

**URN:** 21-089

**Subject:** Great Yarmouth Operations and Maintenance Campus – Project Update

**Report to:** Economic Development Committee – 15th November 2021

**Report by:** Jon Barnard Project Manager, Norfolk County Council

#### **SUBJECT MATTER**

Following endorsement from Members of Economic Development Committee in February 2020 for the delivery of the proposed Great Yarmouth Operations and Maintenance Campus in South Denes (by Norfolk County Council) in support of the offshore energy sector, this report updates Members on progress.

#### **RECOMMENDATION**

Members are recommended to:

- (1) Note the content of this update report with a further update to be brought back to Members once the next stages of procurement of the main works contractor is completed.

## **1. Introduction / Context**

- 1.1 The offshore energy sector provides Great Yarmouth and Norfolk with arguably the single most important economic opportunity for a generation. Oil and Gas has been a mainstay of the economy for over 50 years and the recent emergence of offshore renewables has presented Great Yarmouth's port, its supply chain and its skills base with the chance of enjoying hugely significant growth and investment.
- 1.2 The Local Industrial Strategy identifies the energy sector as one of the three most important for Norfolk and Suffolk. One of the principal benefits from offshore renewables investment is the long-term operations and maintenance function. Great Yarmouth already benefits from the presence of several businesses undertaking this work, but research has shown that more can be done to provide the facilities they need.
- 1.3 The proposal to establish an Operations and Maintenance (O&M) Campus in Great Yarmouth is a bold initiative which has already received very positive feedback from the industry.
- 1.4 This update report follows on from the Economic Development Committee report in October 2020 and provides anticipated timescales for the phase 1 project.

- 1.5 Research has shown it will give Great Yarmouth an asset that will enable the area to rival other parts of the UK and to accelerate the growth already being seen in the energy sector. This project has emerged through strong partnership working and could not have been conceived and developed as far as it has without the support of the New Anglia Local Enterprise Partnership, Great Yarmouth Borough Council and Norfolk County Council.
- 1.6 It should also be noted that there are wider complimentary ambitions and opportunities for the energy sector in the South Denes peninsular. Building on a sequence of successful developments within the Enterprise Zone, there is also an ambition to deliver Business Incubation space within the Energy Park to compliment the O&M facility. Following the commissioning of a feasibility study, this forms part of the thinking in a bid for Town Deal funding which is currently being progressed. There is a clear gap in provision between 'clean' incubation for the energy sector e.g. at Orbis Energy in Lowestoft and larger commercial units on the Enterprise Zone at Beacon Park and South Denes. A local incubator would provide a critical piece of enterprise infrastructure to stimulate and support entrepreneurialism, business start-ups, relocations and higher-value technology and energy-based industries seeking a physical presence in the town.
- 1.7 All of the above will be better connected to the main A47 trunk road and inter-related business parks/industrial estates via the Great Yarmouth Third River Crossing. Construction for this £120million infrastructure project began in January 2021 and is scheduled for completion in early 2023 to ease traffic flows throughout the urban areas.

## **2. O&M Project Update**

- 2.1. The project seeks to create an Operations and Maintenance Campus in Great Yarmouth, capitalising on space in Borough Council ownership at the southern tip of the Great Yarmouth South Denes peninsula, which is presently under-utilised. It is the closest port to the Southern North Sea wind farm arrays with access to deep water, as well as the river port. The project will upgrade or enhance facilities through three separate work packages.
- 2.2. The proposed project is a collaboration between Great Yarmouth Borough Council, Norfolk County Council and New Anglia Local Enterprise Partnership (NALEP) who provide governance for the Space to Grow Enterprise Zone (Enterprise Zone) in the borough.
- 2.3. The idea of the Campus is to attract O&M investment from companies that will be engaged with offshore wind farm development and maintenance over the coming 25+ years. There is available land at the end of the South Denes peninsula, but in order to make the facility more accessible and attractive for businesses investing here, repairs and an enhancement package is required. This consists of: 170m of river quay refurbishment and upgrading, a new pontoon and a revised road layout to optimise the land available for development, and associated infrastructure works.

