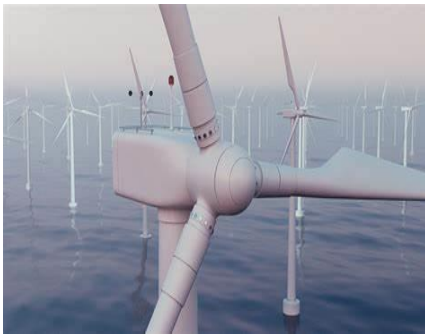


Bellerby Economics

In partnership with:
Jean Hamilton Limited

ibp Strategy & Research



Offshore Wind Expert Support Service Evaluation

Report for Scottish Enterprise

November 2022

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Executive Summary

Introduction

Scottish Enterprise (SE) commissioned Bellerby Economics in partnership with Jean Hamilton Limited and IBP Strategy & Research, undertake an evaluation of the Offshore Wind Expert Support service.

The Offshore Wind Expert Support service is one of the principal means by which Scottish Enterprise (SE) and Highlands and Islands Enterprise (HIE) have supported companies to explore opportunities in the Offshore Wind Sector. Offering expert support helps to build a more comprehensive ecosystem of Offshore Wind supply chain development support in Scotland.

Study Objectives

The objectives of the evaluation, are to provide Scottish Enterprise and its strategic partners with an understanding of:

- the rationale for intervention;
- the extent to which project objectives and targets have been achieved;
- the benefits that have been achieved by supported companies;
- the use of the service, the quality of delivery and demand for the services provided;
- the management and delivery of the service; and
- how the service fits with and contributes towards SE's and partners' wider activities and priorities.

Method

The key components of the method were as follows:

- desk based review and analysis: to gain an insight into the rationale for OWES, its operation and progress in meeting targets, fit within a wider strategic context;
- consultations: to provide a variety of perspectives on progress and impact of OWES; and
- fieldwork: an online and telephone survey of companies to gain an insight into the short and longer term impacts on business performance.

Desk Based Review

The OWES Service

Scottish Enterprise's Offshore Wind Expert Support Service has been running in various guises for around a decade, following its launch in May 2010. The service was initially developed in response to Scottish Territorial Wind and UK Round 3 offshore wind leasing rounds, with the aim of helping the Scottish supply chain respond to the contract opportunities resultant from the projects leased via the rounds.

The service is target at companies with the potential to diversify into the offshore wind sector, offering them access to free (SE fully funded) one-to-one advice and guidance delivered by specialist consultants. The consultants work with each company to help them address specific needs, including advice on supply chain positioning; company capability assessment; product/service suitability assessment; and signposting/contacts.

As a low cost, short term intervention, Expert Support was designed to help companies to understand whether offshore wind represented an opportunity for their business and how their existing products/services may be adapted for the sector, before committing to any significant business transformation activity and/or a more in depth transformation programme such as Fit 4 Offshore Renewables.

Over time SE has supported around 350 companies and number of whom have since gone on to secure significant contracts in offshore wind.

Strategic and Policy Context

The service operates in a complex policy and strategic context:

- UK Government: The UK Government's *Ten Point Plan for a Green Revolution* highlights that Offshore wind is a critical source of renewable energy for the UK's growing economy. By 2030 the UK plan to quadruple its offshore wind capacity, generating more power than all UK homes use today, backing new innovations to make the most of this proven technology and investing to bring new jobs and growth to our ports and coastal regions.
- Scottish Government: has a commitment to build a net zero economy that is fair for all, and create opportunities for new, good and green jobs. This works alongside its commitment to achieve net zero by 2045. It is also committed to continue to make every effort to maximise the economic benefit from developments in Scottish waters - protecting the indigenous supply chain and ensuring that the Scottish economy sees the full benefit of these massive infrastructure projects; and
- Scottish Enterprise: OWES supports one of SE's one of the five key deliverables of SE's *Recovery Plan* - "investing in assets and opportunities of the future that will power a greener, fairer and sustainable recovery.

Performance Measurement

Although some papers were provided to us, the papers did not have the same level of detail and specific targets for OWES, as per the papers that were provided for the 2015 evaluation. This is a reflection of the way that OWES was setup from circa 2016 onwards.

Benchmarking Review

With specific reference to this evaluation of OWES, our review of other business development activities has highlighted the breadth of support that is available, including substantive support for businesses to develop within the sector, and extensive information and networking support through cluster activity. These investigations do, however, tend to support the view expressed in the consultations that support to reach out to firms not currently involved in the sector, and to provide an effective “screening” and decision making intervention, remains a gap. OWES does not do this in its current form, but it is something that perhaps SE could build into a future OWES type service.

Much of the support identified is clearly of value in its own terms but is focused on firms that already have a relatively clear understanding of the market and their potential role within it.

Consultations

SE Officials

General consensus was that:

- expert support is a useful tool in supporting the sector; however, it is best targeted at those companies who are considering looking to enter the offshore wind sector;
- SE needs to have some mechanisms for supporting the development of the offshore wind supply chain if it is to play a meaningful role in the sector. Without some actual mechanisms (e.g. funds, consultancy support) to help supply chain companies get involved in offshore wind, SE role will simply be to signpost companies to other organisations that can actually help them;
- the administration of the programme can be burdensome and can be a major barrier to the delivery of the programme. It can take 30-40 minutes per company to complete the required admin;
- a lack of marketing, awareness raising or events has resulted in:
 - SE receiving more enquires from companies about OWES than it actually supports
 - at the time of the evaluation there are 3 completed instances of OWES support, 4 companies that are undergoing OWES and a further 7 live expressions of interest from companies that SE may or may not support via OWES. Over the course of this year SE will have received around 20+ enquiries
 - word of mouth referrals are low; and
 - OWES is seen as an inflexible product which provides limited advice to companies, although it is useful as part of a wider package of support.

Strategic Partners

In general, consultees felt that:

- OWES is a valuable service that provided introductory support, a stepping stone towards supplying OSW sector for those companies that:
 - are just considering whether they want to supply the sector
 - are trying to work out where they “fit” into the sector supply chain
- OWES opens the door to company engagement which will allow further development, support and their movement to supplying the sector;
- there has been a problem with consistency over whether the programme was available or not, should be promoted or not, and if it was exclusive to specific companies or not. This meant that it has not been promoted to good effect;
- OWES has been under utilised - possibly a function of lack of promotion and interrupted funding;
- without OWES, other support programmes might not have been developed as they were based on the good practice of OWES; and
- without OWES companies might have vaguely considered the sector but not taken it forward (without a clearer idea of how they might fit into the sector).

Contractors

In general, consultees felt that:

- OWES has been a valuable service, not only in terms of giving firms the confidence to subsequently develop within the Offshore Wind sector but in terms of allowing businesses generally to make an informed decision as to whether the sector was for them;
- the particular value of OWES has been to cost-effectively provide informed input to businesses to allow them to make this screening decision;
- the level of day rates and time input available through OWES led to some degree of commoditisation of the service and to the use of more junior consultancy staff. The amount awarded for each study was too cheap. As the consultants became busier (because OSW now more established as an area of business interest), senior staff have increased rates and are now unable to do this work for the contract value. This has had some impact on how it has been perceived with the potential for a mismatch of expectations between client and deliverer;
- the landscape in terms of the range of external advisory support available to firms to develop within the sector has changed with support now available of a greater scope and depth than that offered through OWES;
- however, the outreach and screening functions that OWES has delivered remain important and necessary and other existing support programmes are not particularly focused on this; and

- it would be appropriate to consider further the mechanism to deliver this function along with associated communications and branding issues.

Business Survey

All companies who participated in the Offshore Wind Expert Support service - 156 companies - were afforded the opportunity to participate in the evaluation through either responding to an online or a telephone survey. A total of 35 responses were secured. This represents a response rate of 22% overall; the confidence interval for the survey is therefore +/-14.64% - caution should therefore be exercised when interpreting the results.

Key findings included:

- the most popular methods of obtaining information about OWES came from: a business advisor employed by one of the Enterprise Agencies, Business Gateway, or a local authority;
- almost all received the 2 days of support funded by Scottish Enterprise, with only two companies opting for the 4 day support, where they provided 50% of the funding;
- almost all businesses sought support from OWES to gain a better understanding of how the company might supply the sector. Almost half of the respondents sought better information on market conditions;
- most of those who respond to the survey, felt that their needs were met - fully or partially;
- most businesses found the support provided by OWES as being useful to their business, with a significant number reporting that the support was useful in enhancing the company's ability to move closer to supplying the OSW sector;
- most companies had seen an improvement in their levels of understanding of the offshore wind market and its opportunities as a result of their involvement with OWES;
- most had taken some actions to move to supply the Offshore Wind sector following their involvement with OWES;
- Scotland is the main OSW market that the responding companies had secured contracts both before and subsequent to their involvement with OWES; and

- participating in the Offshore Wind Expert Support service had made a difference to their business, in terms of:
 - better understanding of:
 - challenges to enter market
 - what an O&M contractor is looking for in a supplier
 - who our potential customers are
 - supply chain hierarchy
 - where the projects will be located
 - which developers are responsible for the projects
 - the sector
 - shape and scale of the opportunities;
 - allowed contacts to be made
 - provided first rate market intelligence
 - helped to develop future strategy
 - gave third party validation
 - gave direction for business development and due diligence on the opportunity available.

Economic Impact

Very few companies were able or willing to provide details of growth in turnover and employment as a consequence of receiving support from OWES, or able or willing to provide forecasts of growth in these metrics. For this reason, the economic impact assessment results have not been grossed up.

A summary of the net additional impact of the Offshore Wind Expert Support service is detailed below: the forecasts turnover and GVA figures have been adjusted to take account of optimism bias.

Impact	Realised	Forecast
Turnover	£0.45m	£5.7m
GVA	£0.27m	£2.9m
Employment	1.4 FTEs	52 Job Years

Recommendations

Currently OWES is supporting companies who are eligible to access WEST support (dependent on application and award) and the cluster organisations. As OWGP and its WEST product has private sector money and currently does everything that OWES can currently do. Irrespective of the level of economic impact there is limited rationale to continue OWES as is.

There are two options for OWES going forward:

- Close and support WEST and cluster organisations to take over the support OWES used to provide. Without other SE products for the OSW sector this would severely limit the presence that SE would have in being able to support the OSW supply chain. SE support should be based on need - if the market is already supplying services effectively then there maybe no need for SE input, although it may want to keep abreast of WEST; and

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- Reposition OWES to fill areas that have been consistently identified as gaps during the stakeholder consultation:
 - be the provision of very early, basic information for companies to help them make the decision “yes I’m interested in exploring my business moving to OSW”; and/or
 - fill the gap of “how to win business” advice on identifying contracts, tendering and winning business.

1. Introduction

The Offshore Wind Expert Support service is the principal means by which Scottish Enterprise (SE) and Highlands and Islands Enterprise (HIE) have supported companies to explore opportunities in the Offshore Wind Sector. Offering expert support helps to build a more comprehensive ecosystem of Offshore Wind supply chain development support in Scotland. There are further opportunities to tap into other resources (such as two Scottish Offshore Wind Clusters and Offshore Wind Growth Partnership) which would help in the identification and connection to suitable applicants of the Expert Support Service.

Offshore Wind Growth Partnership offer a service called Wind Expert Support Toolkit (WEST) and is delivered by the Offshore Renewable Energy Catapult. WEST is a low intensity intervention aiming to support growth of supply chain companies UK-wide entering or already in the offshore wind sector. Other programmes of support are also operating in this area including those delivered by Opportunity North East.

Scottish Enterprise (SE) commissioned Bellerby Economics in partnership with Jean Hamilton Limited and IBP Strategy & Research to undertake an evaluation of the Offshore Wind Expert Support service.

1.1 Objectives of Evaluation

The objectives of the evaluation, are to provide Scottish Enterprise and its strategic partners with an understanding of:

- the rationale for intervention - its strategic and operational focus, and the market failures it seeks to address;
- the extent to which project objectives and targets have been achieved, and a rationale for any variance in performance;
- the benefits that have been achieved by supported companies, quantifying, where possible, impacts on turnover, GVA and employment using HM Treasury *Green Book* Economic Impact Assessment methods;
- the use of the service, the quality of delivery and demand for the services provided, together with an assessment of how current services can be improved and whether additional services will be of value to companies;
- the management and delivery of the service;
- how the service fits with and contributes towards SE's and partners' wider activities and priorities; and
- the evaluation's key findings and recommendations for the future direction and delivery of OWES.

1.2 Method

The key components of the method were as follows:

- **desk based review and analysis:**
 - **action:** a review of approval and management papers, monitoring data, strategic and operational frameworks, evaluation reports
 - **purpose:** to gain an insight into the rationale for OWES, its operation and progress in meeting targets, fit within a wider strategic context;
- **consultations:**
 - **action:** consultations with Executives from SE, its strategic partners, and OWES contractors
 - **purpose:** to provide a variety of perspectives on progress and impact of OWES; and
- **fieldwork:**
 - **action:** an online and telephone survey of companies that engaged with OWES
 - **purpose:** to gain an insight into the short and longer term impacts on business performance as a result of receiving support.

1.3 Report Structure

The rest of the report is structured as follows:

- **Chapter 2: The Offshore Wind Expert Support Service**
 - describes OWES in detail;
- **Chapter 3: Consultations:**
 - reports on the findings from the consultation programme with Executives from SE, its strategic partners, and OWES contractors;
- **Chapter 4: Business Survey Results:**
 - reports the results from the company surveys;
- **Chapter 5: Economic Impact Assessment:**
 - presents an economic impact assessment of OWES; and
- **Chapter 6: Conclusions:**
 - presents a set of conclusions based around the objectives of the study as detailed in the brief; and.
- **Chapter 7: Recommendations:**
 - presents a set of recommendations aimed at taking the service forward.

2. The Offshore Wind Expert Support Service

2.1 Introduction

In this Chapter we present an overview of the Offshore Wind Expert Support (OWES) service focusing on:

- a description of the service;
- strategic rationale; and
- role of contractors.

2.2 The OWES Service

2.2.1 Overview

Scottish Enterprise’s Offshore Wind Expert Support Service has been running in various guises for over a decade, following its launch in May 2010. **Table 2.1** shows the start date of companies on one of these various guises of OWES 2012-2022.

Table 2.1: Start Date of Companies

Start Date	Number	%
2022	13	5
2021	38	15
2020	1	0.4
2019	22	9
2018	26	10
2017	29	12
2016	34	14
2015	8	3
2014	6	2
2013	69	28
2012	2	1
Total	248	100%

The service was initially developed in response to Scottish Territorial Wind and UK Round 3 offshore wind leasing rounds, with the aim of helping the Scottish supply chain respond to the contract opportunities resultant from the projects leased via the rounds.

The service is targeted at companies with the potential to diversify into the offshore wind sector, offering them access to free (SE fully funded) one-to-one advice and guidance delivered by specialist consultants. The consultants work with each company to help them address specific needs, including advice on supply chain positioning; company capability assessment; product/service suitability assessment; and signposting/contacts. A follow up extension is also available with a financial contribution from the company.

As a low cost, short term intervention, Expert Support was designed to help companies to understand whether offshore wind represented an opportunity for their business and how their existing products/services may be adapted for the sector, before committing to any significant business transformation activity and/or a more in depth transformation programme such as Fit 4 Offshore Renewables.

Over time SE has supported around 350 companies and a number of whom have since gone on to secure significant contracts in offshore wind.

