

Agenda Item -

Pembroke Dock Marine – Funded Outputs

The Pembroke Dock Marine (PDM) project is made up of 4 integrated elements,

- Pembroke Dock Improvements (Infrastructure)
- Marine Energy Test Area (META)
- Marine Energy Engineering Centre of Excellence (MEECE)
- Pembrokeshire Demonstration Zone (PDZ)

Project scope is to 'unlock local growth and regeneration opportunities in the area, exploring marine and other energy sectors. The ambition will be that this project will create a cluster of resources, knowledge and capabilities in marine energy and other energy sectors to accelerate technological development and lead to indigenous business growth, new start up business and an attraction for international business in this field.

In response to changing policy support for marine renewables and the rules around state aid in Maritime Ports since signing the HoT in March 2017, in depth industry consultation was undertaken to ensure the project could attract interest from a number of complimentary sectors. This was done with full knowledge and support from the RO and both governments supported. As a result, the funded outputs of two elements have changed, most significantly for;

- Pembroke Dock Improvements (Infrastructure)
- Pembrokeshire Demonstration Zone (PDZ)

This paper summarises the changes in funded outputs of the two project elements above and the impact of these changes on overall project outputs and finances with further detail in the attached Appendix.

Both Governments have received an informal Business Plan and an associated Addendum detailing these changes and the rationale behind them. In order to progress with the assessment of these documents, both Governments have asked that the 4 Leaders approve the change in funded outputs of the project.

The project has a number of complex interdependencies including security and conditions of ERDF monies totalling £16.7m across all elements which is dependent on City Deal monies being approved and project commencement, ideally in July 2019, which is looking unlikely but as soon as reasonably practicable.

1. Pembroke Dock Improvements (Infrastructure)

Original Funded Outputs	Proposed Funded Outputs
1. Secure outline consents and conservation consents	1. Secure outline consents & conservation consents
2. Infill of one of the dis-used slipways, pickling pond and dry dock	2. Infill of dis-used dry dock and pickling pond

	Modification of two slipways into a single 'superslipway'
	Outline consent for 4900Sqm Fabrication shed over disused dry dock
3. Acquisition of small parcel of land (Triangle') to create construction space	3. Acquisition of small parcel of land (Triangle') to create construction space
4. Creation of 8100sqm of laydown yard and external works for heavy fabrication / device assembly	4 Creation of 28,028 sqm of laydown yard and external works (increase by 350%
	outline consent for 11,900sqm of heavy fabrication shed
5. Construction of heavy fabrication sheds (including overhead cranes)*	5 outline consent for two sheds above and construction of 2500sqm of fabrication shed.
6. Construction of 2000 sqm of MEECE support offices/laboratories/workshop/training in Gate 4 area*	6. Re development of 2000sqm of offices, workshops around Sunderland Hangar annexes
7. Construction of repair shed (inc overhead cranes)*	7. see 2.
8. Installation of heavy lift hoist or floating dry dock or submersible jack up	8. Construction of multi use slipway
	9. Construction of 70sqm of workboat berthing pontoons
	10. 20m transport corridor between the east and west of the dockyard.
	11. Adequate parking provision for increased employment

Rationale:

The change in scope is based on changing industry needs which have been identified through extensive consultation with industry. This consultation revealed a preference for more open, inter connected multiuse laydown space and to not compromise the space with office accommodation.

In addition to the funded outputs, the latest business case makes a number of supporting investment objectives including in part, 5 and 15 year inward investment objectives of £50m and £300m respectively with the latter caveated on national policy support for marine renewables.

2. Pembrokeshire Demonstration Zone (PDZ)

Original Scope	Current Scope
<ul style="list-style-type: none"> Consent and build the onshore infrastructure for the PDZ, a 90km² offshore leased site for the commercial deployment of 100MW full scale wave energy devices, including connection to the UK energy system. 	<ul style="list-style-type: none"> Consent for an Increased capacity from 90MW to 180MW Target wave and floating wind energy devices Securing grid connection

Rationale:

At Heads of Terms PDZ was subject to approximately £18m of ERDF (with £14m private sector match funding) to fund the build of the 90km² offshore leased site. This ERDF funding was subject to findings of a feasibility study which was completed in August 2018. The findings of this

Commercial and Technical viability study showed that the PDZ offshore leased site should include opportunities for floating Wind Energy devices as well as wave energy devices. Wind energy is a more developed sector and has a faster route to market. Including wind energy in the project scope has increased the consenting period meaning that it is now not possible to build the original PDZ 90km2 offshore leased site within WEFO's timeframe of 2023. As a result the £18m ERDF has been reduced to £3.6m to secure the consent, with the £14m private sector match funding no longer being required within the 5 year funding period.. It is therefore no longer possible to build the PDZ 90km2 offshore leased within 5 years but the consent will enable the inward investment and construction, which according to the studies above could be in excess of £900m of inward investment and 1000 jobs.

Impact:

Financial

	Original Scope (HOT)	Current Scope
	Pembroke Dock Improvements (Infrastructure)	
	£18,850,000 - City Deal £9,620,000 – Private Sector	£21.55m – City Deal £2.5m – Private Sector £13,163,118 – MHPA £7m - ERDF
Total	£28,470,000	£44,213,118
	Pembrokeshire Demonstration Zone (PDZ)	
	£4.5m – City Deal £14m – Private Sector £17.5m – ERDF	£1,667,103 – City Deal £2,932,897 - ERDF
Total	£36,000,000	£4,600,000
	Overall Pembroke Dock Marine Project	
	£28,000,000 – City Deal £25,920,000 – Private £22,400,000 – Public	£28,000,000 – City Deal £13,563,118 – Private £18,709,740 - Public
Total	£76,320,000	£60,272,857

Outputs

Original Assessment					
£ GVA (5 year)	£ GVA (10 year)	£ GVA (15 year)	Net Jobs (5 year)	Net Jobs (10 year)	Net Jobs (15 year)
25,000,000	67,000,000	126,000,000	119	553	595

Current Assessment (carried out by Amion Consulting Ltd)		
£ GVA (Annual*)	£ GVA (Cumulative)	Net Jobs (period unspecified)
73,500,000	343,400,000	1881**