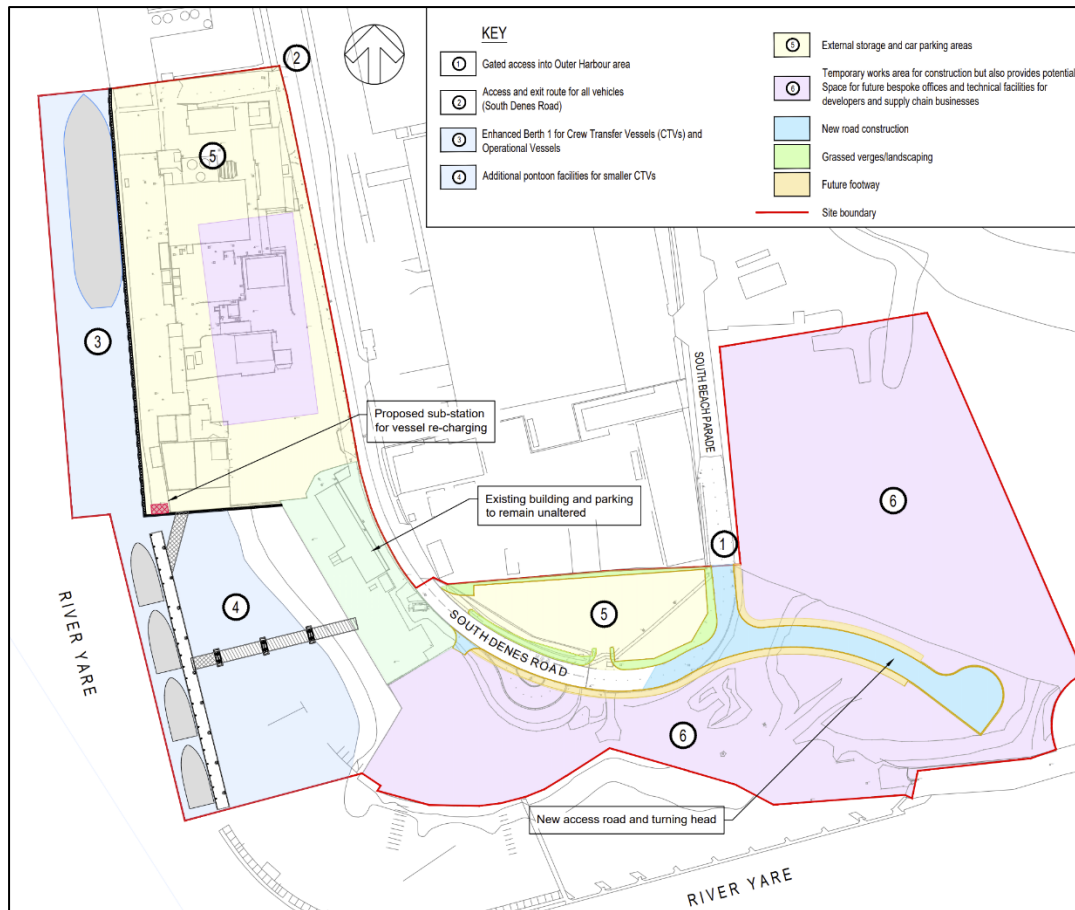


Figure 1: proposed layout of development

- 2.4. Following an initial financial study of the viability of the project, further feasibility work was undertaken to assess the likely construction costs and confirm that the cost allowances made to date were adequate. It was also necessary to assess the operation of the facility, including river modelling to ensure that navigation and sediment transfer are not compromised.
- 2.5. The business plan highlights that a commercial component of investment would come from Norfolk County Council and Great Yarmouth Borough Council, each investing £1million (as agreed in the February 2020 report to Economic Development Committee, subject to Heads of Terms). The co-investment was endorsed at Great Yarmouth Borough Council's Full Council meeting in June 2020. It is recognised that a rental income will be derived from an uplift in future site occupancy and revenue from the refurbished quay and pontoons.
- 2.6. Discussions took place between Great Yarmouth Borough Council and Norfolk County Council in order to establish a delivery vehicle to enable this project to proceed under joint commercial arrangements. The parties entered into a contractual joint venture agreement (Proposed Contract), in preference over the alternative option of establishing a new joint venture company. Since September 2020, this delivery vehicle has now progressed the phase 1 proposals from feasibility stage through detailed design into procurement stages.