In recent years, SE has expanded the service beyond offshore wind to offer similar information and guidance to help companies consider diversification opportunities in sectors such as: water; low carbon heat; energy systems & storage; hydrogen; nuclear decommissioning; oil and gas decommissioning; and low carbon transport.

In August 2019, SE contracted a framework of consultants to deliver expert support for each of these sectors, with Xodus Group appointed to deliver the offshore wind service.

The history of the programme is broadly:

- Offshore Wind Expert Support Service (OWES) operated as part of the Offshore Wind Development Programme from 2011-2015. This included one to one support for businesses; events and market research;
- in 2016, the events element was continued as part of Offshore Wind Technical Innovation Events project. The market research reports were focused on aspects of the sector (e.g. the market for HVDC in offshore wind) or guides (e.g. a guide to offshore wind opportunities for the oil & gas sector) rather than market research for specific companies. SE market research studies were then undertaken using different budgets rather than a combined budget that covered many issues;
- from 2016 to 2019 the business support element of OWES was refocused as an SE Product¹. This was subsequently rebranded in 2018 Energy Market Expert Support Service (EMES) - Offshore Wind;
- from October 2019 the product was offered as part of the Offshore Wind Innovation and Supply chain support until it was suspended in Jan 2020 due to lack of a budget;

¹ SE Products do not have to report against strategic objectives, KPIs, undertake stage reviews, etc, in the way that SE Projects does. This relates back to our statement in 2.2.3 that we were unable to access papers with: “SMART objectives; Economic, financial and commercial case; key performance indicators; and monitoring data” as these are not required for products in the way they are for projects.

- in late 2020 the project was offered to a limited number of companies under the Innovation Fund - Offshore Wind and Green Hydrogen project; and
- throughout this programme, sector specific events continued separately from 2016 to present. Some were delivered by SE directly (principally webinars), but also some delivered by Xodus via the SE Cluster Builder project.

2.2.2 Rationale for Funding the Service

The Offshore Wind Expert Support service is the principal means by which SE and HIE supported Scottish companies to explore opportunities in the offshore wind sector. There was demand for the service at the time of its suspension in January 2020, and has increased following the recent launch of the ScotWind Offshore wind leasing round. While the launch of the Offshore Wind Growth Partnership's Wind Expert Support Toolkit (WEST) has helped to address some of the pent up demand for diversification support following the suspension of SE Expert Support, as stakeholders felt this existed with some anecdotal evidence, although they were unable to quantify, without promotion of the products, WEST while providing the level of support that OWES provides it also extends the level of support which requires a greater time commitment of the part of participants and level of readiness to diversify into the offshore wind sector. OWES provides 2 days of support followed by 4 days with 50% SE funding, whereas support from WEST is unlimited.

Offshore Wind Expert Support has helped to build a more comprehensive ecosystem of offshore wind supply chain development support in Scotland. While the Expert Support has generally been offered to any Scottish company that may stand to benefit, the requirements could be tailored to better fit with the requirements of SG innovation funding. The Offshore Wind Green Hydrogen Innovation Fund project, which also funded reports into infrastructure at ports, for floating offshore wind and technologies in relation to floating wind for aquaculture and vertical axis wind turbines as well as a production sites study. The two Scottish Offshore Wind Clusters, along with SE and HIE, has had the potential to identify and feed suitable applicants into the Expert Support Service.

Likewise, SE has worked with the Offshore Wind Growth Partnership to identify companies that were not able to access WEST and/or may not yet be ready for WEST in order to offer the Offshore Wind Expert Support Service as the beginning of their journey toward the OSW sector. The entry requirements for WEST are more stringent and it only accepts applications at a certain time of a year. Therefore, companies that are new to the offshore sector may be more suited to OWES as they would not easily be able to compete all the questions on the WEST application form (which requires at least some cursory knowledge of offshore wind sector).

2.2.3 Performance Measurement

Although some papers were provided to us, the papers did not have the same level of detail and specific targets for OWES, as per the papers that were provided for the 2015 evaluation. This is a reflection of the way that OWES was setup from circa 2016 onwards.

As illustrated below in Section 2.3, OWES has been delivered by external contractors with no requirement for them to follow-up with supported businesses as to any future activity in the offshore wind sector by the supported businesses.

Project Support Appraisal Form

For each company that applied for support a Project Support Appraisal (PSA) form was completed, which was required to describe:

- *an overview of the project*, including output/growth forecasts:
 - however, the PSA's that were made available to us each commented that the "project is at an early stage and therefore the outputs and growth forecasts are very speculative", and therefore were not included in the PSA;
- *additionality*, an explanation as to how Scottish Enterprise will make a difference, in terms of absolute, quality, timing, scale, location:
 - responses typically identified that the company lacked the necessary knowledge, skills and experience to fully develop the business case for the project. OWES was therefore required to improve both the quality of the project and help determine whether the project is at all viable;
- *displacement*, an assessment as to whether the support provided by OWES would take market share away from non-supported businesses in Scotland/UK:
 - the assessment typically concluded that, from a Scotland perspective, there is minimum or no displacement, as the project is addressing a new market; and the market is growing; and
- *funding package*, which highlighted that 100% of the costs would be borne by Scottish Enterprise.

2.3 Role of the Contractors

2.3.1 Introduction

In 2019 Scottish Enterprise (SE) procured a framework of delivery teams to provide expert support consultancy to a range of company types and sizes, and from differing principal sectors that were looking to diversify and gain further market penetration into the energy market - one of the key sectors was the offshore wind sector.

The expert support consultants were to use their knowledge and expertise to review the capabilities of the supported company and identify, if and, where these capabilities could fit within the offshore wind (OSW) market. As part of the review of the company's capabilities, the expert support consultants were to make recommendations of next steps for the company with regards to the OSW sector.

2.3.2 Scope of the Services

The assistance provided by the expert consultants included, but was not limited, to the following activities:

- advice on market/supply chain positioning, customer and competitor analysis;

- market entry requirements;
- investigating the company's current capability (e.g., products, services, skills, processes) in relation to relevant opportunities/suitability to the sector;
- specific supply chain contacts;
- the value proposition offered to potential customers;
- the business model, product/process plan;
- support required to get the product to market;
- the marketing and sales strategy/timescales;
- investment required to proceed to commercialisation;
- the level of technical innovation and the impact of the project, comparison of technologies, site operations;
- the technical, commercial and legal risks and challenges of the project;
- environmental impact; and
- potential exit strategies.

It was the role of SE Sector and Sustainable Development Specialists and Relationship Managers to identify businesses whose projects merit this type of assistance and commission suppliers to deliver the support.

2.3.3 Stage 1- Up to Two Day Assessment

Enquiries from potential clients were initially handled by SE specialists, who would recommend the duration of the support to one of the framework contractors.

Commissions for company support via the Framework for Expert Support was up to two days and included a requirement to:

- conduct an initial meeting with the company to gain a clear understanding of a company's potential opportunity and requirements from the Expert Support;
- research into the opportunities for the business within the OWS sector. The generic market advice is extensive and is not available from SE sector team. The consultation programme did not identify SE research services as a source of such support or information;
- produce an individual company report this should detail: potential route forward; and recommend next actions including recommendations on any requirement to move to Stage 2 Support with timescales; and
- completion of a capability statement for the company - this is a very high level assessment of whether the company could fit the sector. It is not at a level that it would be appropriate to consider providing to a potential customer.

2.3.4 Stage 2 - Follow on Four Day Support

Stage 2 is designed as a follow-on support beyond the initial Stage 1 assessment. The Stage 2 support is available for up to four days with the costs being split between SE (50%) and the company receiving the support (50%).

The Stage 2 support can include:

- a more in-depth market analysis of a subsector relevant to a company's capabilities - our assumption here is that this level of detail is not provided elsewhere by SE; or
- a technical due diligence exercise of a company's technology or technology concept.

Stage 2 support follow the same process as Stage 1.

2.3.5 The Contractors

The contractors that have delivered OWES include:

- BVG Associates: Glasgow based, providing strategic consulting in renewable energy, specialising in wind and marine energy
- Everoze; Fife based renewables and storage consultancy;
- Alan Duncan - Scotia Supply Chain;
- Sgurr Energy; Glasgow based, engineering consultancy specialising in renewable energy projects. and
- Xodus: Glasgow based, experienced in offshore wind project development, who have been the sole supply since 2019.

2.4 Strategic and Policy Context

The service operates in a complex policy and strategic context.

2.4.1 UK Government

In partnership with government, the offshore wind sector has flourished, creating skilled well-paid jobs across the UK. UK Government's *Offshore Wind Sector Deal*², published in 2019 and updated in 2020, highlighted that there were more than 430,000 jobs in low carbon businesses and their supply chains, employing people in locations throughout the UK, and 7,200 are directly employed in offshore wind.

The key focuses of the Deal are to:

- provide forward visibility of future contracts for difference rounds with support of up to £557m, with the next allocation round planned to open by May 2019, with subsequent auctions around two years thereafter;
- for the sector to commit to increase UK content to 60 per cent by 2030, including increases in the capital expenditure phase;

² [Offshore wind: Sector Deal - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/421212/Offshore-Wind-Sector-Deal-2019-2020.pdf)

- increase the representation of women in the offshore wind workforce to at least a third by 2030;
- set an ambition of increasing exports fivefold to £2.6bn by 2030; and
- for the sector will invest up to £250m in building a stronger UK supply chain, establishing the Offshore Wind Growth Partnership (OWGP) to support productivity and increase competitiveness.

The UK Government's *Ten Point Plan for a Green Revolution*³ highlights that Offshore wind is a critical source of renewable energy for the UK's growing economy. By 2030 the UK plan to quadruple its offshore wind capacity, generating more power than all UK homes use today, backing new innovations to make the most of this proven technology and investing to bring new jobs and growth to our ports and coastal regions.

By 2030, the aim is to produce 40GW of offshore wind, including 1GW of innovative floating offshore wind in the windiest parts of the seas that surround the UK. The Plan recognises that although the UK is currently home to the world's first two floating offshore windfarms, the aim is that by 2030 this will have scaled up by a factor of twelve. The Plan envisages that these targets could encourage £20 billion of private investment into the UK and could double jobs in the sector over the next decade, ranging from construction workers to top-end engineers.

2.4.2 Scottish Government

The Scottish Government's programme for Government 2021-22, *A Fairer, Greener Scotland*⁴ sets out its commitment to build a net zero economy that is fair for all, and create opportunities for new, good and green jobs. This works alongside its commitment to achieve net zero by 2045.

Scottish Government's Offshore Wind Policy Statement⁵ includes commitments to:

- continue to make every effort to maximise the economic benefit from developments in Scottish waters - protecting the indigenous supply chain and ensuring that the Scottish economy sees the full benefit of these massive infrastructure projects; and
- work to develop the country's skills landscape and supply chain to allow Scotland to truly deliver on these projects.

In 2017 the Scottish Government published their Energy Strategy "The Future of Energy in Scotland"⁶. This set out a vision that by 2050 there would be a "flourishing, competitive local and national energy sector, delivering secure, affordable, clean energy for Scotland's households, communities and businesses".

³ [The Ten Point Plan for a Green Industrial Revolution \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

⁴ <https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2021/09/fairer-greener-scotland-programme-government-2021-22/documents/fairer-greener-scotland-programme-government-2021-22/fairer-greener-scotland-programme-government-2021-22/govscot%3Adocument/fairer-greener-scotland-programme-government-2021-22.pdf>

⁵ [Offshore wind policy statement - gov.scot \(www.gov.scot\)](https://www.gov.scot)

⁶ <https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2017/12/scottish-energy-strategy-future-energy-scotland-9781788515276/documents/00529523-pdf/00529523-pdf/govscot:document/00529523.pdf>

2.4.3 Scottish Enterprise

This project will support the Scottish Enterprise Recovery Plan “Working Together to Support Economic Recovery” and in particular one of the five key deliverables - “investing in assets and opportunities of the future that will power a greener, fairer and sustainable recovery”. SE’s *Building Scotland’s Future Today 2019 - 2022* strategic framework⁷ articulates four key ambitions that will allow SE to contribute to Scotland’s economic growth. This project resonates with three of these main themes;

- build Scotland’s reputation and reach in strategically important markets;
- build resilience and growth in Scotland’s business sectors and regions; and
- build future economic opportunities that will drive Scotland’s international advantage.

2.4.4 Other Organisations

ScotWind. The Crown Estate are currently managing a round of competitive bids to developers to lease areas of the sea. Within this bidding structure there is a requirement for a Supply Chain Development Statement which sets out the bidder’s plans to strengthen their supply chain benefits.

Scottish Offshore Wind Energy Council (SOWEC) has the vision to *coordinate and grow the sector, ensuring the Scottish offshore wind industry is more sustainable, competitive, and commercially-attractive, both domestically and in the global offshore wind market.* SOWEC has a supply chain and cluster subgroup which has a supply chain workstream which will “sets out bidders plans for local supply chain expenditure’. Future proofing activity is a critical component. In addition, this workstream will consider supply chain best practice and what steps can be put in place to develop and ensure this is promoted within a Scottish context.

Offshore Renewable Energy Catapult (OREC) is one of nine catapults based around the UK which are based around R&D and Innovation infrastructure and staff and seeks to form a bridge between research and industry to aid the exploitation of new technologies and innovations.

RenewableUK, a trade association which seeks to increase the scale of renewable energy principally through policy influence.

Offshore Wind Industry Council (OWIC), a UK level joint government and industry body. This operates in partnership with SOWEC and OREC. This has established an offshore wind “deal” which sets out plans to exploit developments of OSW around the UK.

Offshore Wind Growth Partnership, part of OWIC, which provides a range of supports to high growth businesses to assist them in taking advantage of offshore wind opportunities.

⁷ [Scottish Enterprise, *Building Scotland’s Future Today 2019-2022*, 2019.](#)

2.4.5 Other Projects and Programmes in this Area

There are a range of projects which have the same target group and beneficiaries as the programme. Although not exclusive, these include:

- Scottish Enterprise supports which include:
 - Offshore Wind Cluster Builder which delivers a series of events and one to one business support to businesses in the sector
 - Energy Transition Fund
 - Green Jobs Fund which supports the creation of jobs in the offshore wind sector (and other green sectors)
 - SMAS (Scottish Manufacturing Advisory Service) which provides advice to businesses in manufacturing and technical areas and may be supporting the same businesses;
- Offshore Renewable Energy Catapult (OREC). Formed by Innovate UK and still receive some Innovate UK funding, but are largely industry funded. Key projects include:
 - Fit 4 Offshore which helps businesses prepare themselves to be able to bid for offshore wind projects
 - Offshore Wind Growth Partnership which supports high growth businesses in this sector through general business support, encouraging new entrants to the sector and supporting research and innovation. This includes the Wind Expert Support Toolkit (WEST) and
- Forth and Tay Offshore Cluster and The Deep Wind Cluster both of which are membership organisations who promote the existing sector to contractors, deliver events and undertake activities in innovation, skills and supply chain.

2.5 Benchmark Review

2.5.1 Scope

There is a range of UK and Scottish Government support aimed at the development of Offshore Wind sector including investment incentives, infrastructural development, skills development and so on. For this brief review we have focused exclusively on business development support and, in particular, support to individual businesses at the early stages of their decision to seek to develop within the sector. The review has been limited to a web search on relevant aspects of support.

