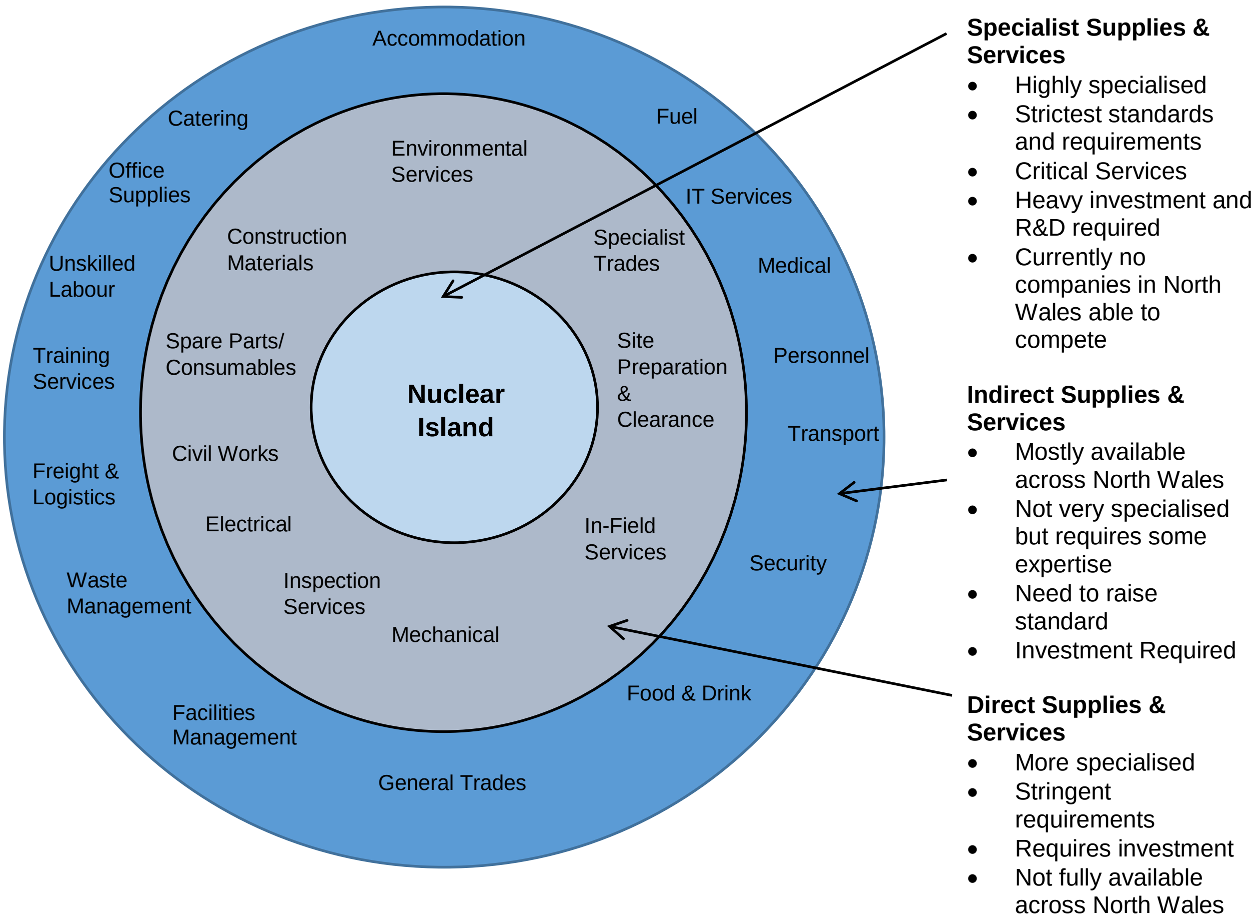
[11] Labour Market Profile - Isle of Anglesey (Link)
[12] SPG Topic Paper 4: Economic Development (Link)

Furthermore, the project will be an important high turnover business in Anglesey's economy. Indeed Anglesey is home to a number of businesses who have the credentials, experience and skills to play an active part in the nuclear supply chain.

1.3.5 There are significant supply chain opportunities for existing and potential new businesses in the Anglesey and North Wales economies offering further opportunities to close the gap with Wales on this measure however there is a requirement to undertake a significant level of work along with the required level of funding to take this to a meaningful level.