### 3. Work to Date

- 3.1. Detailed design: This detailed design comprises a new spine road and turning head extension of South Denes Road highway, a new sheet pile replacement quay wall at berth 1 and a pontoon for 4 to 8 number crew transfer vessels.

- 3.2. Within the detailed design since feasibility study stage, and identified through dialogue with potential operators, the proposal for two Crew Transfer Vessel (CTV) pontoons installed perpendicular to the existing spending beach has been reduced to one pontoon, its orientation rotated for installation parallel with the beach to reduce the future maintenance requirements and frequency of dredging at this location.
- 3.3. The detailed design has been sufficiently developed since the feasibility study to enable a Tender package to be submitted for pricing by contractors, although some further investigation works are still required to verify elements of the marine design prior to construction.
- 3.4. In river site investigation: The project team has obtained some historical information of the Marine Base site together with project specific land-based ground investigation surveys for the purposes of undertaking the detailed design.
- 3.5. To verify the detailed design of the marine proposals, some in-river site investigation works is to be carried out in advance of any appointed contractor procuring construction materials, for example, sheet piles. A Marine Management Licence for the site investigation has been received from the Marine Management Organisation (MMO) after a significant length of time since submission of an application in January.
- 3.6. MMO Licences: Delays have been experienced by the project team in obtaining necessary licences and consents for i) the in-river site investigation works, and ii) main marine construction works. These delays are being caused by the Marine Management Organisation, who have experienced high levels of applications nationally to process.
- 3.7. Correspondence has been submitted to the MMO from the GYBC Chief Executive Officer, the NCC Executive Director of Community and Environmental Services, the Managing Director of New Anglia LEP , as well as the Great Yarmouth Member of Parliament, all expressing their concerns of the delays being experienced from the MMO in processing the project's licence applications and delays in granting consents.
- 3.8. Planning Application: A full planning application was developed by the project team from Norfolk County Council and WSP and submitted on behalf of GYBC in May 2021.
- 3.9. A pre-planning application consultation was undertaken by NCC, where views of neighbouring businesses and stakeholders has been sought and considered prior to the submission of the planning application.
- 3.10. Dialogue is underway between the project team and stakeholders who have provided comments or queries relating to the planning application.
- 3.11. A decision from the Local Planning Authority is expected in December 2021.
- 3.12. Demolition: A demolition works package was developed by the project team from Norfolk County Council for demolition of redundant/vacant office buildings and warehouses on the Marine Base site adjacent to the quay.

- 3.13. This demolition works package was procured through competitive tendering to Mitchell Demolition, who carried out the works between June and August 2021. The site is now clear and prepared for start of construction.
- 3.14. Main Construction Works: the project team have developed a detailed design and contract package that was submitted to Tender through the Eastern Highways Alliance Framework (EHF) at the end of May 2021, with the tender deadline until mid August. However, this tender procurement was unsuccessful, as five out of the six contractors within the EHF either declined to tender or withdrew from the process citing unavailable bidding resources being available to prepare the submission.
- 3.15. The procurement contract was updated and resubmitted out to tender through the open market in mid-August with a 12 weeks tender period. The open market offers a wider selection of tenderers than from within the EHF. The deadline for tender returns is end of October 2021, and all submitted tenders will be evaluated with an anticipated Contract Award date of mid December 2021.
- 3.16. Stakeholder Engagement: The project team is holding dialogue with various stakeholders for the phase one proposals. A stakeholder communications strategy has also been developed.
- 3.17. Offshore Wind Competitiveness Project 'GENERATE' Brand: The Borough Council along with key partners are prioritising the support to the sector and the supply chain, this includes: the investment in the Ports, the growth and expansion of South Denes, the development of the Operations and Maintenance sector and delivery of a comprehensive programme of support to the supply chain, delivering the Sector Skills Plan to realise the forecasted 600% growth in well-paid skilled work (6,150 FTEs) and meet the projected operations and maintenance opportunity worth £1.3bn per annum by 2025 in the East of England.
- 3.18. This project seeks to capitalise on the sectoral opportunity by supporting the development and promotion of ambitious projects to attract and capture new businesses to serve the offshore energy market.
- 3.19. The council, in collaboration with the All Energy Industry Council, is developing a marketing strategy/framework to actively launch and embed the new brand into the wider energy sector to begin focusing on individual energy projects, to:
- actively work with businesses to ensure that supply chain opportunities are maximised, and Great Yarmouth has strengthened its status as a hub for expertise in clean energy and decommissioning
  - attract new investment into the borough through the promotion of the port, expertise, and land availability with a focus on the opportunities in the offshore energy sector and nuclear sector