2.5.2 Offshore Wind Growth Partnership

At a UK level, the Offshore Wind Growth Partnership (OWGP) was established in 2019 as part of the Offshore Wind Sector Deal. The Sector Deal is a government-industry partnership with key provisions relating to: forward visibility of contracts, increased UK content, increasing representation of women, increasing exports, investment in building a stronger UK supply chain.

It is funded by contributions from Offshore Wind Industry Council (OWIC) members, with a budget of £100m to 2030, and its remit is to support the UK supply chain through improvements in productivity and competitiveness. It seeks to achieve this

through a combination of grant funding and “business transformation programmes”. The OWGP Business Transformation Model describes interventions at three levels of intensity as follows:

- Low intensity (foundation) - WEST is categorised under this heading, providing “foundation activity which aims to support growth of offshore wind supply chain companies”;
- Medium intensity (intermediate) - Fit 4 Offshore Renewables (led by ORE Catapult) is categorised under this heading, being described as a programme of 12-18 months duration that involves input from industrial advisers to assess a company’s systems, knowledge and competence, with subsequent work to build an improvement plan to address any gaps;
- High intensity (advanced) - the Sharing in Growth Offshore Wind Programme is categorised under this heading; this is targeted at ambitious firms with an existing site turnover of £5m to £100m and is described as “a long-term advanced activity which will support UK companies who are already working in the offshore wind sector requiring focused support or strategic input”.

The focus across the board of this support is on the development of firms with at least some existing commitment or presence in the market rather than on an initial, “light touch” screening intervention, which OWES has been.

2.5.3 Scottish Offshore Wind Energy Council

The Scottish Offshore Wind Energy Council (SOWEC) is a partnership between the Scottish public sector and the offshore wind industry. Its mission is to coordinate and grow the sector, creating “a transformational and rapid increase in economic value”. SOWEC works through 5 subgroups, of which “supply chain and clusters” is of most relevance for our consideration here, but with other subgroups relating to skills, developers, innovation and barriers to deployment.

SOWEC has an extensive and ongoing programme of publications across these areas of interest⁸, which are

2.5.4 Cluster Activity

The Offshore Wind Cluster Builder is an SE project and is delivered by Xodus, who are also the current contractors for OWES. It is a free service that works with SMEs to promote opportunities and address challenges in the offshore wind sector, through activities such as awareness raising, events and workshops, establishment of collaborations and one-to-one support to SMEs. The Cluster Builder supports the existing Forth and Tay and DeepWind clusters.

Scotland has two of the eight offshore wind cluster organisations in the UK.

The DeepWind cluster defines its purpose as being to “help its members achieve greater benefits from the current and future development of offshore wind in the UK and internationally”. It claims over 770 members from industry, academia and the public sector. It is focused particularly on fixed and floating offshore wind in deeper waters. Its original geographic scope was from Wick in the far north to

⁸ available at: <https://www.offshorewindscotland.org.uk/the-scottish-offshore-wind-industry/scottish-offshore-wind-energy-council/sowec-publications/>

Montrose in the North East, but following the introduction of the Scotwind offshore wind leasing round, this has now been extended around the North Coast, Northern Isles, Western Isles and West Coast.

DeepWind has three current operational subgroups (Floating Offshore Wind, Operation & Maintenance, Power 2x) and two additional subgroups are envisaged covering Cables, and Survey & Inspection. Each engages in a range of knowledge sharing activities.

The Forth and Tay Offshore Cluster aims to drive the growth of offshore energy on the east coast of Scotland, seeking to “Build on the area’s well-established strengths by developing its supply chain and workforce”. Activities have included a programme of market intelligence publications and a range of events, generally including briefing on specific opportunities.

Again, the cluster activity described above is particularly focused on firms with some existing commitment and / or presence in the market (albeit membership and participation is not confined to such firms).

2.5.5 Northern Offshore Federation (NOF)

We have looked specifically at Northern Offshore Federation (NOF) on the basis of recommendation from a number of contractors. NOF is a well-established, not-for-profit membership organisation⁹ that describes itself as “a business development organisation helping to make valuable connections between businesses in the global energy sector”.

NOF’s website sets out a very clear and comprehensive offer under the following headings:

- business development;
- industry introductions;
- events;
- Offshore Wind Projects Database.

The business development offer in particular sets out an apparently comprehensive offer that includes elements such as: discussion of future business plans; identification of business opportunities; updates on latest developments; profile raising support; press release service; social media promotion; and advertising support.

NOF’s website includes a significant number of case studies which are notable for their diversity of business situations that they represent. The website also includes a Company Directory, an extensive and up-to-date “News” page and details of an extensive events programme, the latter including roundtable meetings between members in the supply chain and strategic partners, including operators and contractors.

⁹ There is a cost to NOF membership, which is not the case with the Scottish Clusters, OWGP, etc, which are free to access.

2.5.6 Scope

We have undertaken a web search for any recent, formal evaluations or impact assessments relating to the range of business development support reviewed but have been unable to find these. The comments below are therefore based on what we have been able to determine from this short web-based review.

2.5.7 Conclusions

With specific reference to this evaluation of OWES, our review of other business development activities has highlighted the breadth of support that is available, including substantive support for businesses to develop within the sector, and extensive information and networking support through cluster activity. These investigations do, however, tend to support the view expressed in the consultations that support to reach out to firms not currently involved in the sector, and to provide an effective “screening” and decision making intervention, remains a gap.

Much of the support identified is clearly of value in its own terms but is focused on firms that already have a relatively clear understanding of the market and their potential role within it.

3. Consultations

3.1 Introduction

In Chapter 3 we present the findings from a short consultation programme with the findings from the consultation programme with Executives from SE, its strategic partners, and OWES contractors¹⁰.

The consultations were undertaken through face-to-face meetings or in-depth telephone interview using a semi-structured approach with an agreed pro-forma. The outputs from the consultations are presented in aggregate form for each of the consultation groups and reflect the general consensus of the consultees.

At the outset it was recognised that not all interviewees would be able to shed light on each and every issue, but collectively each issue has been addressed. The text reports the views, opinions and perceptions of the consultees. As with all consultations, what individuals think is the case may not be so, and their comments should therefore be read in that light.

3.2 Scottish Enterprise Executives

3.2.1 Responsibilities

The consultees had a number of different responsibilities with the respect to SE's support to the offshore wind sector. These responsibilities included:

- management of the overall budget for OWES, securing its funding and its development of plans for future funds to support the offshore wind sector;
- the delivery of the events element of earlier support to the sector;
- employer engagement, managing the delivery contractor contracts, engaging with larger companies in the sector, developers, other partners and general company support;
- the Senior Responsible Officer for the OWES project; and
- liaising between Scottish Manufacturing Advisory Service and SE for the offshore wind sector.

3.2.2 OWES's Fit to SE's Strategy and Operational Objectives

Consultees agreed that there are clear links between OWES and SE's strategic and operational objectives, these have often been patchy and inconsistent, particularly in terms of the priority afforded the sector.

It was recognised that going forward SE needs to have a long term, consistent view of the sector and its priorities.

3.2.3 Strategic Rationale and Market Failure and Adjustment

There was agreement that there was a clear rationale for SE's intervention in the sector given that there are low number of Scottish companies operating in the OSW supply chain; these companies are achieving relatively limited sales and therefore the sector remains a major opportunity for Scottish businesses.

¹⁰ A list of those interviewed is appended.

There is a large number of companies interested in considering the sector, and this has been demonstrated by high attendance at webinars held. However, companies considering diversification are often reluctant to go ahead without early advice, and OWES gives companies access to expert information and advice.

Consultees were uncertain as to the precise nature of the market failure that OWES was seeking to address, and therefore were unable to offer a view as to whether there has been market adjustment as a result of OWES. However, there was a recognition that SE would not run the project without a clear market failure and strategic case for the project.

3.2.4 Counterfactual - What Would Have Happened Without OWES

OWES is a useful tool that SE can use to help companies and does help to drive some engagement, but without OWES SE would still have more generic support programmes that it could use to help companies in offshore wind (e.g. SMART R&D grants) and companies would still likely want to engage with SE about the sector as a result of all the events and other activities SE is involved in.

Without OWES, the only grant or other form of support for the sector, SE would have struggled to work with and engage any companies in this offshore wind sector. The evidence for this view comes from the difficulties faced when the product was no longer available following the response to the results of the 2015 evaluation.

SE's ability to maintain engagement with the sector has resulted in low knowledge amongst businesses of the product. There is some uncertainty as to whether, without a programme of support, companies would move into the sector.

If OWES did not exist then companies approaching SE would have been directed to:

- Wind Expert Support Toolkit (WEST); and
- other support organisations, such as:
 - Energy Technology Zone
 - Deep Wind and Forth and Tay Offshore.

Without OWES, some consultees felt that SE's offer to the OSW sector would be "thread bare", although the Offshore Wind Cluster Builder, which is also an offshore wind sector specific support programme, does tend to suggest that this view is not strictly true. It was felt that SE would be able to offer generic cross sector supports (SMART, innovation, IP etc) none of this would have an OSW expertise, which consultees felt was essential.

Alternatively, companies could pay for their own consultancy advice, but if this approach was adopted, it is likely to have taken longer for them to consider whether they wanted to move into this sector. In this circumstance it was thought that fewer companies would consider OSW. OWES is addressing this market failure.

3.2.5 Performance of OWES Against Original Objectives

The primary focus of OWES has always been on supporting new market entrants rather than using OWES to help companies grow their offering. The introduction of the 4 day additional support (50% SE funded) was envisaged as helping with the company scaling, but there was never a shift away from the market entry support which has always remained the main focus of OWES.

3.2.6 Progression Of OWES Through Its Earlier Manifestations

OWES has evolved over time, largely due to changing priorities within SE and consultees were asked their views on how effective OWES has been during these changes.

The consensus was that OWES is less effective due to a combination of:

- much greater paperwork, slowing the process down and making it much more cumbersome to operate;
- bottlenecks and delays on the ability of the early contractor to start and complete reports, which are taking longer to complete. This might be a consequence of the level of available funding - £1,490.40 for 2 days work;
- originally OWES provided for one full day face to face contact time with companies and then the production of a report; whereas the current practice involves around face to face contact time 1 hour, followed by a report. As a consequence, the report largely generalises about the sector and is less specific about the company and their opportunities; and
- originally senior staff within the contractors provided the expert support but it is now more junior staff who are undertaking most of the work and as a consequence the work is now less “expert”.

3.2.7 Added Value Compared to Other Business Supports

There are a number of other business development support mechanisms targeted at the OSW sector, such as that offered by the Offshore Wind Growth Partnership’s Wind Expert Toolkit, and SE’s Offshore Wind Cluster Builder project, which is operated by Xodus the contractor for OWES since 2019, as well as other SE support which is thematic rather than sector specific.

The consensus was that the Offshore Wind Growth Partnership (OWGP), who operates UK wide, offers support which largely mirrors OWES. However, the view was that this is a more flexible support product; as it is not operated by an economic development agency it is slicker without the contractual and monitoring requirements. It also includes follow up with the businesses to consider next steps. OWGP’s WEST product provides the company with more expert time (on average 7 to 8 days) and in a wider range of topic areas including technology audits, IP, marketing plans, market entry advice, with a wider range of consultants on the framework for providing support.

The other SE supports are seen as being more complicated to find out about, and are focused on general business topics, such as innovation, digital, marketing, and therefore do not have the sector specific knowledge which consultees felt is required to guide companies in accessing OSW opportunities.

OWES does work well alongside the “cluster” organisations including Offshore Wind Cluster Builder Project which provides much higher level knowledge and networking opportunities, but it is felt that OWES is very structured and often not sufficiently flexible.

3.2.8 Management, Marketing, and Admin

Management, marketing, and the administration of OWES was not held in high regard, due to:

- SE's administration systems are seen as cumbersome and take too long to provide the necessary paperwork, and as a consequence of these delays, very occasionally, a company simply gives up. Although the contract team in SE are helpful, a new contract is required for every project, which is time consuming;
- marketing of OWES has been very sporadic and largely internal and with key partners rather than direct external promotion (e.g. via websites), but Se has done some external marketing (e.g. newsletters) and much internal marketing;
- confusion caused by the stop and start of the service and as there is no ongoing promotion, SE executives may forget about it or new colleagues may be unaware of it for several months until the OWES do some more internal promotion; and
- resource constraints:
 - the large amounts of admin required to process OWES applications is the main constraint. It is very burdensome and limits the number of companies SE can support via OWES
 - there have been major resource constraint/problem at one of the contractors leading to delays in projects starting and completing.

3.2.9 Monitoring and Performance Information

There is very limited monitoring and performance information beyond the number of projects. This requirement was not built into the early delivery agents' contract.

The result is that there is no information on “what happened “next as there is no follow up on:

- how companies have used the work undertaken by the contractors;
- how many have made progress towards engaging with the sector; or
- any benefits to the company following their engagement with OWES.

The key issue here is again limited resources to enable SE executives to do any follow up work after the OWES has been delivered. Going forward SE executives will either:

- need to be provided with the resources necessary to enable them to monitor the performance of OWES; or
- need to build a requirement for performance monitoring into the delivery agent contracts.

3.2.10 Extent to Which OWES Has Been Successful at Reaching Its Target Market

Marketing of OWES has never ceased, although it has largely been sporadic and largely internal and with key partners, the consultees felt that OWES was reaching its target market - those who are new or considering moving into the offshore wind sector. “Word of mouth” and referrals from the cluster organisations (DeepWind and Tay and Forth Offshore) and Offshore Wind Cluster Builder project have been key to this success. This has been a function of proactive marketing by SE of OWES to these organisations and the companies they work with (e.g. via cluster newsletters).

The consensus is that demand for OWES will grow and this would come from the companies that it seeks to target. However, neither SE nor the contractor Xodus can cope with large volumes of demand, which is a core problem of OWES as its current setup. There is no point in creating demand for something that you cannot fulfil, as it just leads to a very poor experience for companies.

3.2.11 If OWES Provides Value for Money (VfM)

Consultees perception was that OWES provides benefit to companies through providing them with a high level of understanding of the sector and whether their business is capable of exploiting opportunities in the offshore wind sector. However, due to the lack of follow up means SE is unaware of whether anything positive happens after these reports by the contractor have been delivered to the company. This makes it difficult to offer a definitive view on whether OWES offers VfM.

It is likely that companies will consider it value for money as OWES provides: 2 days of free consultancy; a further offer of 4 days with a 50% discount; delivering good quality information and advice.

From a Scottish Enterprise perspective, a cost of £1,490.40 per company is regarded as good value in terms of providing useful information to companies. However, as discussed in Section 3.2.6 above, the £1,490.40 is perhaps currently offering lower VfM than before, as there has been a shift to less face to face contact and the involvement of more junior staff.

3.2.12 Need and Demand for OWES Business Support Interventions and Whether These Will Existing in Future Years

There were degrees of uncertainty in this part of the discussion. Some consultees felt that the lack of active marketing and promotion of OWES, could mean that the low level of businesses involved in OWES may not reflect the true potential demand. Others felt that there is demand for OWES but they were unable to quantify the scale of that demand.

Some felt that there is a need to promote OWES via the business advisors and SE staff, and that with proper marketing there would be a demand for OWES. Others, however, cautioned against actively promoting OWES until the bottle necks in SE’s administration and staff capacity issues are fully addressed.