Figure 3.0 – Supply Chain Opportunities, Wylfa Newydd New Nuclear Build (IACC, 2017)



1.3.6 There is a commitment from Horizon to utilise businesses across the region to be a part of its supply chain and there is agreement between each County Council that North Wales must maximise this opportunity and facilitate and encourage as many businesses as possible. Some of these companies may require support in order to meet the necessary minimum set of accreditations and competencies to be able to access opportunities associated with the number of major opportunities taking place across North Wales. There is therefore work to be done to "match" local businesses with the opportunities at Wylfa Newydd.

1.3.7 There are a number of firms already offering and specialising in delivering Direct and Indirect services across North Wales who could – in theory – be part of supply chains associated with the large infrastructure projects.

Table 2.0 – North Wales Businesses Delivering Direct & Indirect Services[13]

	Anglesey	Conwy	Denbighshire	Flintshire	Gwynedd	Wrexham	North Wales
Total Direct	375	635	555	955	795	725	4,040
Total Indirect	325	610	565	825	640	610	3,575
Total	700	1,245	1,120	1,780	1,435	1,335	7,615

1.3.8 Within these areas, direct services supports approximately 24,065 jobs and indirect services supports 60,715 jobs. A total of 84,780 jobs – 26% of all regional employment – is therefore supported which is a critical number to the regional economy.

Table 3.0 – Detailed Breakdown on Regional Direct Services by Sector[14]

	Anglesey	Conwy	Denbigh	Flintshire	Gwynedd	Wrexham	North Wales
Environmental Services	5	20	10	20	15	10	80
Site Preparation & Clearance	5	5	10	15	5	10	50
Specialist Trades	180	295	250	420	365	345	1,855
Civil Engineering	115	155	160	210	275	165	1,080
Inspection Services	10	5	5	25	15	15	75
Mechanical Engineering	55	130	90	215	90	125	705
Spare Parts and Tool Hire	0	10	10	30	15	35	100
Construction Materials	5	15	15	20	15	15	85
Electrical Products	0	0	5	0	0	5	10
Total	**375**	**635**	**555**	**955**	**795**	**725**	**4,040**

[13] Regional Supply Chain Programme – Business Support Provision: Gap Analysis, 2017 (Annex 4A)
[14] Ibid

Table 4.0 – Detailed Breakdown on Regional Direct Services by Sector[15]

	Anglesey	Conwy	Denbigh	Flintshire	Gwynedd	Wrexham	North Wales
IT Services	40	100	120	205	100	115	680
Fuel Supplies	5	5	5	5	5	5	30
Medical services/ supplies	45	85	85	75	75	90	455
Office Supplies	5	10	10	25	5	20	75
Transport	45	70	85	205	75	140	620
Security	5	10	15	15	5	15	65
Food & Drink	15	25	45	35	30	30	180
Facilities Management	75	90	90	110	115	85	565
Waste Management	5	10	5	15	10	10	55
Logistics	10	15	20	25	20	15	105
Personnel/HR	0	15	20	35	10	30	110
Accommodati on	55	145	35	30	155	25	445
Training	20	30	30	45	35	30	190
Total	**325**	**610**	**565**	**825**	**640**	**610**	**3,575**

1.3.9 These two tables demonstrates a geographically and sectorally diverse business base across the "Direct" and "Indirect" services categories. The abundant pipeline of work that will emanate from Wylfa Newydd provides numerous opportunities for these firms to win work, potentially leading to long-term contracts and relationships. It important however to note that there is a vulnerability to the supply chain due to the nature of the Anglesey – and indeed North Wales – economy. The volume of population and availability of workforce does not exist to provide backfilling of positions and this increases the risk of displacement.

1.3.10 To realise these opportunities many firms, will require support to understand where these opportunities lie and how these companies can access them.

