

Energy and Climate Adaptive Infrastructure Policy

The Socio-economic Effects of NSIPs

including the assessment of skills,
workforce, and supply chain
requirements

Supplementary Guidance Document



This is a supplementary guidance document, to support the Energy and Climate Adaptive Infrastructure Policy¹, which was adopted by Suffolk County Council's Cabinet, on the 16th of May 2023.

The scope and purpose of this Supplementary Guidance Document

The principal purpose of this document is to set a methodology for the assessment of the skills, workforce, and supply chain requirements for major infrastructure projects.

Suffolk has natural and geographic advantages that make it attractive to project promoters for locating low-carbon technologies, and the consequent supporting infrastructure. This, therefore, creates significant challenges and opportunities for the economy, environment, and communities of Suffolk.

Major infrastructure projects, both alone and in combination with other projects, require a significant transitory construction workforce to ensure effective delivery. Projects may also require an operational workforce consisting of both permanent staff, and contractors, on a periodic or rolling basis, that engages and involves local and regional supply chains.

To deliver inclusive growth, project promoters will work with Suffolk County Council², to identify and deliver additional social value. National toolkits, frameworks, and individual case studies, such as those available through the HMG Social Value model³, will assist with this process and the measurement of outcomes. A skills programme, for example, could achieve a reduction in long distance commuting, support other local businesses, as well as reduce health inequalities.

The purpose of this document is to set out how the County Council expects project promoters to:

- Identify the anticipated geography from which the workforce will be drawn, and the extent to which any non-home-based workforce is likely to require additional temporary accommodation, particularly during construction.
- Identify skills and labour force needs for the construction, operation and decommissioning of their project, whilst aiming to maximise the opportunities for local companies and employment.
- Identify anticipated workforce numbers, in detail, by skill set, and the duration for which each workforce type will be required, throughout the construction of the project.

1 <https://www.suffolk.gov.uk/planning-waste-and-environment/major-infrastructure-projects-including-nsips/energy-infrastructure-policy>

2 <https://www.suffolk.gov.uk/business/tenders-and-supplying-us/social-value>

3 <https://www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources>

- Identify and analyse the linkages and dependencies between these workforce requirements and the implications for, transport modelling, accommodation and housing, and provision of local services including, but not limited to, health and public protection.
- Identify and analyse the extent to which the project's labour and skills demands may capture staff from the existing workforce, both alone and in combination with other projects, and assess any adverse outcomes for the delivery of services or for the local economy more widely.
- Consider and assess specific local sensitivities that may be adversely impacted by the workforce needs of the project, in respect of the natural environment and communities. These impacts must be accurately identified and appropriately mitigated.
- Identify the spatial and temporal relationships between their project and other projects, working collaboratively with other project promoters to both minimise and mitigate adverse impacts, and maximise positive impacts.

In addition to identifying and mitigating any potential harms in respect of workforce and skills, the County Council also expects the developer to support wider economic, employment, skills and educational objectives, in accordance with its Energy and Climate Adaptive Infrastructure Policy, albeit often outside of planning balance considerations.

Project promoters are expected to support the delivery and use of local and regional supply chains by:

- Supporting the increase and acceleration of inward investment of Tier one and Tier two contractors who may be working on multiple projects locally, recognising the project's regional role as part of Suffolk's energy cluster.
- Delivering opportunities for the growth of non-engineering or non-construction related businesses associated with the project, e.g. supporting the delivery of the project, including, but not limited to, catering, transport, and facilities management.



- Identifying and developing opportunities for research, development, and innovation, across the energy and construction sectors in Suffolk, and the region.
- Supporting the delivery of long term, sustainable opportunities, in the energy sector and related sectors, across Suffolk and the region.
- Recognising that it is essential to differentiate between the construction and civils opportunities of the project, and the mechanical and electrical engineering opportunities, during the construction cycle.
- Recognising that the mechanical and electrical engineering opportunities of the construction cycle, are likely to support and enhance the long term, permanent staffing and regional legacy benefits of the project.