3.2.13 Issues To Be Addressed in Future Interventions (Including the “Ideal”)

A wide ranging issues and “ideals” were offered in this part of the discussion. In no particular order of importance these included:

- developing products that supports the whole “client journey” taking a business from initial point of considering moving into OSW supply chain through to actively engaging with the sector through the delivery of contracts. The product should fit together with a range of OSW support projects. This could also include an integrated offer to businesses to provide a range of products relevant to the companies, including SE’s, but also non SE products;
- SE staff need to get closer to the businesses so they can follow up after every intervention and make sure they continue their journey and help them to access the support they need;
- the “experts” in the sector should operate within SE, who would gather the intelligence on the companies, make connections, and continue engagement with the companies after support has ended to plan next steps. This would mean that the expertise rests within SE and not contractors;
- establish a better follow up and onward support to this programme so that SE and partners are informed on what happens after the OWES support ends and how the company can be supported to move into sector;
- recruitment to, and the marketing of, OWES needs to become proactive. This should include the running of different events/workshops/meet the buyer events. However, the bottleneck in the ability to support companies would need to be address otherwise SE would not be able to meet demand. This is a fundamental problem with OWES as currently designed;
- a need to improve the admin systems;
- more partnership working:
 - Joint venture/partnership with Offshore Wind Growth Partnership
 - WEST does the expert help level support for Scottish companies and SE moves to provide other supports
 - Financial contribution from HIE and SoSE to fund the project
 - Better sharing of information and joined up working between the support agencies
 - continued cluster builder support providing high level advice, networking, information; and
 - long term commitment from SE to OSW.

Underpinning all of these “ideals” is the requirement for SE, and other funding agencies as appropriate, to provide sufficient SE staff resources or contractor resources, to enable future interventions to meet the needs of the OSW sector.

3.2.14 General Overview of the OWES

The consensus was that:

- expert support is a useful tool in supporting the sector; however, it is best targeted at those companies who are considering looking to enter the offshore wind sector;
- the administration and monitoring are very cumbersome and can be a major barrier to the delivery of the programme. Administration relates to the time it can take each company to complete the required admin (30-40 minutes). Monitoring refers to the delivery of the support by Xodus and invoicing for the support on a per company basis of the programme, and not any follow up monitoring or reporting on progress against SMART objectives.
- a lack of marketing, awareness raising or events has resulted in:
 - a very low number of enquiries - only three businesses supported this year to date
 - word of mouth referrals are very low; and
 - OWES is seen as an inflexible product which provides limited advice to companies, although it is useful as part of a wider package of support that assist companies to make a decision which might then get them onto WEST or other SE products like SMART, R&D, etc?

3.3 Strategic Partners

3.3.1 The Partners

A number of Scottish Enterprise's (SE) partners were invited to contribute towards the evaluation. Those that agreed to take part were as follows:

- Deep Wind;
- Forth and Tay Offshore;
- Highlands and Islands Enterprise;
- Offshore Wind Growth Partnership; and
- ORE Catapult.

3.3.2 Exposure to OWES and the Offshore Wind Sector

Each organisation and the individuals interviewed had had different levels of exposure to OWES and had differing responsibilities with respect to the offshore wind sector. These included management and delivery of support programmes to the sector:

- WEST (Wind Expert Support Toolkit) - provided free expert advice, typically 6 to 7 days for companies considering entering offshore wind sector
- Offshore Wind Growth Partnership: Grant Funding - ranging from £50k to £500k for major, transformational projects;
- Fit for Offshore Renewables - a 12 to 18 month programme to provide more in depth expert advice for larger companies with turnover of at least £1m;

- Sharing in Growth: Offshore Wind - targeted at larger companies with turnover of more than £5m, and provides expert support/advice to make major increases in turnover for those who are already supplying the sector;
- TIGGOR. Business Growth Programme with North East England LEP to provide a specific programme of support to local companies; and
- Off Shore Wind Launch Academy - supports new start companies and commercialisation through small and start up businesses with 11 modules of workshops and ongoing support.

3.3.3 Gap/Positioning of OWES/SE support

OWES is viewed as being suited to companies at an early stage of beginning to consider entering the offshore wind sector (OSW) for the first time, whereas sectoral support provided by some of the stakeholders focuses on supporting businesses that are already “developing” into the sector - i.e., who have already decided they want to move into the sector but who have not yet entered the market.

It was recognised by some interviewees that there remains a continuing gap in the support to companies in the early stage of gathering basic information, with other support mechanisms being able to provide more detailed support later in the process.

A key gap in provision aimed at supporting companies to enter the sector is reaching out proactively to identify companies who might be capable of supplying the OSW sector and then encouraging them to consider the sector for the first time. A lack of proactive advertising of OWES, and its availability varying over time due to funding constraints, has played a key role in undermining this proactive work.

It was argued by some, that it would be helpful to companies, and likely to stimulate demand for OWES, if companies had a clarity on what working in the OSW sector would really mean.

Some consultees also highlighted that other support programmes, such as WEST, DeepWind, are doing much of the work of the OWES, providing basic information and understanding of the sector and advising companies on how they could fit. It was argued by some that this could be better delivered by OWES, with these other support programmes focusing their efforts on higher level awareness and engagement (Deep Wind and Forth and Tay Offshore) and more detailed/follow on support (WEST), which as a UK wide service would continue to support Scottish companies.

3.3.4 Management and Monitoring of OWES

Consultees were generally unable, through a lack of knowledge, to comment on either the management of the service, or how SE monitored its performance.

Monitoring and measurement were seen as being a key part of other support programmes for the sector, as their activities are driven by private sector funding that require evidence of impact. Performance measurement has focused on jobs, turnover, exports and creation of new products/services. For the WEST programme there was follow up contact is made one year after the company completes the support programme in order to gather this information and take a view how the individual companies are progressing in supplying the sector.

3.3.5 Demand for the Service

Consultees highlighted the difficulty in assessing the demand for OWES given that the service has not been well promoted, if at all. It was however, highlighted that if the service is reopened and promoted there is a belief there will be demand for OWES, but there is uncertainty as to the scale of this demand.

A number of factors were highlighted as playing a part in the low demand for OWES:

- the offshore wind sector (OSW) has been seen as a sector that was near impossible to enter: all the suppliers were overseas - tier 1 (for components such as blades, towers, foundations) and tier 2, as often the supply chain for tier 1 suppliers already fixed before they win the Scottish OSW contract
- ; the realistically available opportunities were only small, although it was recognised that this situation was now changing;
- barriers to entry to OSW are seen as too high resulting in very few successes to inspire others to diversify into OSW; and
- there is a need for long term commitment and investment from companies which many are not ready or able to give.

3.3.6 Going Forward/the Ideal

Key issues to address going forward, aimed at delivering the ideal service would include (in no particular order of importance):

- a need to ramp up the scale of activity aimed at generating greater momentum through more intensive supports. As there are clearer opportunities in OSW there is an expectation of a greater level of demand for OWES
- OWES to partner with WEST to ensure a greater proportion of companies supported are from Scotland, perhaps through alignment with WEST with OWES acting as a feeder programme;
- similar alignment with Fit for Offshore to ensure more businesses in Scotland benefits from this support;
- targeting of non-account managed companies to encourage their interest in entering the offshore wind sector, with added follow-on support for the company;
- there is a requirement for pro-active engagement of existing advisors of companies to get their clients to consider this sector/recruit for OWES;

- review and consider which contractors are best at delivering the service
- more “hand holding” of companies through the process needed to supply the sector;
- there is an ongoing gap in support, which is not provided by OWES or other support programmes, on the “sales” stage of the process - understanding the tendering process, how to prepare good bids and securing contracts; and
- align OWES with Research & Development funding, particularly for those who need to adapt products for OSW. It was recognised that SE has this type of funding available, but customised/rebranded for OSW would be useful.

3.3.7 Overview

In general, consultees felt that:

- OWES is a valuable service that provided introductory support, a stepping stone towards supplying OSW sector for those companies that:
 - are just considering whether they want to supply the sector
 - are trying to work out where they “fit” into the sector supply chain
 - OWES opens the door to company engagement which will allow further development, support and their movement to supplying the sector
- There has been a problem with consistency over whether the programme was available or not, should be promoted or not, and if it was exclusive to specific companies or not. This meant that it has not been promoted to good effect;
- OWES has been under utilised - possibly a function of lack of promotion and interrupted funding;
- without OWES, other support programmes might not have been developed as they were based on the good practice of OWES; and
- without OWES companies might have vaguely considered the sector but not taken it forward (without a clearer idea of how they might fit into the sector).

3.4 OWES Contractors

3.4.1 Role of the Contractors

The four contractors interviewed each had previous hands-on experience of delivering OWES on behalf of SE (though in some cases, this involvement had finished a while back). All were highly experienced, with many years’ experience in the industry and a high level of understanding of the industry structure, market needs, and what businesses needed to be able to do to meet those needs. Typically, the consultants concerned had experience of working directly with private sector firms and with government and trade bodies.

For OWES, their involvement had typically been in delivering the 2-day initial support, this being tailored to individual firms to varying degrees, as noted below. The consultants also had experience of delivering the 4-day support offer although they reported that the extent of take-up of this was generally low (estimated by some at around 1 in 20). Some had continued to work with firms that had originally looked at the opportunities in the industry through OWES, but these cases were very much the exception.

3.4.2 Impact of OWES on Businesses

These contractors were universally positive as to the benefits of OWES. Specifically, it was seen as an effective screening tool that helped businesses to answer the “Is it for me?” question. The value of this was seen as being twofold: (1) for those businesses that proceed there is the obvious potential for business development and growth within the sector; (2) however, even for those that chose not to proceed, this can be seen as a positive outcome if that was the right decision for that business in terms of how it best allocated its resources.

The businesses that took part were described by consultees as being “very diverse” with a preponderance of SMEs and micro-businesses, but also some larger players. Commonly (though not exclusively) these businesses were active in some part of the oil & gas supply chain.

There was a view that those businesses that had been most likely to achieve business development and growth benefits were those that had been prepared to take a sustained, strategic approach to entering the market, commonly involving changes to aspects of the business’s product and market mix, and its approach to the market. Such benefits could not be wholly ascribed to OWES but it was felt to have commonly played a role in both confirming to businesses that Offshore Wind was a good opportunity for them, and in helping them to at least understand the key steps they would likely need to consider in order to exploit the opportunity.

For those firms where OWES had not contributed to such development and growth, consultees felt that this was commonly due to firms’ seeking quick wins that were not typically available, and not having either the commitment or resources to invest in targeting the sector. This degree of commitment was also influenced by short-term considerations, with a number of businesses being less committed to developing into the market when conditions were positive in their core market (often oil and gas-related).

3.4.3 Degree of Additionality

Consultees considered that participation in OWES had a high degree of additionality for most participants. This was a reflection of many senior managers and business owners being “time poor” and so finding it difficult to find the time, or to easily source the expertise, to help them make the “Is it for me?” decision. Sourcing small-scale consultancy funding of this nature, for this purpose, would generally be difficult and, in any case, firms would typically struggle to identify such sources of support, without a branded offer such as OWES.

There was a common view that participation in OWES gave participants a basic knowledge of the dynamics of the market and, at the very least, encouraged them to consider their own business’s fit with the opportunity.

The counterfactual for most businesses would be to undertake research into the market using publicly available sources on the web. Many would not do so due to limited time and benefitted from the added value that the consultants brought in terms of knowledge, understanding and the ability to properly contextualise this information.

3.4.4 Implementation Process

OWES was seen as having previously been a highly visible and recognised support programme but that this degree of visibility had declined significantly in recent years, with other support programmes (such as WEST and Fit4 Offshore Renewables) being more widely known.

A key issue across all the consultees had been the level of fees for programme delivery. These were seen as considerably lower than consultants were able to secure directly from private clients and that element of the consultancy market is very buoyant, with consultants typically able to achieve high utilisation levels at higher consultancy rates.

Some consultants suggested that their participation had included a degree of altruism, from the point of view of helping to develop Scottish businesses' involvement in the Offshore Wind sector. Others saw it as a business development opportunity, with the potential for follow-on work although, as we have noted, this was relatively limited.

A number of consultees noted that the level of fee rates made available had led to some degree of commoditisation of the offer (for example, with a fairly standard set of support slides being used) and to work being undertaken by more junior staff, who may have had less depth of knowledge and credibility with businesses. In some cases, this did not create any issues but there do appear to have been occasional instances where the depth and tailoring of support did not meet reasonable standards.

Expectation management was important here and it may be that some firms, particularly those firms with less experience of utilising external support, may have had a higher level of expectation of the depth and intensity of support than could reasonably be delivered within the time allocation and budget available. The branding of the offer as "Expert Support" may have played some part in this, raising expectations and not reflecting the de facto purpose of OWES as a screening tool.

3.4.5 Appropriateness of Support and Fit with Other Support

We have noted previously the availability of support programmes such as WEST and Fit4 Offshore Renewables. These support offerings were generally very well regarded by these consultees, some of whom were involved in their delivery. In each case, however, the scope and range of support was somewhat different from that historically offered by OWES, with a significantly greater degree of consultancy input required, and of business commitment to the process. Consultees felt that this gave them much more of a realistic opportunity to add genuine value to businesses' efforts to develop within the Offshore Wind sector.

However, as we have noted previously, other available support is appropriate to supporting businesses that are already “developing” into the sector - i.e., who have already decided they want to move into the sector. Whilst this may have been the case for some OWES participants, it was more commonly used as a “gatepost” for firms in deciding *whether* to proceed with their interest in the sector, with less input within the time available as to *how* to pursue this interest.

Reflecting the views of other stakeholder groups, it was perceived that there remained a gap in provision in terms of reaching out proactively to identify companies that might be suitable for supplying the OSW sector and encouraging them to consider developing their business within the sector, this based on the provision of sufficient information and advice to help them make an informed judgement on this.

It was therefore considered that this *function* of OWES remained important but that consideration needed to be given to the most appropriate and cost-effective *mechanism* to deliver this. It was felt that this could mean a revitalised consultancy-led approach but that other options such as delivering this function in-house or via an extension to other parts of the business development support landscape should not be excluded.

Consultees also highlighted the need for clear definition and communication of the range of support methods across the customer journey, including initiatives aimed at each of the decision, development and implementation phases of developing within the sector. An element of this would be working with partners to ensure the complementarity of the various support offers, with an “OWES-like” offer focusing on this early-stage decision making element of the process.

A further point to note was the common view that there remain many potential businesses that could benefit from an “OWES-like” support programme, including businesses that have not hitherto engaged with the programme and some that may have done so in the past but whose circumstances and attitudes may have changed. Consultees universally commented on the continued growth within the sector generally and on the additional potential for the right firms within the supply chain arising out of local content provisions.

3.4.6 Overview

Overall, key messages from the consultations with contractors were as follows:

- OWES has been a valuable service, not only in terms of giving firms the confidence to subsequently develop within the Offshore Wind sector but in terms of allowing businesses generally to make an informed decision as to whether the sector was for them;
- the particular value of OWES has been to cost-effectively provide informed input to businesses to allow them to make this screening decision;
- the level of day rates and time input available through OWES led to some degree of commoditisation of the service and to the use of more junior consultancy staff - this has had some impact on how it has been perceived with the potential for a mismatch of expectations between client and deliverer;

Bellerby Economics

- the landscape in terms of the range of external advisory support available to firms to develop within the sector has changed with support now available of a greater scope and depth than that offered through OWES;
- however, the outreach and screening functions that OWES has delivered remain important and necessary and other existing support programmes are not particularly focused on this; and
- it would be appropriate to consider further the mechanism to deliver this function along with associated communications and branding issues.