1.3.11 This support needs to come in a number of guises. From providing bespoke business support to companies, tailored accreditation support in the field of ISO and other recognised standards through to critical sites and premises. It has already been noted from a property consultancy that insufficient provision of shovel-ready sites and premises exist on Anglesey and indeed North Wales. The very real risk here is that "investment and those jobs actually go down the A55 to the Manchester-Liverpool area"[16] and that a legacy for local and the regional supply chain is lost. This would be unacceptable. Up-front investment in modern, fit-for-purpose premises is required to enable and facilitate companies to grow organically as they secure Wylfa Newydd (and its associated developments) contracts and also that larger inward investors and

[15] Ibid

[16] 'Wylfa supply chain jobs could drain away to England' (Link)

companies looking to establish long-term bases on Anglesey have options available to them. It must be made as straight-forward as possible for businesses to grow and establish themselves to become part of the Wylfa Newydd supply chain.

Table 5.0 – Assessment of Potential Local Impacts

Impact	Summary of Impact	Positive/ Neutral/ Negative
Local spend	That £200m-£400m will be spent locally is an immediate positive, however we caveat this the opinion that the £1.5bn spent at Hinkley is achievable.	Positive
Opportunities for Business	The Wylfa Newydd development will provide opportunities for businesses to secure contracts for a number of years thereby ensuring job creation.	Positive
Legacy of Upskilling & Improving Competitiveness	Businesses in the locality will have to upskill to become part of the supply chain. This in turn will ensure a lasting legacy in securing further contracts and becoming more competitive.	Positive
Port of Holyhead	Ensuring the Port plays an active and meaningful role in the supply chain will result in direct investment creating substantial construction and operational jobs for a number of years.	Positive
Sites & Premises	The development of Wylfa Newydd must result in the creation of additional sites and premises on Anglesey and North Wales for indigenous businesses and inward investors.	Positive
Indirect Opportunities	Although not directly linked to the Wylfa Newydd development, there will be an abundance of indirect opportunities from construction workers accommodation to cooking, cleaning etc.	Positive
Displacement	There is a very real potential that the development – especially as a result of the Hinkley pay deal – will adversely affect the local supply chain causing displacement and companies unable to backfill.	Negative
Local Businesses and self-employment contracting	Threat that the Wylfa Newydd Project will attract Small-Medium sized enterprises, micro-businesses and the self-employed to work on the project which will result in contraction of these businesses in the local economy. This	Negative

	could also result in a reduction in personnel being available to undertake domestic and light industrial works (business as usual)	
Tourism sector contracting	See Tourism Chapter of LIR	Negative
Boom and Bust Scenario	Negative impacts seen throughout the construction period will remain after the positive construction impacts have gone away	Negative

1.4 Policy Position

1.4.1 The Anglesey and Gwynedd Joint Local Development Plan (JLDP) (adopted July 2017) sets out the local policy context for development of Wylfa Newydd. Policy PS9: Wylfa Newydd and Related Development seeks early engagement with the project promoter to maximise employment, business and training opportunities for local communities in the short and long term (criteria 9). Under criteria 9 PS9 also requires that the promoter's "procurement, employment, education, training and recruitment strategies and delivery plans" are submitted to the Council as part of any application.

1.4.2 The development of the Wylfa Newydd Supplementary Planning Guidance (SPG) (Wylfa SPG adopted 2018) further outlines the importance of the development in a policy context to Anglesey and Guiding Principle GP 1: Supporting the Anglesey Energy Island Programme and Anglesey Enterprise Zone reinforces the expected contribution to the supply chain economy of the Island whilst GP2: Local Job Creation and Skills Development (page 64) shapes our expectations on Horizon's approach to job creation.

1.5 The Port of Holyhead

1.5.1 The Port of Holyhead can play a significant and important role in the Wylfa Newydd supply chain. The location necessitates that it must become an active player in the supply chain and should Horizon demonstrates their commitment to the area the outputs could result in:

a) Retaining and maximises the benefits of major investment such as the Wylfa Newydd development.
b) A positive impact across the whole of North Wales, supporting future manufacturing and supply chain growth.

1.5.3 Stena Line, the owners, operators of the Port of Holyhead, Welsh Government and the IACC have already committed and invested significant sums for the various surveys and studies to ensuring the port can maximise the Wylfa Newydd development opportunities. This is an indication of partner's commitment to the scheme, and it now requires Horizon's commitment so that further investment and "future proofing" can take place.

1.5.4 The Port of Holyhead therefore provides jobs, develops opportunities for businesses and helps sustain services in the local economy, while providing access to markets for companies across Wales and the wider UK. By becoming part of the Wylfa Newydd supply chain it can also ensure a legacy for the area into the future.