- encourage growth at the Enterprise Zone sites at both Beacon Business Park and in the South Denes peninsular to support new businesses establishing themselves as well as attracting existing businesses to expand.

#### 4. Next Steps

- 4.1. In-river Site Investigation to be undertaken, to enable marine design verification.
- 4.2. Tender procurement exercise to conclude at end October 2021, with evaluation of tender submissions and Contract award anticipated in December 2021.
- 4.3. A further update is to be brought back to Members of Economic Development Committee once evaluation of tenders is completed and the project costs more clearly known, in December 2021.
- 4.4. Continue to engage the MMO to further progress licences and consents for the main marine construction works.
- 4.5. Continue to engage with statutory parties, such as the river authorities.
- 4.6. Continue to engage with non-statutory local stakeholders.

#### 5. Financial Implications

- 5.1. The project cost management and reporting are in place the total cost of the project will be confirmed once the construction procurement process has been completed. Construction tenders are due at the end of October 2021 for evaluation and award forecasted to be mid December 2021.
- 5.2. Monthly financial reporting is provided by the project manager to the project's Officer Working Group.

#### 6. Funding the Project

- 6.1. The table below details the funding for the project.

Government Grant 'Getting Building Fund'	£6m
Norfolk County Council	£1m
Great Yarmouth Borough Council	£1m
Norfolk Business Rates Pool	£1m
Norfolk County Council borrowing to be repaid from Great Yarmouth Enterprise Zone Pot B business rates funding	£9m
<b>Total funding</b>	<b>£18m</b>

*Figure 2; Financial contribution sources*

- 6.2. Following the feasibility studies and preliminary design, the project is currently estimated to cost £18m. This includes a risk/contingency allowance which will be refined once the results of the procurement process are known.
- 6.3. The cost of delivering the scheme will not be fully known until the scheme obtains planning approval and tender prices have been received.
- 6.4. Financial contributions to deliver the project will be provided from different sources as are set out in Figure 2. Whilst Norfolk County Council will borrow £9m to enable the project to be delivered, the annual repayments of this loan are to be fully met from the Great Yarmouth Enterprise Zone Pot B business rates until 2038.
- 6.5. Whilst a prudent forecast has been made of future business rates for the period to 2038, over such a long period there is the possibility that the level of actual business rates drops below the forecast.
- 6.6. Norfolk County Council's Cabinet in April 2020 agreed to enter into formal joint working arrangements with Great Yarmouth Borough Council over the development of this project. Following discussions it has been agreed that the financial risk sharing arrangements, regarding any potential project overspend or if there are insufficient business rates in Pot B to meet the loan repayments, will be shared equally between Great Yarmouth Borough Council and Norfolk County Council.
- 6.7. Prior to the delivery of the project and Norfolk County Council's making its £1m investment is that the principles of sharing any rental uplift between Great Yarmouth Borough Council and Norfolk County Council are agreed and documented in order that both parties are clear on their financial obligations and potential benefits.