4. Business Survey Results

4.1 The Surveyed Companies

All companies who participated in the Offshore Wind Expert Support service (2016 and beyond) - 156 companies - were afforded the opportunity to participate in the evaluation through either responding to an online or a telephone survey.

Following an introductory email by Scottish Enterprise to participating companies and a subsequent telephone follow up by IBP a total of 35 responses were secured. This represents a response rate of 22% overall; the confidence interval for the survey is therefore +/-14.64% - caution should therefore be exercised when interpreting the results¹¹. It is also important to understand that no company provided answers to each and every question - where this is the case sample sizes will be noted in the text or table.

4.2 The Characteristics of Survey Participant Companies

The characteristics of the respondent companies surveyed are set out in the following tables.

4.2.1 Location

The responding companies are located across Scotland, although 19 (54%) are located in Aberdeen City/Shire, the centre of the UK's oil and gas industries, as illustrated in **Table 4.1**. For the population as a whole, 44% were located in Aberdeen City/Shire, suggesting that the respondents were more likely to be located in Aberdeen City/Shire than the population as a whole.

Table 4.1: Geographic Location of Companies

Local Authority	N°	%	Local Authority	N°	%
Aberdeen City Council	6	17%	East Lothian Council	1	3%
Aberdeenshire Council	13	37%	Falkirk Council	1	3%
Angus Council	1	3%	Fife Council	2	6%
City of Edinburgh Council	1	3%	Glasgow City Council	4	11%
Dundee City Council	2	6%	Midlothian Council	1	3%
East Renfrewshire Council	2	6%	North Ayrshire Council	1	3%

Percentages may not sum to 100% due to rounding

4.2.2 Sector

The companies operate in a range of sectors, but most commonly in the Oil and Gas, Thermal Generation, Carbon Capture and Storage (37%) and Energy - Low Carbon and Renewables Energy (31%).

¹¹ A full report on the survey administration is appended.

Table 4.2: Sector

Sector	Number	%
Aerospace, Defence and Marine	3	9%
Construction	2	6%
Creative Industries	1	3%
Ecological Permitting.	1	3%
Energy – Low Carbon and Renewables Energy	11	31%
Oil and Gas, Thermal Generation, Carbon Capture and Storage	13	37%
Recruitment	1	3%
Technology and Engineering	3	9%

Percentages may not sum to 100% due to rounding

4.2.3 Business Performance Indicators

Tables 4.3, 4.4 and 4.5 presents details of recent business performance in terms of turnover, GVA and employment.

Turnover and employment data are taken from the business survey; however gross GVA has been estimated using a turnover:GVA ratio from the latest Scottish Annual Business Statistics¹². The ratios were calculated for individual sectors of the companies that responded to the survey - where there was no direct comparator sector, we allocated the GVA ratio of the nearest equivalent sector.

The data shows, across each business performance metric the impact in 2020/21 of the covid-19 restrictions, where turnover, GVA and employment levels fell. There is some evidence in 2021/22 of some recovery as restrictions were eased.

The data also demonstrates the significant variation in the size of supported businesses across each business performance metric, although variations in employment levels are less marked.

Table 4.3: Turnover in Scotland by year

Year	Turnover			
	Total	Average	Median	Range
2019-2020	£393.1m	£19.7m	£2.2m	£5,000 - £170m
2020-2021	£377.4m	£18.0m	£1.2m	£100,000 - £150m
2021-2022	£394.5m	£18.8m	£2,.9m	£1m - £150m

N=20 2019/20, N= 21 2020/21 and 2021/22

¹² Statistics - available at <https://www.gov.scot/publications/scottish-annual-business-statistics-2019/>

Table 4.4: GVA in Scotland by year

Year	GVA			
	Total	Average	Median	Range
2019-2020	£234.0m	£11.7m	£0.9m	£2,400 - £99m
2020-2021	£226.0m	£10.8m	£0.9m	£66,000 - £99m
2021-2022	£236.2m	£11.2m	£1.4m	£660,000 - £99m

N=20 2019/20, N= 21 2020/21 and 2021/22

Table 4.5: Employment in Scotland by year

Year	Employment			
	Total	Average	Median	Range
2019-2020	358 FTEs	17 FTEs	5 FTEs	0.5-120 FTEs
2020-2021	400 FTEs	17.4 FTEs	9 FTEs	1.0-120 FTEs
2021-2022	492 FTEs	20.5 FTEs	14 FTEs	1.0 - 120 FTEs

N=21 2019/20, N= 23 2020/21 and N=24 2021/22

When analysed by size of company (in terms of employment) the data on turnover shows significant variation by across the different size bands. One company, employing 120 employees and turnover of £150m dominates the data in **Tables 4.3** to **Table 4.5**, as illustrated in **Table 4.6**. It is important therefore to exercise caution when interpreting the aggregate results.

Table 4.6: Turnover by Size of Company

Year	Turnover			
	Total	Average	Median	Range
2019-2020				
<10 employees N=2	£12.9m	£1.4m	£0.6m	£20,000-£5m
10-49 employees N=7	£220m	£31.4m	£3.8mm	£1.7m-£170m
50-120 employees N=9	£0.16m	£0.08m	£0.08m	£10,000-£150m
2020-2021				
<10 employees N=6	£2.1m	£0.4m	£0.2m	£0.1m-£0.8m
10-49 employees N=10	£222.2m	£22.2m	£4m	£1.1m-£150m
50-120 employees N=1	£150m	-	-	-
2021-2022				
<10 employees N=9	£4.2m	£0.5m	£0.4m	£0.03m-£1m
10-49 employees N=11	£240.4m	£21.9m	£4.8m	£2.9m-£150m
50-120 employees N=1	£150m	-	-	-

4.2.4 Business Strategy

Table 4.7 sets out the business strategies of the surveyed companies, with respect to their general business operations, and their offshore wind operations.

The post-2021 lockdown growth patterns are reinforced by the general business strategies adopted where 63% are seeking to grow in existing markets; 60% to diversify into other markets, with only 11% planning contraction. Similar patterns emerge with respect to their offshore wind sector operations.

Table 4.7: Business strategies (multiple responses allowed)

Business Strategy	General Business Operations		Offshore Wind Operations	
	N°	%#	N°	%#
Not operating in Offshore Wind sector			5	14%
Continue existing operations, broadly as is	12	34%	8	23%
Contraction of business	4	11%	1	3%
Growth in existing market	22	63%	20	57%
Diversify into other markets	21	60%	14	40%
Export in new markets with existing products/services	9	26%	5	14%
Export to new geographical markets	9	26%	6	17%
New product/process development	15	43%	9	26%

the % figure relates to proportion of the sample as a whole - 35 businesses

Supply Chain

Table 4.8 highlights that most companies have supply chain relationships outside Scotland - only 14% of companies conduct all their trade with Scottish based companies, and 7% have no Scottish based suppliers.

Table 4.8: Percentage of supplies (in terms of value) that come from Scottish-based suppliers

N=29	Number of Respondents	% Respondents
All	4	14%
A majority	7	24%
Around half	5	17%
A minority	6	21%
None	2	7%
No direct suppliers	5	17%

When analysed by size of company (employment in 2021/22) there is variation as illustrated in Table 4.9.

Table 4.9: Percentage of supplies (in terms of value) that come from Scottish-based suppliers by company size

N=22	>10 employees (N=10)	10-49 employees N=11	50-120 employees N=1
All	20%	0%	
A majority	30%	27%	
Around half	10%	27%	
A minority	10%	36%	
None	20%	0%	
No direct suppliers	10%	9%	100%

NB: Columns may not sum to 100% due to rounding.

Offshore Wind Competitors

Table 4.10 highlights that around half of companies (51%) a significant proportion of their competitors in the offshore wind sector are based in Scotland.

Table 4.10: Percentage of main competitors in the Offshore Wind sector based in Scotland

N=24	Number of Respondents	% Respondents
All	3	13%
A majority	0	0%
Around half	9	38%
A minority	9	38%
None	3	13%

Percentages may not sum to 100% due to rounding

4.3 Experience of the OWES

How found out about OWES

As illustrated in Table 4.11, the most popular methods of obtaining information about OWES came from: a business advisor employed by one of the Enterprise Agencies¹³, Business Gateway, or a local authority (11 companies, 31%); and Scottish Enterprise's website (10 companies, 29%).

¹³ Scottish Enterprise, South of Scotland Enterprise, or Highlands and Islands Enterprise

Table 4.11: How first heard about OWES (multiple answers allowed).

Information Source	Number of Respondents	% Respondents#
A business advisor	11	31%
Scottish Enterprise Website	10	29%
DeepWind Cluster	5	14%
Forth & Tay Cluster	4	11%
Attended a workshop/seminar	3	9%
Don't remember	3	9%
Word of mouth	3	9%
Offshore Wind Scotland Website	2	6%
The consultant who was delivering the advice	2	6%
Marketing Email	1	3%

The questionnaire afforded businesses the opportunity to provide further information on the employer of the business adviser, their word of mouth contact or other websites that they had used. However, none of the businesses took advantage of this opportunity.

Support Received

Table 4.12 reports the type of supports received by the respondents. Almost all received the 2 days of support funded by Scottish Enterprise, with only two companies opting for the 4 day support, where they provided 50% of the funding.

Table 4.12: Which elements of the support did you receive? (multiple answers allowed)

Support Received	Number	%
2 days of free expert support	31	89%
4 days of expert support - 50% company funded	2	6%

Table 4.13 identifies the reasons why companies who accessed the two days support did not then also access the 4 day support package. Almost 40% highlighted that the requirement to fund 50% of the cost of the 4 day support package (£1490.40) was the prohibitive factor, around 20% citing the investment costs required to bring the company up to being able to enter the OSW sector being too high, and 13% of businesses did not have enough time to invest in the support package.

Table 4.13: Reasons for not also accessing 4 day support (multiple answers allowed)

Reason	Number	%#
Cost	12	39%
Sector not relevant	2	6%
No opportunities in Scotland	1	3%
Wrong products/skills	1	3%
Lack of existing contracts/opportunities currently	2	6%
Requires too great an investment	6	19%
Doesn't fit business strategy	1	3%
Lack of time	4	13%
Other	8	26%

N=31 #- % of those only accessing 2 day support

Of those businesses that replied “other”, most (5) claimed that they were not made aware that there was follow-on support, with the rest (3) were unsure at the time of the survey whether to progress to the 4 day level of support.

In **Table 4.14** we report on the reasons why businesses sought support from OWES. The key result reported in **Table 4.14** is that businesses sought support from OWES to gain a better understanding of how the company might supply the sector. Almost half of the respondents sought better information on market conditions.

Table 4.14: Purpose of seeking OWES support? (multiple answers allowed)

Purpose	Number	%
Better understanding of how my company might supply the sector	27	87%
Better information on market conditions	14	45%
Advice on how my business might grow to take advantage of opportunities	10	32%
In general, free advice on possible opportunities	15	48%

N=31 #- % of those accessing 2 day support

Tables 4.15 to Table 4.18 provides insights into the respondents’ engagement with OWES and how they perceive the support that they have received. In general, the services received are viewed positively.

When questioned as to whether the support from OWES provide the business with what it was looking for, most did not offer an answer, and therefore we present the numerics rather than percentages. Of those who did respond, as detailed in **Table 4.15**, most felt that their needs were met - fully or partially.

Table 4.15: Usefulness of the OWES support

N=15	Yes - fully	Yes - Partially	No	Don't Know
Better understanding of how my company might supply the sector	8	3	1	1
Better information on market conditions	4	3	2	1
Advice on how my business might grow to take advantage of opportunities	7	7	0	1
In general, free advice on possible opportunities	7	7	0	1

Table 4.16 highlights the usefulness of the expert advisor to the business across a range of factors. It shows that 85% of businesses found the support as being useful - to their business - 45% very useful and 39% useful. Just under two thirds of businesses reported that the support was useful in enhancing the company's ability to move closer to supplying the OSW sector.

Table 4.16: Rating of the Expert Advisor help received

N=35	Very Useful	Quite Useful	Neither /Nor	Not Useful	Not at all useful
Relevance to your business needs	46%	39%	6%	3%	6%
Being of value to your company	43%	34%	11%	3%	9%
Enhancing your ability to move closer to supplying the OSW sector	38%	26%	15%	9%	12%
Providing clearer "next steps" to develop your business	39%	36%	6%	12%	6%

When questioned as to how they would rate the management and administration of the Offshore Wind Expert support service most- 80% - responded positively, with 46% offering a *very good* rating, and 34% a *fairly good* rating.

Table 4.17: Management and Administration

Rating	Number	%
Very Good	16	46%
Fairly Good	12	34%
Neither good nor poor	4	11%
Quite poor	0	0%
Very Poor	0	0%
Don't Know	3	9%

In **Table 4.18** we report on the respondents' views on the usefulness or otherwise of the follow-up information/advice received through their involvement in the OWES service. It shows that over 70% found the advice very useful/useful.

Table 4.18: Follow up information/advice

Rating	Number	%
Very useful	15	43%
Useful	10	29%
Neither/nor	4	11%
Not very useful	1	3%
Not at all useful	1	3%
Did not receive follow up information/advice	4	11%

Table 4.19 highlights that most companies had seen an improvement in their levels of understanding of the offshore wind market (33% significant, 48% some improvements) and its opportunities (34% significant, 47% some improvements) as a result of their involvement with OWES.

Table 4.19: Change in levels of understanding

	Significant Improvement		Some improvement		No change	
	No.	%	No.	%	No.	%
Level of understanding of the offshore wind market	11	33%	16	48%	6	18%
Level of understanding of the opportunities available to the company in the offshore wind sector	11	34%	15	47%	6	19%

In **Table 4.20** we present the results for when businesses were asked whether as a result of involvement with OWES the company's attitudes to the risk of investing in the Offshore Wind market had changed. The results suggest that many companies do not see the risks of investing in the offshore wind sector as a barrier - 39% considered the risks as acceptable before their involvement in OWES, and a further 27% are now more likely to accept the risk.

Table 4.20: Attitude to risk

N=33	No.	%
More likely to accept risk	9	27%
Less likely to accept risk	2	6%
No change - still see investment as risky	9	27%
No change - still see risks as acceptable	13	39%

Percentages may not sum to 100% due to rounding

When asked whether, as a result of involvement with OWES, there had been changes in the business's willingness to develop or modify products for the Offshore Wind sector, a significant proportion replied in the affirmative - 44% were more likely to develop new products for the Offshore Wind sector, and 47% were more likely to modify existing products. **Table 4.21** presents the full details.

Table 4.21: Develop or modify products

N=32	More Likely		Less Likely		No change - Still Reluctant		No change - Still Willing	
	No	%	No	%	No	%	No	%
Develop new products for the Offshore Wind sector	14	44%	2	6%	6	19%	10	31%
Modify existing products for the Offshore Wind sector	15	47%	2	6%	3	9%	12	38%

4.4 Engagement with the Offshore Wind Sector

Engagement

When asked whether they had taken any actions to move to supply the Offshore Wind sector following their involvement with OWES, almost 60% said that they had, with a further 22% reporting that whilst they had not taken action as a result of OWES, they nonetheless supply the sector. Table 4.22 presents the details.

Table 4.22: Engagement with the OSW sector

N=32	No.	%
Engaging with the sector as a result of OWES	19	59%
No, but we do still supply the sector	7	22%
No, and we do not supply the sector	6	19%

Those companies that have not taken actions to move to supply the Offshore Wind sector following involvement with OWES offered a range of reasons as detailed in Table 4.23.