Project promoters should deliver and enhance existing and emerging skills and educational initiatives by:

- Establishing with Suffolk County Council an agreed governance framework for the project's skills and educational enhancement, through Suffolk County Council's Regional Skills Coordination Function.
- Ensuring alignment with skills and educational initiatives in Suffolk, the Suffolk Social Value Skills Ask⁴ and, where appropriate, the wider region.
- Coordinating, and assisting contractors to develop, initiatives to ensure sufficient supply of skills and capabilities being available at the right time, to enable both project delivery, and the growth of the energy sector in Suffolk.
- Promoting and securing inclusive growth, by working to ensure provision of opportunities that align with the regional need.
- Ensuring that skills and educational initiatives are fully inclusive, recognising and responding to the diverse needs of Suffolk's communities; taking action to create access and remove barriers to opportunities for those groups that require it.

⁴ <https://www.suffolk.gov.uk/business/tenders-and-supplying-us/social-value>



The assessment of socio-economic impacts

In several recent NSIP applications, the assessment of socio-economic impacts within the EIA was dominated by the characterisation of the local baseline conditions, with any meaningful assessment of effects being limited, or entirely absent. The Council considers that a focus on reproducing baseline information in the EIA is not effective, or sufficient, to understand the impacts of, or opportunities arising from, a project. Likewise, it does not allow the effective understanding of cumulative impacts or opportunities.

The principal purpose of this guidance is to ensure that project promoters deliver a robust and effective assessment of effects, both positive and negative, arising from their project's labour force and supply chain. The Council considers that these effects should be agreed, and understood, before modelling the project's effects, and consequent development of mitigations on: transport, accommodation and housing, and the provision of local services.

The outputs of socio-economic modelling have to form the foundation for the assessment of effects regarding transport, temporary accommodation, housing, and the provision of local public services and public protection.

The proposed approach to the assessment of socio-economic impact, and the labour force and skills needs, for the project alone, and in combination with other projects, is set out in the methodological guidance.

Methodological guidance for developers

In the absence of any formal or agreed national standards for the assessment of skills and supply chain requirements and effects, the county council outlines a methodology here. This is intended to form the basis of detailed discussions with the project promotor prior to any assessment work being carried out.

The following elements are to be provided or assessed in detail by the project promoter:

- Assess the existing socio-economic environment and baseline.
- Assess the relevant strategy and policy.
- Assess the education and training infrastructure and their capacity to supply, or ability to expand through investment, to provide additional local learning or training opportunities. These are required to support the supply of relevant skills, competencies, and capabilities.
- Provide a comprehensive supply chain assessment, including the details of what relevant businesses exist locally; and what their capacity to supply, or ability to expand is, to meet the project's requirements.

The purpose of assessing these elements is to arrive at agreed and evidenced, percentages of local employment (direct, indirect, and induced) and supply chain effects in low, medium, and high engagement scenarios, allowing the applicant, with confidence, to provide:

- Direct employment numbers (and associated GVA).
- Indirect employment numbers (local/regional supply chain) (and associated GVA).
- A robust temporal model of the needs of the project in terms of labour force numbers and skills, during its construction, operation and decommissioning.

The applicant will also provide evidence that the methodology used to calculate induced employment, (and associated GVA) correlates with the above.

Regarding data sources, the applicant should work with Suffolk County Council's Regional Skills Coordination Function, and the skills and economic functions of Local Authorities, to support identification of relevant and up to date sources of local and regional data.

These findings inform transport modelling, accommodation and housing, and provision of local services, including but not limited to, health and public protection.

Therefore, the project promoter and the County Council will need to agree the detailed assessment methodology, prior to this work being undertaken. Subsequently, the County Council and project promoter will need to agree that the outputs are acceptable and robust, such that they can inform both the socio-economic modelling and the potential impacts, on transport modelling, accommodation, housing and local services.

The most important information for the County Council to understand, from all project promoters, is how many people, and what skills are required, for what period of time, for both the workforce and supply chain.

Most consenting applications spend time and effort scoping what the region looks like, the employment level, skills and attainment levels, unemployment etc. The County Council is aware of the existing conditions, and although these do need to be correctly set out in an EIA, the work should focus on correctly identifying the impacts of the proposal.