## **7. Risk Implications**

- 7.1. There are a number of key risks for the phase 1 capital project, which are summarised below.
- 7.2. Marine Management Organisation (MMO) Licences, for main marine construction works;
- 7.3. In River Site Investigation to verify the detailed design of marine piles;
- 7.4. Cadent Gas approvals to undertake in-river piling works and highway construction works within close proximity of their intermediate pressure gas main;
- 7.5. Planning Consent from the Local Planning Authority. A planning decision is anticipated in December 2021, however consent and any associated conditions may require discharge prior to construction or operation of this phase 1 development;
- 7.6. Financial uncertainty. As mentioned in Section 5 above, the main construction works presently is unclear beyond the WSP feasibility of September 2020.
- 7.7. Once Tenders are received from bidders the costs would be reviewed for affordability. It is to be noted here from feedback of the unsuccessful EHF tender is that the external market is presently fluctuating for labour and prices/availability in procurement of materials, in particular steel and concrete.
- 7.8. LEP funding: The timetable for phase 1 of the Operations & Maintenance campus was developed with the aim of construction to be substantially completed by March 2022, within the requirements of the 'Getting Building Fund' grant, administered by New Anglia LEP. Due to



the procurement delay issues, the revised completion date is now scheduled for late 2022. This has been addressed directly with NALEP.

## **8. Legal Implications**

The phase 1 construction works is dependent on obtaining consents from the statutory bodies. Applications and dialogue are in progress with these relevant bodies.

## **9. Marketing & Promotion**

The promotion and marketing of the emerging O&M facility is underway with physical attendance at the Global Offshore Wind event at the ExCel arena in London on 29<sup>th</sup> & 30<sup>th</sup> September 2021 (see appendix).

As shown in the document attached, this was the first significant physical event for the renewables sector since lockdown began. GENERATE partnered with EEEEGR (East of England Energy Group) with a stand together with partner representatives to launch both the new GENERATE brand and the new East of England Offshore Wind Cluster. The O&M project was promoted well through a presentation to delegates alongside Tier 1 players on the GENERATE stand and the production of a prospectus. A series of leads were also generated.

Moving forwards, market engagement will continue to drive interest in the new facility.

## **10. Conclusion**

- 10.1. The Phase 1 project is currently in a good position, with adequate resources in place progressing all matters within control of the project team. One external matter, the marine licence consents sits outside of direct control of the project team within the hands of the MMO, although the project team are looking to resolve this at the earliest opportunity with MMO officers.
- 10.2. The project manager is awaiting the tender returns, due at the end of October, to provide clarity on project costs.
- 10.3. Importance of engagement. The project team needs to maintain high levels of engagement with statutory and non-statutory bodies/consultees to ensure successful delivery of the phase 1 development. A clear and robust communications strategy for this project has been developed by the project team.
- 10.4. Subject to obtaining planning consent and successful conclusion of the main works tendering procurement, the capital project for phase 1 of the development could be delivered by December 2022.

## **11. Background Papers**

*Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?*



Area for consideration	Comment
Monitoring Officer Consultation:	Via ELT
Section 151 Officer Consultation:	Via ELT
Existing Council Policies:	Local Plan Core Strategy (2015) & emerging Local Plan Part 2 (2020). Great Yarmouth Economic Growth Strategy. South Denes Local Development Order (2012)
Financial Implications (including VAT and tax):	Considered and covered in the report
Legal Implications (including human rights):	Considered and covered in the report
Risk Implications:	Considered and covered in the report
Equality Issues/EQIA assessment:	N/A
Crime & Disorder:	N/A
Every Child Matters:	N/A