1.6 Future Opportunities

1.6.1 The IACC believe that the Wylfa Newydd development brings an opportunity to improve a number of areas within the Anglesey economy and bring about real, sustainable and transformational change for future generations.

1.6.2 Wylfa Newydd – and through continued collaborative working between partners – can play a significant role in helping to achieve these changes by capturing direct and indirect sustainable supply chain opportunities from the development, however further support is needed to realise the ambition and maximise these opportunities.

1.6.3 The development can assist to stabilise the proportion of younger people as a share of the total population through reducing outward migration by creating meaningful job opportunities. At the same time the new employment opportunities created will attract migrant labour and have a subsequent impact on the overall share of the population accounted for by people of working age (16-64 years).

1.6.4 The areas identified below are the areas where stimulating the supply chain locally can have a transformative effect:

a) GVA – improvement in the overall performance of the Anglesey GVA in UK context
b) GVA Per Head – raising Anglesey's performance, reversing the effects of major redundancies
c) Employment Creation – sustained well-paid opportunities for local residents
d) Retention of Younger People – halting the outward migration and providing aspirational opportunities/ careers for young people
e) Average Earnings – improving the take home pay for residents
f) Improving Skills – ensuring the locality has the necessary skills for continued economic improvement

1.6.5 The construction of the Menai Science Park (MSParc) in Gaerwen, Anglesey is also a unique opportunity to collaboratively enhance and up-skill the local supply chain. We therefore welcome and support the Memorandum of Understanding between Bangor University, Imperial College of London and Hitachi GE. This is a tangible demonstration to develop "engineers and industry of the future" and we wish to see this agreement flourish with knowledge transfer ultimately building up towards the IACC's vision of a corporate hub in North Wales. That Wylfa Newydd is the first Advanced Boiling Water Reactor in the UK gives the partnership between the organisations a meaningful focus to “develop real expertise in BWR technology for now, and for the future.”[17]

1.6.6 All of these above opportunities can only be achieved through collaboration and an inclusive supply chain approach that feeds directly through the respective Tiers associated with Wylfa Newydd. It is recognised that the majority of Anglesey and North Wales businesses can become active from Tier 3 downwards and will be providers of specialist services, typically via a framework contract held by the Tier 2 supplier. Tier 3 and 4 companies can provide services such as those outlined in Figures 2.0 and 3.0 above, of which there are a number on Anglesey and North Wales which could become a part of the Wylfa Newydd supply chain and provide a true legacy for companies.

1.7 Collaboration

1.7.1 IACC Officials have been trying to better understand Horizon’s commercial strategy and its supply chain approach for a number of years.

1.7.2 Whilst the IACC are disappointed that the Supply Chain Action Plan (SCAP) was not submitted as part of the Development Consent Order (DCO), principles have been established throughout the process and formalised within respective Statement of Common Grounds. These include that supply chain and sourcing opportunities will be taken up by firms locally, in the North Wales region, and wider Wales and the UK.

a) The nature of the technology and its build is such that it will offer supply chain and job opportunities across sectors.
b) That Horizon is committed to sourcing 60% by value of its total capital expenditure from the UK. The parties will be looking to maximise the Wales share through contracts to existing businesses, start-ups, joint ventures with firms from outside of Wales and inward investment.

1.7.3 Whilst the SCAP was not seen ahead of the DCO process, Horizon has set out that its fundamental principles are as follows and that they will be reviewed as progress made:

a) Maximise opportunities within the local area;
b) Support a sustainable supply chain
c) Provide sufficient notice when opportunities arise;
d) Simplify supplier registration (one registration for the whole of the Project);
e) Work collaboratively with statutory authorities;
f) Support business readiness;
g) Map the supply chain;
h) Share minimum requirements for undertaking works at Wylfa Newydd;
i) Monitor supplier performance (promote good performance);
j) Support implementation of jobs and skills service;
k) Focus on long-term development opportunities that are sustainable post-construction;

[17] Hitachi-GE, Imperial and Bangor University developing UK and Welsh BWR expertise (Link)

l) Monitor impact of works outside the Project.