Table 4.23: Reasons for not engaging with the OSW sector

	No.
After advice, no longer felt the sector was relevant to my business	1
Lack of existing contracts/opportunities currently	4
Required too great an investment for my business	3
Did not fit with our current business strategy	2
Other	7

Those responding “other” offered a range of different reasons:

- focusing on oil and gas;
- the sector is monopolised by the major energy companies;
- our technology is not commercially available; and
- the supply chain system difficult to access or understand.

Actions

As a result of advice received from the OWES advisor, 18 companies provided details of the actions they have taken to move to supply the offshore wind sector.

Table 4.24 highlights the key actions that these companies have taken to date.

Table 4.24: Key actions to date (multiple answers allowed)

Action	Number
Made contacts with contractors	0
Developed new products/services to serve the sector	6
Formed a collaboration/partnership to supply the sector	4
Submitted a tender	5
Been awarded a contract	0
Other	3

Those who replied “other” reported that they have: attended meet the buyer events; conducted an ISO Certification and Achilles registration and audit; and been involved in Operation and Maintenance for wind farm.

When questioned as to how important OWES was in assisting the business to take these actions, most companies (15) suggested that OWES played a part. Table 4.25 provided the details.

Table 4.25: Importance of OWES

Importance	Number
Crucial - would definitely not have taken these actions had the business not had support from OWES	1
Very important - unlikely to have taken these actions had the business not had support from OWES	8
Important - may have taken these actions had the business not had support from OWES	6
Not that important - would probably have taken these had even if the business not had support from OWES	3

Only four of the 18 companies had secured a contract at the time they completed the survey.

The broad technical areas that the companies are targeting are detailed in Table 4.26. This shows that the respondents are targeting a wide array of parts of the offshore wind sector - in particular, foundations, operation, maintenance service and operation, maintenance support.

Table 4.26: Key areas targeted

Area targeted	Number
Array and export cables	2
Balance of plant maintenance and service	2
Development and project management	2
Export and array cables	2
Foundations	7
Health and Safety	2
Installation and commissioning	3
Offshore logistics	3
Offshore substation	2
Operation, maintenance service	5
Operational bases	2
Operations and maintenance support	4
Operations port infrastructure	1
Turbine foundations	2
Turbine maintenance and service	2
Other	11

Those who replied “other” were targeting the following technical areas:

- electronic and subsea supply;
- engineering and fabrication;
- engineering consulting and design;
- manufacturing and supply;
- offshore marine life protection;
- public relations and stakeholder management;
- recruitment;
- vessel inspection and assurance; and
- wind turbine blade inspection.

Contracts

When questioned as to whether they were already supplying the offshore wind sector, 26 of the 35 companies responded, with 14 (54%) replying that they were supplying the sector, and 12 (86%) of the 14 having supplied the sector prior to their involvement with OWES.

The 14 companies supplying the OSW sector first begin as early as 2015 and as late as 2021, as illustrated in **Table 4.27**.

Table 4.27: First began supplying the sector

Date	Number
2015	3
2016	0
2017	2
2018	5
2019	2
2020	0
2021	2

When asked to quantify the percentage of their businesses sales that were from the Offshore Wind sector prior to their involvement with OWES, none were able/willing to provide an estimate.

Table 4.28 details where their sales to the OSW sector have been made prior to their involvement with OWES, with **Table 4.29** highlights the geography of current sales to the sector and currently.

Table 4.28 shows that prior to their involvement in OWES two companies had 100% of their sales located in Scotland, one company had 75-99% of their sales in Scotland, two companies had between 51-74% of sales in Scotland, two 26-50% and one had sales of 25% or less in Scotland.

Table 4.28: Geography of sales prior to involvement with OWES

Geographical Area	Prior to involvement with OWES				
	100%	75-99%	51-74%	26-50%	25% or less
Scotland	2	1	2	2	1
Rest of UK	1	1	0	3	2
Other North Sea countries (e.g., Scandinavia, Netherlands)	0	0	1		2
Rest of Europe	0	0	0	1	2
Rest of World	1	0	0	0	2

Both Table 4.28 and Table 4.29 show that Scotland is the main OSW market that the responding companies secured contracts both before and subsequent to their involvement with OWES.

Table 4.29: Geography of current sales to the OSW sector

Geographical Area	Prior to involvement with OWES				
	100%	75-99%	51-74%	26-50%	25% or less
Scotland	4	1	2	1	2
Rest of UK	1	0	0	3	2
Other North Sea countries (e.g., Scandinavia, Netherlands)	1	0	1	0	1
Rest of Europe	0	0	0	0	1
Rest of World	1	0	0	0	1

Table 4.30 highlights the respondents' views on the support that would help them to exploit the Offshore Wind market further, which are wide and varied, dominated by: support to meet the buyer, making contacts in the sector; and support with tendering and procurement.

Table 4.30: Further support (multiple answers allowed)

Support	Number
A short, free 1 hour session of advice from expert practitioners	10
A longer period of working with an Expert Adviser	13
Sub-sector specific events (e.g., operations and maintenance, foundations etc.)	12
Meet the Buyer events with developers and tier 2 contractors	18
Export/trade support and advice to target overseas opportunities	11
Help in making contacts in the sector	18
Support and advice with tendering and procurement	17
Support and advice with contracting and licencing	11
General financial support	12

4.5 Overview

Businesses were asked what difference participating in the Offshore Wind Expert Support service make to their business. Almost all (31) offered a view. Common comments are listed below:

- better understanding of:
 - challenges to enter market
 - what an O&M contractor is looking for in a supplier
 - who our potential customers are
 - supply chain hierarchy
 - where the projects will be located
 - which developers are responsible for the projects
 - the sector
 - shape and scale of the opportunities;
- allowed contacts to be made;
- provided first rate market intelligence;
- helped to develop future strategy;
- gave third party validation;
- gave direction for business development and due diligence on the opportunity available; and
- no difference.

Businesses were also asked for their views on how OWES could be improved. Responses included:

- from our perspective it worked very well, all good
- more tailored to provide clear guidance and actionable advice;
- further follow-on support, particularly on procurement process and terminology
- longer period of free support; and
- provide clearer insight into developer's project pipelines.

4.6 Scottish Enterprise in Year Measures of Progress

Turnover, GVA and employment metrics are reported on in detail in Chapter 5 - realised and forecast. In this section we report on the contribution that the surveyed companies are making towards SE progress measures.

Employee Wages - Realised

As a result of accessing support from OWES, only 3 of the responding companies have already increased its employment - total gross employment growth is 36 FTEs.

However, only one company attributed employment growth to OWES participation¹⁴ - and it reported employment growth of 1 FTE.

¹⁴ the other two companies reported that their employment growth would have been at the same level had they not been supported by OWES.

All 3 companies are paying the (current) real living wage¹⁵ of at least £9.90 per hour - the real living wage is above the national minimum wage of £9.50. Only two companies were willing/able to provide average salary paid to these new employees: one company is paying on average £38,000 (to 30 new employees) and the other £25,000 (to 5 new employees). The total wage bill is £1.265m

To calculate the Scottish Income Tax and National Insurance paid by these employees, whose jobs are created because of SE's support through OWES, we use HMRC's ready reckoner for the 1 FTE, being paid £25,000 per annum.¹⁶

On this basis we estimate that the Scottish tax contribution made by the new employee as a result of their employer receiving support from the OWES is £4,110 - income tax of £2,463 and £1,6467 National Insurance contribution.

Employee Wages - Forecasts

Net additional forecasts employment was estimated at 75 FTEs, all of which are expected to be paid at or above the real living wage.

Those companies willing/able to estimate the expected annual salary to be paid to the employees recruited in the future as a result of your company's support from OWES averaged £45,222.

Again, using HMRC's ready reckoner we estimate that the Scottish tax contribution made by the 75 forecast net jobs as a result of their employer receiving support from the OWES is £850,412 - income tax of £529,932 and £324,479 National Insurance contribution.

Business Investment

As a result of receiving support from the Offshore Wind Expert Support service, business have already made, or are planning to make, some changes to their business operations, which will contribute towards achieving SE progress measures.

Table 4.31: Changes to Business Operations

	Already Implemented	Future Plans
R& D investments	12	11
Capital investments	7	11
Raise growth funding	9	10
Internal exports with Group structure	7	6
Saved CO2 emissions	7	4

¹⁵ [Living Wage Scotland | The real Living Wage \(scottishlivingwage.org\)](http://scottishlivingwage.org)

¹⁶ [How much do you get paid? - Estimate your take-home pay - GOV.UK \(tax.service.gov.uk\)](http://tax.service.gov.uk)

5. Economic Impact Assessment

5.1 Introduction

This Chapter reports the economic impacts associated with companies receiving support from Offshore Wind Expert Support (OWES). It is derived from information and data obtained from the company surveys.

The survey questionnaire asked questions aimed at establishing whether, as a result of receiving support from the OWES, companies had achieved turnover or employment growth:

- as a result of participating in the OWES has your company **already** increased its turnover/employment; and
- what do you **forecast** the turnover/employment of your business activities in Scotland will be over the next 3 years, and what would it be had you not participated in the OWES.

In addition, information was collected to provide insights into deadweight, displacement, leakage, and multiplier effects, the answers to which were used to calculate the economic impact - or additionality - of participating in the OWES.

The economic impact assessment has been calculated at the Scotland level.

5.2 Method

The method adopted in estimating the economic impact - or additionality - of the OWES is consistent with SE guidance¹⁷. The guidance recognises that most SE interventions will have both positive and negative effects. In appraising or evaluating the effects of an intervention it is important that all of these are taken into account in order to assess the additional benefit or additionality of the intervention - in other words, the net changes that are brought about over and above what would take place anyway.

The additional benefit of an intervention is the difference between the reference case position (what would happen anyway) and the position if/when the intervention (intervention option) is implemented. An initial assessment of the reference case to deduct deadweight from the intervention option leads to the identification of the **gross direct** effects. Following identification of the gross direct benefits, account is then taken of factors such as:

- displacement:
 - displacement is the proportion of intervention benefits accounted for by reduced benefits elsewhere in the target area. Displacement arises where the intervention takes market share (called product market displacement) or labour, land or capital (referred to as factor market displacement) from other existing local firms or organisations;

¹⁷ <http://www.evaluationsonline.org.uk/evaluations/help/guidance.htm>

- substitution:
 - substitution arises where a firm substitutes one activity for a similar one to take advantage of public sector assistance;
- leakage:
 - leakage is the proportion of outputs that benefits those outside the programme or target area;
- optimism bias:
 - optimism bias is the tendency for those involved in projects, as funders, managers or beneficiaries, to be too optimistic in terms of forecasting project costs, scale, timing and benefits. Optimism bias adjustment often reduces the forecast benefits over the expected duration of the project; and
- multipliers:
 - economic benefits of an intervention are multiplied because of knock-on effects within the economy.

When these factors have been applied to the gross direct effects we are left with **net additional** economic impact.

5.3 Economic Impact Measures

5.3.1 Introduction

This section details the impacts in terms of:

- gross turnover and Gross Value Added (GVA);
- gross employment;
- deadweight;
- leakage;
- displacement;
- substitution;
- optimism bias;
- multiplier effects;
- net additional turnover;
- net additional jobs; and
- GVA.

5.3.2 Gross Sales, GVA and Employment

Turnover and GVA

Only three companies reported that, a result of receiving support from OWES, they have already increased turnover in their Scottish operation. These companies all operate in the Energy - Oil and Gas, Thermal Generation and Carbon Capture and Storage sector.

Companies were asked to report the value of this turnover and also to estimate what their turnover growth might have been had they not access support from OWES. However, only one the three companies provided any actual data.

The company indicated that it had increased its turnover by £1.5m of which **£0.5m** was attributed to OWES support.

We estimate GVA using a turnover:GVA ratio from the latest Scottish Annual Business Statistics (based on the £0.5m turnover figure) to be **£0.33m**.

Employment

Three companies reported that, a result of receiving support from OWES, they have already increased employment in their Scottish operation. These companies operate in the following sectors: Aerospace, Defence and Marine; Energy - Oil and Gas, Thermal Generation and Carbon Capture and Storage; and Technology and Engineering.

However, only one company attributed employment growth to OWES participation - and it reported employment growth of 1 FTE.

5.4 Gross to Net

In order to progress from gross impacts, it is necessary to take account of the factors discussed above that can detract from or enhance economic impact.

5.4.1 Gross Realised Impacts

Deadweight

Deadweight was addressed in the questionnaire by asking respondents to report of turnover and employment growth already realised and then estimate changes in these metrics had they not received support from OWES.

For the purpose of the economic impact calculation deadweight is treated as **0%**.

For brevity the businesses did not attribute turnover or employment to OWES have been excluded from subsequent analysis.

Leakage

Leakage is the proportion of outputs that benefits those outside the programme or target area. The survey questionnaire focused on Scottish jobs, and therefore avoided any discussion on leakage¹⁸.

Leakage is therefore assessed at **0%**.

Displacement

Our investigation of displacement considered those factors that would dilute the gross impact of any increases in business activity as a result of their involvement in OWES. It included collecting information on the geographic location of major competitors.

¹⁸ leakage can also occur when the operating profit created by the beneficiary goes to shareholders or others who live outside Scotland. Given the difficulties in assessing this type of leakage we have made no attempt to calculate it.

Table 5.1 reports the displacement factors for the companies reporting turnover or employment growth as a result of the OWES.

Table 5.1: Displacement (realised and forecasts)

Level of Displacement	N° of Companies
Zero (None of our competitors are based in Scotland)	1
25% (A minority of our competitors are based in Scotland)	3
50% (Around half of our competitors are based in Scotland)	4
100% (All of our competitors are based in Scotland)	1

Substitution

Substitution arises where a firm substitutes one activity for a similar one to take advantage of public sector assistance. There was no likelihood of a substitution effect as a result of participating in the OWES and therefore for all companies, substitution has been assessed as 0%.

Optimism Bias

This is not relevant as the impacts have already been realised - optimism bias focuses on forecast outputs and outcomes.

Multipliers

The increase in economic activity as a result of a company participating in the OWES will have two types of wider impact on the economy:

- **supplier effect:** an increase in sales in a business will require it to purchase more supplies than it would have otherwise. A proportion of this ‘knock-on’ effect will benefit suppliers in the Scottish economy; and
- **income effect:** an increase in sales in a business will usually lead to either an increase in employment or an increase in incomes for those already employed. A proportion of these increased incomes will be re-spent in the in the Scottish economy.

We have applied Scottish level Type II multipliers that are relevant to the main business activity of each of the companies reporting an impact from participating in the OWES - employment multipliers for the jobs impact and GVA multipliers for the turnover and estimated GVA impacts¹⁹. **Table 5.2** presents the details.