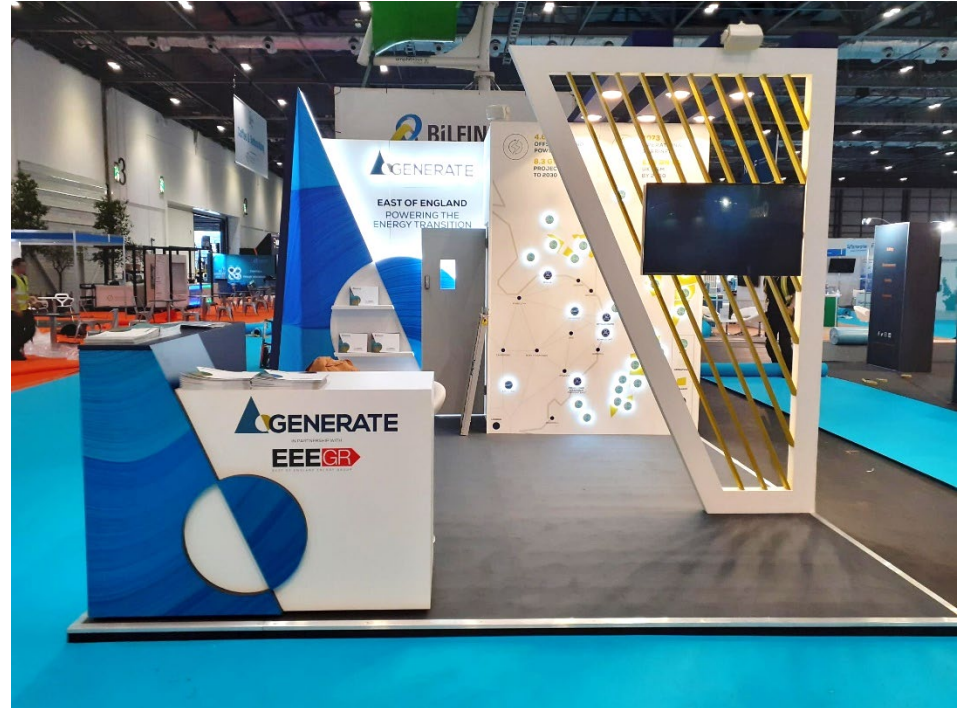


Unlimited opportunities in the East of England

# Global Offshore Wind 2021

## The Event

Renewable UK's Global Offshore Wind 2021 took place 29-30th Sept at Excel London, it was the first physical event for the renewables sector since lockdown. GENERATE partnered with EEEGR (East of England Energy Group) to launch both the GENERATE brand and the new East of England Offshore Wind Cluster. The stand was 4m x 5m and positioned near the refreshments and Scottish Power Renewable presentation area with walkways/access on the 3 sides.



# Partners and Presentations

## Collaboration

We invited EEEGR to partner with us for the event, this allowed us to absorb their RUK discount into our stand space. We worked together to put on a drinks reception at the end of day 1 to launch both GENREATE and the new East of England Offshore Wind Cluster.

## Speakers (incl...)

Peter Aldous, MP

Charlie Jordan Scottish Power Renewables

Andy Paine, Vattenfall

Alastair Gill, RWE

Emma Toulson, Orsted

Juliette Saunders, Equinor

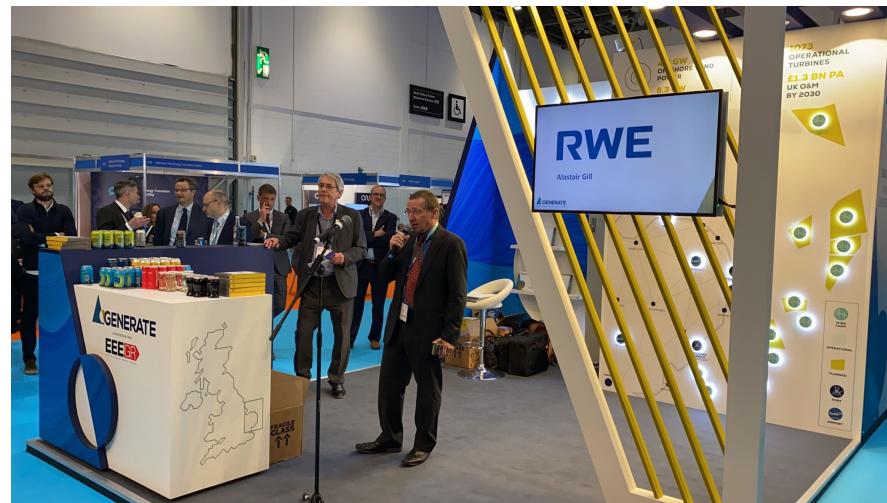
Ranjit Nagra, Peel Ports

Jay Medina, ABP

Charles MacDowell, Virginia Beach



# Drinks Reception



# Results

There were 27 targeted business identified ahead of the event, of which we were able to successfully contact 11.

In addition, we made contact and communicated the GENERATE brand to

**88 different people** generating **13 leads** incl...

- Ventus Group
- Mee Maken BV
- Turner Lovell
- Tratos Group
- NKT