1.7.4 Furthermore, there has been agreement between the IACC, NWEAB and Horizon that the following ambitious and aspiring aspects will also look to be secured as a result of the development:

a) Maximise supply chain opportunities in north Wales during construction and associated services;
b) Provide a central point for supply chain dissemination of information whilst allowing for minimum requirements to be understood and/or coupled with up to date information in terms of market engagement/ opportunities;
c) Promoting a shared commitment to strengthening the supply chain associated with the Wylfa Newydd programme of works;
d) Contributing to policy development with respect to supply chain;
e) Developing and implementing strategies to address the supply chains using at Wylfa Newydd;
f) Sharing information on best practices and lessons learned with members and partner organisations in the public and private sectors;
g) Addressing the priorities set out by service;
h) Performing and sharing best practice;
i) Create a sustainable supply chain that outlasts the construction period of Wylfa Neywdd;
j) Become a UK leader in the collaborative approach to supply chain development which includes the public and private sector and members of the supply chain; and
k) Coordinate market engagement and any supply chain event.

1.7.5 We also accept that there will be the potential for significant level of investment to be made through the Wylfa Newydd development which will filter through the economy via payment to employees, contracts with local businesses and investment in infrastructure.

1.7.6 However, whilst we recognise the good work that has been developed, the lack of clarity, commitment and substance in the development of the SCAP creates an uncertain picture.

1.8 Displacement

1.8.1 The issue of Displacement through people currently in work moving to Wylfa Newydd related jobs which require backfilling with suitably qualified applicants is discussed in detail in the Local Employment Chapter. Displacement will be experienced by local business seeking to compete in the Wylfa Newydd Supply Chain who have lost staff to the project. Affected Supply Chain businesses will therefore need to be able to access the necessary support mechanisms in order to remain competitive.

1.8.2 The recent precedent set at Hinkley Point C will impact other nuclear new build construction projects in the UK by increasing wage levels and setting a benchmark for working conditions and wider benefits. This is a major concern for the IACC that the Wylfa Newydd scheme could distort the local labour wage levels and result in displacement.

1.9 The Role & Future of Amlwch

1.9.1 Amlwch is Anglesey's closest town to the Wylfa Newydd development, only 7 miles away. It has a population of just under 4,000 and it too has suffered economically with a number of employers closing. 19% of its population is in income deprivation.[18]

1.9.2 The Town Centre is blighted by several vacant premises including chapels and former banks. Schools are affected by reduced pupil numbers and its suffering from a legacy of mining and chemical works that has left contamination issues and tourism benefits have been less than anticipated. There is an urgent need to formulate a coherent regeneration strategy for the area.

1.9.3 The IACC are in the process of formulating a regeneration strategy. Its findings will provide a route-map and suite of projects to bring about change in the area to create the right investment conditions, and to sustain growth, but its implementation will require funding. Though some additional worker expenditure will inevitably feed through into local trade, there are concerns that it won't be sufficient and that the wider impacts of Wylfa Newydd might fundamentally undermine and be a negative on the town. Amlwch's role and future regeneration within its proximity principle to Wylfa Newydd requires due consideration.

1.10 Summary and Assessment of Potential Local Impacts

1.10.1 Table 6.0 summarises the potential local impacts during the construction and operational phases of the Wylfa Newydd Project.

Table 6.0 – Summary of Potential Local Impacts

Impact	Summary of Impact	Positive/ Neutral/ Negative
Local spend	That £200m-£400m will be spent locally is an immediate positive, however we caveat this the opinion that the £1.5bn spent at Hinkley is achievable. In 1989 the Central Electricity Generating Board undertook an Environmental Statement[19] on the proposed Wylfa B Power Station would inject an additional £300m to the local economy (Gwynedd and Anglesey) over the construction period. Having index-	Positive

[18] Welsh Index of Multiple Deprivation (Link)