¹⁹ <http://www.gov.scot/Topics/Statistics/Browse/Economy/Input-Output>. where there is no direct comparator sector, we allocated multipliers of the nearest equivalent sector

Table 5.2: Type II multiplier values (latest year - 2018)

Sector	GVA	Employment
Aerospace etc	1.6	1.6
Energy	1.8	1.9
Technology and Engineering	1.6	1.8

5.4.2 Net Additionality - Realised Impacts

Turnover

Applying deadweight, leakage, displacement, substitution and multiplier effects detailed in Section 5.4.1 to the reported gross realised turnover by those companies reporting a turnover impact, the net direct, indirect and induced turnover impacts are as follows:

Table 5.3: Net additional realised turnover

Impact	Value
Turnover	£0.45m

GVA

Applying deadweight, leakage, displacement, substitution and multiplier effects detailed in Section 5.4.1 to the estimated gross realised GVA by those companies reporting a turnover impact, the net direct, indirect and induced GVA impacts are as follows:

Table 5.4: Net additional realised GVA

Impact	Value
GVA	£0.27m

Employment

Applying deadweight, leakage, displacement, substitution and multiplier effects detailed in Section 5.4.1 to the reported gross realised employment by those companies reporting an employment impact, the net direct, indirect and induced employment impacts are as follows:

Table 5.5: Net additional realised employment

Impact	Value
Employment	1.4 FTEs

5.5 Gross Forecast Impacts 2022/2023 to 2024/2025

5.5.1 Turnover and GVA

Of the 35 companies who responded to the online survey only **four** were able/willing to provided forecasts of their turnover for each year 2022/23, 2023/24 and 2024/25 as follows:

- forecast turnover having received support from the OWES; and
- forecast turnover had you not received support from the OWES.

The difference between the two values is an estimate of the impact of the support from the OWES.

Total forecast turnover attributed to support from OWES and our estimates of GVA impacts in each year, are as follows:

Table 5.6: Forecast turnover and GVA

	Turnover	GVA estimate
2022/23	£2.35m	£1.2m
2023/24	£2.65m	£1.4m
2024/25	£2.85m	£1.5m

In evaluations of this type the flow of monetary benefits over time associated with an intervention, needs to be discounted²⁰ and then expressed as net present values (NPV). The monetary benefits associated with the OWES relate to turnover forecasts and estimated GVA impacts. **Table 5.7** presents the NPV details.

Table 5.7: Net present values of forecast turnover and GVA

Source	Value
Turnover	£7.3m
GVA	£3.8m

5.5.2 Employment

Of the 35 companies who responded to the online survey **6** able/willing to provided forecasts of their employment levels for each year 2022/23, 2023/24 and 2024/25 as follows:

- forecast employment having received support from the OWES; and
- forecast employment had you not received support from the OWES.

The difference between the two value is an estimate of the impact of the support from the OWES on employment levels.

Employment forecast impacts in each year was as follows:

²⁰ We have applied HM Treasury’s recommended 3.5% discount rate - see <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020> page 119

Table 5.8: Forecast employment

	Job Years (JYs)
2022/23	18 JYs
2023/24	22 JYs
2024/25	41 JYs

We again discount these impacts and then express as net present values. The benefits associated with the OWES relate to employment forecasts. **Table 5.9** presents the NPV details.

Table 5.9: Net present values of forecast employment

Source	Job Years (JYs)
Employment	75 JYs

5.6 Net Additionality - Forecast Impacts

5.6.1 Turnover

Applying deadweight, leakage, displacement, substitution and multiplier effects detailed in Section 5.4.1 to the reported gross forecast turnover by those companies reporting a turnover impact, the NPV estimates of net direct, indirect and induced forecast turnover obtained are as follows:

Table 5.10: Net additional turnover forecasts

Impact	Value
Turnover	£8.2m

5.6.2 GVA

Applying deadweight, leakage, displacement, substitution and multiplier effects detailed in Section 5.4.1 to the reported gross forecast GVA by those companies reporting a turnover impact, the NPV estimates of net direct, indirect and induced forecast GVA obtained are as follows:

Table 5.11: Net additional GVA forecasts

Impact	Value
GVA	£4.2m

5.6.3 Employment

Applying deadweight, leakage, displacement, substitution and multiplier effects to the gross additional employment reported in Section 5.4.1, the NPV estimates of net direct, indirect and induced forecast employment impacts are as follows:

Table 5.12: Net additional employment forecasts

Impact	Value
Employment	52 JYs

5.7 Optimism Bias

Optimism bias is the tendency for those involved in projects, as funders, managers or beneficiaries, to be too optimistic in terms of forecasting project costs, scale, timing and benefits.

5.7.1 Turnover & GVA

To identify whether there is evidence of optimism bias in relation turnover and GVA we examine the forecast turnover after 3 years in relation to actual turnover - in this case we compare forecast turnover in 2024/25 with actual turnover in 2020/21.

These calculations show some significant forecasts, many in excess of a 100% increase, suggest significant optimism bias. SE guidance on optimism bias²¹ suggest applying optimism bias assumptions of between 20% and 40%, to net impacts. Applying the mid-point (30%) gives the following net impacts for the OWES service.

Table 5.13: Net forecast impacts after allowing for optimism bias.

Impact	Value
Turnover	£5.7m
GVA	£2.9m

We would introduce a caveat here, that might suggest that optimism bias is less of an issue than the data suggest.

Turnover in 2020/21, the base year from which we have measured the scale of forecast turnover growth, is unlikely to have been a normal year due to the lock down of the economy and likely negative impacts on turnover.

The Scottish Government’s report on the impact of covid²² on Scotland, highlights that the Scottish economy contracted by 19.4% in the second quarter of 2020 and despite growth in output in the months May to September, Scotland’s Gross Domestic Product remained 7.6% below its pre-COVID level.

It is therefore likely that forecasts of turnover growth (which feeds into GVA and employment growth forecasts) reflect a return to the “norm” for these businesses, and therefore the forecasts are less out of kilter than we report, and therefore some caution should be exercised when interpreting the impact of optimism bias relating to the impact of OWES.

5.7.2 Employment

Forecast employment growth over the period to 2024/25 averages around 3 FTEs in the first two years and 6 FTEs in the final year supported business - we therefore conclude that there is no evidence of optimum bias in these forecasts.

²¹ See <https://www.evaluationsonline.org.uk/evaluations/help/guidance.htm%3bjsessionid=456774221303600E9CD204B682DD0038>

²² Scotland's Wellbeing: The Impact of COVID-19 - available at <https://nationalperformance.gov.scot/scotlands-wellbeing-impact-covid-19>

5.8 Summary

In **Table 5.14** we present a summary of the net additional impact of the Offshore Wind Expert Support service, that takes into account optimism bias.

Table 5.14 Net additional impact of the OWES

Impact	Realised	Forecast
Turnover	£0.45m	£5.7m
GVA	£0.27m	£2.9m
Employment	1.4 FTEs	52 JYs

5.9 Grossing Up

It is our normal practice when conducting EIA of businesses development initiatives to gross up our findings to the whole population of supported businesses. This is however contingent on there being a reasonable response rate to the survey to provide a reasonable margin of error - typically +/-5% or less.

For the OWES survey (online and telephone) we achieved a response from 35 out of 159 companies (22%), although it is worth pointing out that not all companies were able/willing to answer each and every question.

At best the survey achieved a margin of error of +/-14.7%. Given the very small number of companies who were willing/able to provide data relating to employment or turnover impacts, we are faced with margin of errors somewhere between +/-36% and +/-47%.

We do not therefore gross up our findings - the vast scale of the margins of error would make the results meaningless.

We also, for the same reason, do not offer a Return on Investment calculation.

6. Conclusions

6.1 Introduction

This chapter draws on the various elements of the work programme to present a set of conclusions organised around the detailed objectives of the research study as articulated in the brief.

The objectives of the evaluation, are to provide Scottish Enterprise and its strategic partners with an understanding of:

- the rationale for intervention - its strategic and operational focus, and the market failures it seeks to address; and how the service fits with and contributes towards SE's and partners' wider activities and priorities;
- the extent to which project objectives and targets achieved, and a rationale for any variance in performance;
- the benefits that have been achieved by supported companies, with a particular focus on turnover, GVA and employment gains, as measured through a HM Treasury *Green Book* Economic Impact Assessment;
- the use of the service, the quality of delivery and demand for the services provided, together with an assessment of how current services can be improved and whether additional services will be of value to companies; and
- the management and delivery of the service - the focus here is on the performance of the contractors, and its fit with wider support initiatives.

6.2 Rationale for Intervention and Fit with Priorities

OWES is grounded in strategic and operational frameworks that operate at the UK and Scottish Government levels as well as Scottish Enterprise. These include:

- The UK Government's *Ten Point Plan for a Green Revolution* highlights that Offshore wind is a critical source of renewable energy for the UK's growing economy. By 2030 the UK plan to quadruple its offshore wind capacity, generating more power than all UK homes use today, backing new innovations to make the most of this proven technology and investing to bring new jobs and growth to our ports and coastal regions;
- Scottish Government's Offshore Wind Policy Statement includes the commitments to: protect Scotland's indigenous supply chain and ensuring that the Scottish economy sees the full benefit of these massive infrastructure projects; and
- Scottish Enterprise Recovery Plan "Working Together to Support Economic Recovery" and in particular one of the five key deliverables - "investing in assets and opportunities of the future that will power a greener, fairer and sustainable recovery".

The consultations highlighted the rationale for SE's intervention in the sector given that there are low number of Scottish companies operating in the OSW supply chain; these companies are achieving relatively limited sales and therefore the sector remains a major opportunity for Scottish businesses.

There is a large number of companies interested in considering the sector, and this has been demonstrated by high attendance at webinars held²³. However, companies considering diversification are often reluctant to go ahead without early advice, and OWES gives companies access to expert information and advice. This suggests both an information and risk aversion market failure for some - 39% of companies felt that the risks were acceptable before their involvement in OSW. However, results from the business survey suggests that there has been some market failure adjustment that can be attributed to OWES. However, the response rate to the survey was low and so these figures are more illustrative than definitive. The survey results suggest that:

- there is clear evidence of some degree of market adjustment for these companies (but not necessarily the Scottish business base overall)
 - 27% are now more likely to accept the risk;
 - there has been a positive change in both companies' levels of understanding of the Offshore Wind market and the opportunities available in the supply chain:
 - over 80% saw a significant/some improvement in their level of understanding of the offshore wind market
 - over 80% saw a significant/some improvement in their level of understanding of the opportunities available to the company in the offshore wind sector.
 - as a result of involvement with OWES, there had been changes in the business's willingness to develop or modify products for the Offshore Wind sector:
 - 44% were more likely to develop new products for the Offshore Wind sector
 - 47% were more likely to modify existing products.

6.3 Project Objectives and Targets Achieved

In spite of the best efforts of the Client in searching for relevant documentation, the limited documentation supplied to us has prevented us from fully reporting on the performance of OWES in a similar reporting format to that undertaken for the 2015 evaluation. We were unable to access any approval papers that would have provided us with detailed insights into:

- SMART objectives;
- Economic, financial and commercial case;
- key performance indicators; and
- monitoring data.

We have concluded, supported by some of our consultations, that this reflects the light touch approach adopted by OWES. OWES has been delivered by external contractors with no requirement for them to follow-up with supported businesses as to any future activity in the offshore wind sector by the supported businesses.

²³ A 5b Review Meeting on 7 May 2021 highlighted that 42 events had taken place, attracting 3,071 delegates who worked for 2,664 (not unique) businesses.

The consultations with SE officials highlighted that there is very limited monitoring and performance information beyond the number of projects. This is seen as a consequence of there being no requirement for this built into the early delivery agents' contract. The result is that there is no information on "what happened next" as there is no follow up on:

- how companies have used the work undertaken by the contractors;
- how many have made progress towards engaging with the sector; or
- any benefits to the company following their engagement with OWES.

The key issue here is again limited resources to enable SE executives to do any follow up work after the OWES has been delivered. Going forward SE executives will either:

- need to be provided with the resources necessary to enable them to monitor the performance of OWES; or
- need to build a requirement for performance monitoring into the delivery agent contracts.

The consultations with SE officials also sought perspectives on performance against targets, and the consensus was that:

- originally OWES's objectives focused on encouraging companies to diversify into the sector, and the consensus was that this was successful as the number of businesses operating in the supply chain for OSW increased;
- OWES is seen as most useful for those businesses who are just beginning to consider supplying the sector or new to it; and
- more recently the focus has shifted towards supporting the growth of those already in the sector and increasing the scale of their supplies into the sector. However, the consensus amongst consultees was that the former objective serves the sector much better.

In spite of no proactive marketing of OWES, the consultees felt that the small number of businesses supported were in its target market - those who are new or considering moving into the offshore wind sector. "Word of mouth" and referrals from the cluster organisations (DeepWind and Tay and Forth Offshore) and Offshore Wind Cluster Builder Project have been key to this success.

Should proactive marketing of OWES be restarted, the feeling was that demand for OWES would grow and this would come from the companies that it seeks to target.

6.4 Project Benefits

One element of the work programme was to provide a full and detailed evaluation of the actual and forecast gross and net economic impacts that supported business were able to attribute to support received from OWES.

Our ability to provide a *full and detailed* assessment was constrained by, first the low response rate to the survey, and then the ability and willingness of businesses to provide the requisite information. For this reason, we were unable to gross up the results to the population as a whole, or provide a cost per job calculation.

Gross Impacts

Realised Impacts

Only three companies reported that, a result of receiving support from OWES, they have already increased turnover in their Scottish operation.

Companies were asked to report the value of this turnover and also to estimate what their turnover growth might have been had they not access support from OWES. However, only one the three companies provided any actual data.

The company indicated that it had increased its turnover by £1.5m of which £0.5m was attributed to OWES support.

We estimate GVA using a turnover:GVA ratio from the latest Scottish Annual Business Statistics (based on the £0.5m turnover figure) to be £0.33m.

Three companies reported that, a result of receiving support from OWES, they have already increased employment in their Scottish operation.

However, only one company attributed employment growth to OWES participation - and it reported employment growth of 1 FTE.

Forecast Impacts

Only four companies were able/willing to provided forecasts of their turnover for each year 2023/24, 2024/25 and 2025/26. The net present values of the forecasts were £7.3m of turnover and £3.8m.

Only 6 companies were able/willing to provided forecasts of their employment levels for each year 2023/24, 2024/25 and 2025/26. The net present values of the forecasts were 75 Job Years.

Net Impacts

Turnover and GVA

After applying deadweight, leakage, displacement, substitution, multiplier effects and optimism bias to the gross forecast turnover and GVA figures the estimates of net direct, indirect and induced forecast obtained was £5.7m of turnover and £2.9m of GVA.

Employment

After applying deadweight, leakage, displacement, substitution and multiplier effects to the gross forecast employment the estimates of net direct, indirect and induced forecast employment were 52 Job Years.

Scottish Enterprise in Year Measures of Progress

Employee Wages

All companies who had achieved an employment gain as a result of participating in OWES were paying the real living wage of at least £9.90 per hour - the real living wage is above the national minimum wage of £9.50.

Similarly, all the companies that forecast employment gains, were committed to paying their new staff at or above the real living wage.

The Scottish tax contribution made by the new employee as a result of their employer receiving support from the OWES is £4,110 - income tax of £2,463 and £1,6467 National Insurance contribution. The Scottish tax contribution made by the 75 forecast net jobs as a result of their employer receiving support from the OWES is £850,412 - income tax of £529,932 and £324,479 National Insurance contribution.

Business Investment

It was not felt appropriate to ask businesses to quantify how their business activities are contributing to SE's immediate outcomes - the expectation being that such questions would not elicit meaning full answers. We simply asked whether they have already made, or are planning to make, some changes to their business operations, which will contribute towards achieving SE progress measures.

The results highlighted that for each measure some changes had been made, or were planning to be made - in particular R&D investments, capital investments; and raising growth funding.

6.5 Usage, Quality and Demand

Usage

OWES is seen by the strategic partners as being suited to companies at an early stage of beginning to consider entering the offshore wind sector (OSW) for the first time, whereas sectoral support provided by some of the stakeholders focuses on supporting businesses that are already "developing" into the sector - i.e., who have already decided they want to move into the sector but who have not yet entered the market. Table 4.6 shows that only 14% were already operating in OSW prior to receiving OWES support.