The county council considers that the following elements are essential to ensure effective analysis:

1. Identify the workforce requirements and impacts
2. Identify the geography of the supply chain
3. Identify skills and workforce effects during construction, operation and decommissioning
4. Identify supply chain effects during construction, operation and decommissioning
5. These elements should then be combined to create an effective analysis of socioeconomic impacts and opportunities.

1. Identify the workforce requirements and impacts

Project promoters will identify the anticipated geography from which the workforce will be drawn. Due to the distinct difference between workforce and supply chain, the applicant is expected to define a separate economic study area for these two distinct elements.

Inputs

Workforce definition

- Define the distinct workforce phases of the project (e.g. Civils, Mechanical & Electrical, Commissioning etc) at the most granular level that data and knowledge support.
- Identify the duration of phases, and skills required within them.
- Once these elements are defined, the applicant can begin to define an economic study area for the workforce considering the following:
- The propensity for travel is different for skilled and unskilled workers and will also differ depending upon the duration of role.
- The availability of public transport and the local road network.
- The preferred method of travel to work.
- Correlation to Traffic and Transport methodology.

Outputs

Workforce analysis

- A defined geography from which unskilled/semi-skilled labour can be expected to be drawn from, for each distinct work phase.
- A defined geography from which skilled labour could be expected to be drawn from, for each distinct work phase.

2. Identify the geography of the supply chain

Inputs

Supply chain definition

As supply chain can be drawn locally, nationally and internationally, the geography defined here should represent areas that are impactful for the region. Therefore, hyper local should be defined as the Local Authority District hosting the project, local defined as the County hosting the project and then impact also considered at a regional level.

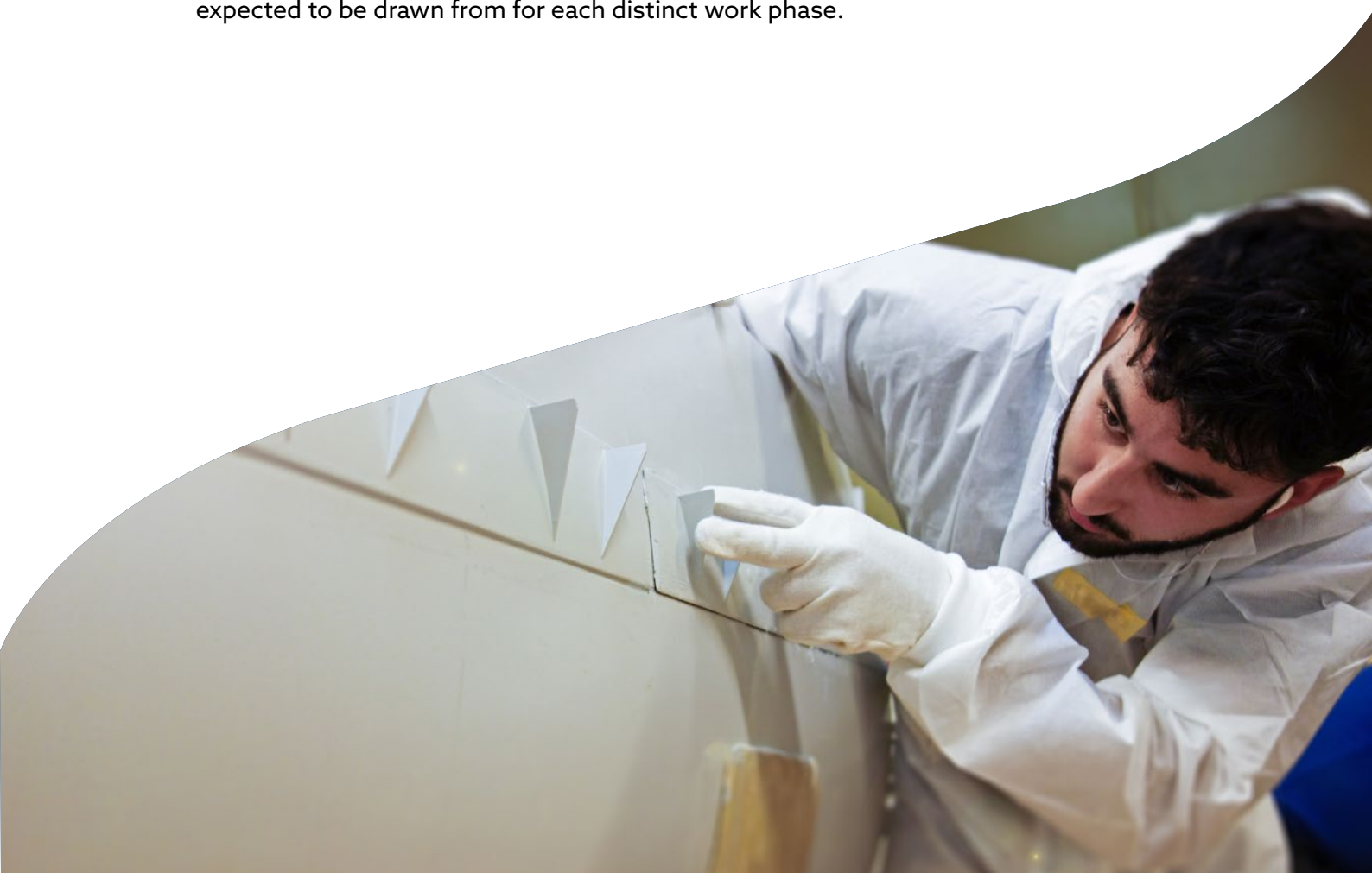
For example, a project located in Stowmarket will use and define its supply chain geography as:

- Hyper Local – Mid Suffolk (Local Authority District).
- Local – Suffolk (County).
- Regional – East of England (Region).

Outputs

Supply chain geography and temporal phasing

A defined geography from which local and regional supply chain companies could be expected to be drawn from for each distinct work phase.



3. Identify skills and workforce effects during construction, operation and decommissioning

Once defined geographies and work phases have been agreed between the applicant and the Council, for workforce and supply chain respectively, these can then be used to identify the size of the home-based employment opportunity. This assessment should be done using a low, medium and high probability scenario for home based employment opportunities. The worst-case scenario should always be the scenario used for identifying impacts and the corresponding effect on transport, accommodation and housing and local services modelling. The probability scenario will also refer to cumulative impact.

Inputs

Skills and workforce analysis

The applicant will need to produce an assessment, for each distinct workforce phase of the project as defined above, this should not include the indirect and induced employment opportunities that would occur if a local company were to receive a contract on the project. These will be accounted for separately, to avoid any double counting of benefit or negative impact.

Probability of home-based employment

Probability of home-based employment opportunity	Descriptors
Low	<ul style="list-style-type: none"> • Little or no established demand skill sets in the workforce. • Reliance on market to respond. • No intervention from either the applicant or any local/regional stakeholders. • High employment levels leaving little to no capacity in the marketplace. • Low levels of applicable skills. • Low population level. • Short duration of employment opportunity. • Significant proportion of population in identified geography are not of working age or economically inactive. • Constraints on local capacity: <ul style="list-style-type: none"> • The project is unique to the area, and therefore limited opportunity to create an employment pipeline. • Comparative projects being developed in the area leading to employment saturation. • Limited public transport.
Medium	<ul style="list-style-type: none"> • Labour force with some appropriate skills. • The usual levels of unemployment in relation to the wider economic geography.
High	<ul style="list-style-type: none"> • High levels of unemployment. • Significant labour force with appropriate skills. • High proportion of people of working age. • Long duration of employment opportunity. • Plausible transport links including public transport. • Comparative projects being developed in the area, with an opportunity for an employment pipeline to be created. • Planned interventions from the applicant and local and regional stakeholders. • Local training and education offer that can provide relevant skills.

Outputs

Skills and workforce definition and scenarios

This will need to define and quantify the following:

- The definition of a worker.
- The size of home-based employment opportunity.
 - Low scenario will represent worst case scenario to be used in all assessment work on impact.
- The size of non-home-based worker population.
 - Low scenario of home-based employment opportunity is to be used, as this will represent the worst-case scenario for modelling impacts on transport, accommodation, housing, and local services.