[19] Proposed Wylfa B PWR Power Station - Environmental Statement - Central Electricity Generating Board April 1989 (Annex 4B)

	linked [20]this figure from 1989, this would equate to approximately £725m in today's money – far higher than HNP estimates.	
Opportunities for Business	The Wylfa Newydd development will provide opportunities for businesses to secure contracts for a number of years thereby ensuring job creation.	Positive
Legacy of Upskilling & Improving Competitiveness	Businesses in the locality will have to upskill to become part of the supply chain. This in turn will ensure a lasting legacy in securing further contracts and becoming more competitive.	Positive
Port of Holyhead	Ensuring the Port plays an active and meaningful role in the supply chain will result in direct investment creating substantial construction and operational jobs for a number of years.	Positive
Sites & Premises	The development of Wylfa Newydd must result in the creation of additional sites and premises on Anglesey and North Wales for indigenous businesses and inward investors.	Positive
Indirect Opportunities	Although not directly linked to the Wylfa Newydd development, there will be an abundance of indirect opportunities from construction workers accommodation to cooking, cleaning etc.	Positive
Displacement	There is a very real potential that the development – especially as a result of the Hinkley pay deal – will adversely affect the local supply chain causing displacement and companies unable to backfill.	Negative
Investment Leakage	That the benefit will be lost to the Anglesey and North Wales economy as spend by Horizon (and its Tiers) on supply chain and labour leaks out of the local area	Negative
Boom and Bust Scenario	Negative impacts seen throughout the construction period will remain after the positive construction impacts have gone away	Negative

[20] CPI Inflation Calculator - UK Inflation Rate, £300 in 1989 to 2018 (Link)

1.11 Proposed Obligations

1.11.1 It was disappointing that the SCAP wasn't shared with the IACC prior to the DCO submission as it is difficult to comment on its adequacy to secure the local supply chain benefits.

1.11.2 The SCAP must clearly demonstrate how local businesses will be assisted to meet the minimum entry requirements for the quality and safety standards required. In addition there needs to be a secured mechanism for stimulating business start-up and business co-operation between the Small and Medium sized Enterprises (SME) population of Anglesey and North Wales to take advantage.

1.11.3 The potential impacts on established local businesses their supply chains and skilled staff are a double edged sword. The IACC remain of the opinion that this could be a negative effect without securing adequate, timely and purposeful intervention. Without suitable awareness raising and support the main opportunities will be in the low value economy such as transport, catering and cleaning (see Figure 3.0 above). The importance of securing commitment and resources to raise awareness, motivate and encourage the local supply chain is critical.

1.11.4 As outlined within the Tourism chapter, comparative mitigation packages show significant compensation for host communities. We are therefore of the opinion that an area as critical as supply chain justifies a meaningful contribution to prepare, offset and mitigate any adverse project effects.

1.11.5 Table 7.0 sets out a package of measures that would help to address any adverse impacts and ensure that local businesses are not adversely impacted and can take advantage. These measures would cover both the construction and operation phases of the project.

Table 7.0 – Supply Chain Mitigation Table

Mitigation	Reason for Mitigation	
Economic Development Supply Chain Officer within IACC	To work alongside (and challenge) Horizon to promote, engage and support local firms to qualify and bid for Wylfa Newydd contract opportunities	Obligation
Contract opportunities for Local & Regional businesses.	Design and require contract opportunities at a range of sizes and values to increase opportunities for local small and medium enterprises to win contracts.	Management
Flexible Supply Chain Fund Revenue Funding	To provide bespoke support to SMEs in addition to that currently available which includes accreditation so that the supply chain can compete for contracts	Obligation
Flexible Supply Chain Fund Capital Funding	Support to develop new premises, improvements and expansion by supply	Obligation

	chain companies. This could be used as “match funding” to support wider schemes.	
Use of Local & Regional Materials	Commitment to use local and regional materials where possible in the construction of the project ensuring local job opportunities within sector.	Management
Fully exploiting Môn Larder potential.	Continued support – including provision of funding – to growing and supporting local food supply chain to stimulate job opportunities.	Management
Amlwch & Cemaes Community Fund	Ensuring that the largest Town and closest village to the development are not “passed by” a fund designed to support the Town through various regeneration activities and mitigate any adverse effects.	Obligation
Horizon to build into its procurement strategy the need for commitment by major suppliers to establish long term bases on Anglesey/ North Wales and invest in the local labour force	Demonstrate a commitment by providing and maximising the opportunities for local businesses and people to engage with development.	Management
Corporate Presence on Anglesey/ North Wales	A prominent and substantial corporate presence on Anglesey during both Construction and Operational phases. With its functions evolving as the project progresses and building on its centre of excellence and knowledge partnership with Bangor University and MSParc. This is a tangible demonstration of the Horizon/ Hitachi 100 year commitment	Management

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