It was recognised by some interviewees that there remains a continuing gap in the support to companies in the early stage of gathering basic information, with other support mechanisms being able to provide more detailed support later in the process.

A key gap in provision aimed at supporting companies to enter the sector is reaching out proactively to identify companies who might be suitable for, supplying the OSW sector and then encouraging them to consider the sector for the first time. A lack of proactive advertising of OWES, and its availability varying over time due to funding constraints, has played a key role in undermining this proactive work.

Some consultees also highlighted that other support programmes, such as WEST, DeepWind, are doing much of the work of the OWES, providing basic information and understanding of the sector and advising companies on how they could fit. It was argued by some that this could be better delivered by OWES, with these other support programmes focusing their efforts on other sectoral support needs.

Quality

Consultees perceived that the contractors were providing benefit to companies through providing them with a high level of understanding of the sector and whether their business is capable of exploiting opportunities in the offshore wind sector.

A clear majority of the supported businesses also highlighted that the expert contractors provided them with support that:

- enabled the business to better understand of how the company might supply the sector;
- enabled them to better understand market conditions
- enabled them to better understand how the business might grow to take advantage of opportunities;
- was relevant to their business needs;
- of value to the company;
- enhanced the company's ability to move closer to supplying the OSW sector; and
- provided clearer "next steps" to develop the business.

Demand

It has proved difficult to assess the demand for OWES given that the service has not been well promoted, if at all. Consultees highlighted that when the service is reopened and promoted there is a belief there will be demand for OWES, but there is uncertainty as to the scale of this demand. A number of factors were highlighted by interviewees as playing a part in the low demand for OWES:

- the offshore wind sector (OSW) has been seen as a sector that was near impossible to enter: all the suppliers were overseas; the realistically available opportunities were only small, although it was recognised that this situation was now changing;
- barriers to entry to OSW are seen as too high resulting in very few successes to inspire others to diversify into OSW; and
- there is a need for long term commitment and investment from companies which many are not ready or able to give.

It was argued by some consultees, that it would be helpful to companies, and likely to stimulate demand for OWES, if companies had a clarity on what working in the OSW sector would really mean. For example, for oil and gas companies, a recognition that the margins are much lower in the sector could be a factor in their decision to enter the market.

6.6 Management and Delivery

Management, marketing, and the administration of OWES was not held in high regard by consultees, due to:

- SE's administration systems are seen as cumbersome and take too long to provide the necessary paperwork, and as a consequence of these delays a very small number of companies simply give up;
- there has been close to no marketing of the product or OSW activities from within SE; the decision not to promote was in part due to uncertainties during the re-contracting of the framework. Communication within SE for those working with companies and clusters has not led to more enquiries. This limited or no marketing is seen as having been the fundamental cause of the limited activity on the programme; this includes no word of mouth referrals from either Business Gateway or Offshore Wind Cluster Builder Project;
- weak linkages to other parts of SE, resulting in account managers/other teams being unaware of, or not promoting, OWES; and
- resource constraints:
 - there is a very small team within SE to look after these projects, typically a single individual with some admin assistance
 - there have been major resource constraint/problem at the current contractor leading to delays in projects starting and completing.

Supported businesses, when questioned as to how they would rate the management and administration of the Offshore Wind Expert support service most- 80% - responded positively, with 46% offering a *very good* rating, and 34% a *fairly good* rating.

7. Recommendations

7.1 Introduction

In Chapter 7 we present a small number of recommendations for consideration as to the future delivery and impact of OWES.

7.2 Recommendations

7.2.1 Current Structure

It has been impossible to calculate the overall economic benefits and return on investment of OWES due to the low response rate to the survey and lack of performance information on the programme.

The support structure for companies looking to move into supplying the offshore wind sector has changed substantially as OWES has been in operation, the most notable changes which affect OWES are:

- Emergence of the Offshore Wind Growth Partnership and its support programmes of:
 - WEST
 - Grants for development
 - Fit for Offshore Renewables
 - Sharing in Growth; and
- The cluster organisations Forth and Tay Offshore, Deep Wind and Offshore Wind Cluster Builder Project.

Currently OWES is supporting companies who are eligible to access WEST support (dependent on application and award) and the cluster organisations. As OWGP and its WEST product has private sector money and currently does everything that OWES can currently do. Irrespective of the level of economic impact (which we have been unable to quantify), there is limited rationale to continue OWES as is.

There are two options for OWES going forward:

- Close and allow WEST and cluster organisations to take over the support OWES used to provide. Without other SE products for the OSW sector this would severely limit the presence that SE would have in being able to support the OSW supply chain;
- Reposition OWES to
 - be the provision of very early, basic information for companies to help them make the decision “yes I’m interested in exploring my business moving to OSW”; and/or
 - fill the gap of “how to win business” advice on identifying contracts, tendering and winning business.

To be effective any programme and activity needs to operate in a close partnership with:

- Cluster organisations;
- SE; and

- OWGP.

This requires to work on a detailed company by company basis including cross referrals and follow up on reports.

Table 7.1 highlights our understanding of the current structure of provision for companies considering supplying OSW, with **Table 7.2** offering a new structure of provision for companies considering supplying OSW.

Table 7.1: Current Structure of Provision for Companies Considering Supplying OSW

Nature of Support	Type of Company	Support Products
Basic awareness and generate interest in considering OSW	Not working in OSW, vague interest	SE Seminars, Cluster organisation events, newsletters and general enquiries
Understanding of what supplying OSW might mean for their company and a basic understanding of how they would fit	Not working in OSW but feels it might be of commercial interest	High level of advice from cluster organisations OWES WEST
Develop a plan for supplying the OSW sector	Committed to supplying OSW but not currently supplying	WEST
Support to implement actions	Those committed to supplying OSW with a detailed plan of what is required	OWGP grants of £50k to £500k for major transformational projects Fit for Offshore Renewables (if turnover at least £1m) Sharing in Growth - Offshore Wind (if over £5m turnover)
Support to address specific barriers/projects e.g., R&D, manufacturing, marketing, internationalisation	Those committed to supplying and may already been supplying OSW, needing additional support	General SE supports such as R&D, SDI, SMAS

The one gap in support identified was the support of companies to do the “sales” element of understanding contracting structures, tenders, preparing and winning business.

Table 7.2: Proposed Structure of Provision for Companies Considering Supplying OSW

Nature of Support	Type of Company	Support Products
Basic awareness and generate interest in considering OSW	Not working in OSW, vague interest	SE Seminars, Cluster organisation events, newsletters and general enquiries
Basic understanding of what supplying OSW might mean for their company and a basic understanding of how they would fit	Not working in OSW but feels it might be of commercial interest	OWES
Develop a plan for supplying the OSW sector	Committed to supplying OSW but not currently supplying	WEST
Support to implement actions	Those committed to supplying OSW with detailed plan of what is required	OWGP grants of £50k to £500k for major transformational projects Fit for Offshore Renewables (if turnover at least £1m) Sharing in Growth - Offshore Wind (if over £5m turnover)
How to Win Business Advice (Option)	Those supplying the sector, or making bids to supply the sector	OWES
Support to address specific barriers/projects e.g., R&D, manufacturing, marketing, internationalisation	Those committed to supplying and may already been supplying OSW, needing additional support	General SE supports such as R&D, SDI, SMAS

7.2.2 How a new Support Structure for OSW Supply Chain Support might work

Basic OWES “Could OSW be an opportunity for my company?”

High volume, low quality product, targeted at as many companies as possible who have an interest in OSW and which the cluster organisations regard as possible/realistic that they could supply the sector. A key outcome may be that a company decides not to pursue OSW.

Recruitment

- the programme is promoted through seminars/workshops/marketing largely led by the cluster organisations;
- streamlined application process. online for company to complete, with limited information required;
- immediate SE approval on the back of minimal due diligence (e.g., company exists, not having received support before);
- simple, single contract to the company (SE to company); and
- each assignment starts within 4 weeks of application.

Advisors

- appoint a framework of consultants/advisors to increase the capacity of the advisor team;
- simple single contract/commissioning letter to contractor (SE to contractor); and
- each report completed within 6 weeks from commissioning.

Follow up

- reports provided by the contractor to the company and SE;
- every report has at least one recommendation for next steps;
- project end meeting with either cluster organisation or SE staff to agree next steps; and
- onward referral to other supports where appropriate (most likely WEST)

If the contractual and administrative process cannot be streamlined within SE, it is recommended that the Cluster organisations are provided with a budget to administer and manage OWES on SE's behalf.

If managed by Cluster organisations, SE receives a copy of each report.

“How would I get into OSW”

This would be delivered through the WEST programme.

Recruitment

- direct online application by companies to WEST:
 - referred on/encouraged after OWES
 - independent applications; and
- appraisal and approval by OWGP

Follow Up

- encourage Scottish companies to contact SE after the WEST programme (either formal notification by OWGP of all Scottish supported businesses as part of a partnership with OWGP, or by asking them to onward refer the company); and

- SE meet to discuss potential wider supports e.g., R&D, Investment, internationalisation etc/

Help me get a contract in OSW?

This service would operate only if OWES was adapted to cover this gap.

- increase the number of days, 50% contribution from company;
- selective, perhaps 10 companies supported a year;
- only available to those who have completed WEST or have demonstrated a clear understanding of the product/process that they will sell on OSW and their customer targets; and
- support provided only until they win their first contract, and then assume they are able to do it in the future without support.

Recruitment

- Direct one to one with company by SE.

Advisors

- Identify specialist contractors who can successfully assist companies to win contracts.

Follow up

- company and SE have a follow up meeting and consider if any other support might be suitable.

7.2.3 Across All Levels of Support

- clear long term commitment to OWES (or not if the decision is to close OWES);
- increased promotion of OWES, most importantly through the clusters;
- streamline administration;
- clear follow up and action points from each study;
- centrally collated output information (e.g., numbers referred on for WEST support, numbers decided against moving into OWES etc.)
- 1 year follow up with all companies to understand their status in OSW, if supplying, jobs/contracts etc.;
- regular, no less than monthly case meetings between cluster organisations, SE and OWGP to monitor progress of companies and other supports required. This will require company approval of discussing information between support agencies, which could be problematic;
- fit to wider SE supports available. For those companies with a clear commitment to supplying OSW, to aim will be to secure support where appropriate e.g., R&D/innovation etc.

Appendix A: Post Survey Report

Questionnaire

The survey questionnaire was developed by Bellerby Economics, Jean Hamilton Limited and IBP strategy and Research. The survey was produced on Snap Web Host to allow the questionnaire to be securely hosted online and to be emailed to the sample contacts. The questionnaire comprised of approximately 56 individual questions under the following headings:

- Nature of organisation
- Offshore Wind Expert Support (OWES) Service
- Business Performance.

Database

An Excel database was provided by Scottish Enterprise, which included 248 cases in total. However, 68 contacts received support before 2016 and were therefore removed. There were a further 16 duplicate contacts, 2 marked as “do not contact” and 6 that did not proceed and were marked as “service cancelled”. This left a sample frame of 156 contacts for the survey as detailed below.

Element	N°
Total number on database provided	248
Received support pre 2016 (removed)	68
Duplicates (removed)	16
Marked as “do not contact” (removed)	2
Marked as “service cancelled”	6
Final useable sample frame	156

Fieldwork

An initial email was sent out to 154 contacts with an email address (two of the 156 companies had only telephone numbers) on 15th September 2022. 38 email addresses failed to send and these were replaced with additional addresses on the database and resent. 8 responses were received to the initial email and a reminder email was sent out 22nd September. A further 11 responses were received from the reminder email, totalling 19 email survey responses.

Follow-up telephone interviewing commenced 4th October and we were able to interview a further 13 businesses.

Further efforts from OWES to distribute an online survey link to non-responders produced another 1 response.

The breakdown of outcomes for the sample frame of 156 contacts is detailed below:

Element	N°
Email responses	19
Telephone interviews	13
Online response	1
Left company / on holiday / maternity leave / don't remember support / didn't receive support / no longer trading	20
Request to resend email / will do online / claim to have already done online	31
Call back / may call us back	16
Refused	9
Voice mail / no answer / not connecting	47
Total	156

A sample of 35 responses from a total of 156 contacts represents a response rate of 22% and provides a margin of error of +/-14.64% based on a 50% estimate and a 95% confidence level. The results should be seen as indicative, rather than definitive, therefore.

Appendix B: Discussion Proformas

SE Officials and Strategic Partners

This is a semi-structured proforma used in a one-to-one qualitative interview.

We sought views on all aspects of Offshore Wind Expert Support (OWES) and its evaluation and in particular on:

- their role with or exposure to OWES from design through to delivery;
- OWES's fit with their organisation's strategic and operational objectives;
- the strategic rationale for OWES and market failures being addressed, and whether they believe there is evidence of market adjustment;
- the counterfactual - what they believe would have happened if OWES were not available to businesses in the offshore wind supply chain;
- how OWES has added value to the business support available to businesses in the offshore wind supply chain businesses, and the strengths and weaknesses of the activities and outputs generated, along with the longevity of those impacts;
- the management of OWES, including its development, day-to-day management, communications, marketing and promotion etc;
- the effectiveness of the management and operating structures in managing/delivering the business support intervention and whether there are any areas for improvement;
- any examples of good practice that illustrate the value of OWES's business support interventions;
- the need and demand for OWES business support interventions and whether these will exist to continue in future years;
- issues to be addressed in future intervention mechanisms.

Delivery Agents

This is a semi-structured proforma used in a one-to-one qualitative interview.

Interviews were sought with all the delivery agents who have been appointed as Offshore Wind Expert Support (OWES) contractors.

Their views were sought on:

- Their role in the delivery of Offshore Wind Expert Support
- the impact of OWES on the businesses they have worked with, focusing on the extent to which their capacity has improved and if they have taken action to diversify into the sector;
- their view of the extent to which the action was additional in absolute, timing and quantitative terms;
- whether they had previously worked with the organisation (an assessment of additionality);
- the overall process of implementation of OWES, their role within it and how this could be improved. This would include issues such as referral, approaches to match companies to contractors, administration etc;
- the appropriateness of the support to the needs of the sector and how supply chain development for this sector could be made more effective;
- the extent to which the intervention has led to changes in companies':
 - levels of understanding of the Offshore Wind market and opportunities available in the supply chain
 - perceptions of risk and reluctance to develop or modify products for the Offshore Wind market; and
 - perception of the existence of barriers to entry and exit to the Offshore Wind market, and whether this has changed over time;
 - views on what is the optimal time for SE intervention.
 - the extent to which companies have continued to work with them to further implement their work (an assessment of the extent of additionality of the further 4 days);
- how they feel the product could be improved in its design and management;
- other similar support services operating in this area and their respective value and how this product fits.

Appendix C: Consultees

Scottish Enterprise Executives

Linda Gosden - SE

Ian McDonald - SE

Jamie Samson - SMAS

Lynsey Shovlin - SE

Strategic Partners

Shona Clive - Forth & Tayside Offshore

Alex Loudon - ORE Catapult

Lynne McIntosh - Offshore Wind Growth Partnership

Gavin McKay - HIE

Paul O'Brien - Deep Wind

Greg Patterson - HIE

Contractors

Zoe Barnes - Everoze

Neil Douglas - BVG Associates

Alan Duncan - Scotia Supply

Isla Robb - EC20