Employment should always be referred to as an opportunity. It cannot be assumed that just because there is an opportunity that this will result in employment happening. The job of the Council, collaboratively with the applicant, is to fully understand the size and nature of the opportunity. If it is agreed that there is an opportunity, the Council and applicant will then work to build a skills pipeline to help meet both current and any likely future demand, by working collaboratively with other key stakeholders to develop programmes and processes that will ensure people have the right skill at the right time, and so have an opportunity to gain employment with the project.

4. Identify supply chain effects during construction, operation and decommissioning

The effect on supply chain will be quantified to allow evidenced judgements to be made in the following areas:

- Contribution to the development of, and support of, local and regional businesses.
- Any indirect beneficial impacts for the region hosting the infrastructure, in particular in relation to use of local support services and supply chains.
- Any negative impacts, direct and indirect, for example potential wage inflation that would stifle growth.

At this early stage of the project lifecycle there will be no supply contracts in place. Therefore, a scenario-based approach using probability of supply should be used. The project promoter will need to evidence the supply chain opportunity across all elements of the project, considering cumulative impacts with other projects.

Inputs

Supply chain phasing and capacity

The applicant will produce an assessment that identifies:

- The distinct supply chain opportunities within each identified work phase.
- Businesses within each identified geography that can deliver the service or goods sought.
- The likelihood of these businesses being able to take up an opportunity to compete for this work.

Defining the supply chain opportunity

Probability of supply chain opportunity (Hyper Local, Local and Regional)	Descriptors
Low	<ul style="list-style-type: none"> • Little or no established businesses offering applicable goods or services. • Reliance on market to respond. • No intervention from either the applicant or any local/regional stakeholders. • Short duration of opportunity. • Constraints on local capacity: <ul style="list-style-type: none"> • The project is unique to the area, and therefore limited opportunity to create a growth opportunity. • Comparative projects being developed in the area leading to saturation.
Medium	<ul style="list-style-type: none"> • Businesses established with some appropriate skills. • Businesses experiencing their usual levels of work in relation to the wider economy.
High	<ul style="list-style-type: none"> • There are multiple businesses with appropriate skills. • Long duration of opportunity. • Comparative projects being developed in the area, with an opportunity for growth to be created. • Businesses have capability and capacity to take on additional contracts. • Planned interventions from the applicant and local and regional stakeholders.

Outputs

Supply chain characterisation and scenarios

These shall consist of:

- A defined list of goods and/or services that will be procured, by work phase, including any offsite fabrication/manufacture elements.
- The duration of all the identified elements.
- A scenario-based approach to probability of supply from hyper local, local and regional businesses against the identified elements.
- The size of hyper local, local and regional supply chain opportunities.
 - The low scenario will represent worst case scenario, to be used in all assessment work on impact.



5. Socio-Economic Impacts

Once the above elements have been assessed satisfactorily the promoter alongside Local Authorities can now make evidenced judgements against the areas set out in NPS EN-1 (5.13.4)⁵:

- The creation of jobs and training opportunities.
- The contribution to the development of low-carbon industries at the local and regional level, as well as nationally.
- The provision of additional local services and improvements to local infrastructure, including the provision of educational and visitor facilities.
- Any indirect beneficial impacts for the region hosting the infrastructure, in particular in relation to use of local support services and supply chains.
- Effects (positive and negative) on tourism and other users of the area impacted.
- The impact of a changing influx of workers during the different construction, operation and decommissioning phases of the energy infrastructure. This could change the local population dynamics and could alter the demand for services and facilities in the settlements nearest to the construction area (including community facilities and physical infrastructure such as energy, water, transport and waste). There could also be effects on social cohesion depending on how populations and service provision change as a result of the development.
- Cumulative impacts - if development consent were to be granted for a number of projects within a region and these were developed in a similar timeframe, there could be some short-term negative effects, for example a potential shortage of construction workers to meet the needs of other industries and major projects within the region.

⁵ <https://assets.publishing.service.gov.uk/media/65bbfbd709fe1000f637052/overarching-nps-for-energy-en1.pdf>

