



Contracts for Difference (CfD): changes to Supply Chain Plans and the CfD contract

Introduction

This submission to the Department for Business, Energy & Industrial Strategy's (BEIS) consultation on the Contracts for Difference (CfD): changes to Supply Chain Plans and the CfD contract is made on behalf of the GMB Union, which represents more than 600,000 people employed in the public and private sectors. GMB is one of the largest energy and manufacturing sectors.

Context

GMB Union has represented workers in the energy sector since its establishment over 130 years ago. We are compelled as a union to respond to this consultation to advocate for UK based industry within the supply chain and importantly our members who work within it. As we have stated before in our response to the Contracts for Difference AR4 consultation in 2020, we support the target of Net Zero by 2050, and we take very seriously the challenge of reducing the harms of climate change. We fervently advocated for community engagement and investment in UK based supply chain opportunities to ensure we have our best foot forward in competitive tenders. As we look to build our economy from the effects of the pandemic, we urge that the Secretary of State and BEIS do not waste any opportunity in strengthening their oversight of the Supply Chain Plans.

1. The government welcomes views on whether the Supply Chain Plan guidance document is clear in setting out what is required of applicants to support the drafting and submission of their Supply Chain Plan, Updated Supply Chain Plan and Supply Chain Implementation Report. Please provide information on what could improve the clarity of the guidance if applicable.

There is concern that the current Supply Chain Plan guidance approach of lowest-price bid has led and will continue to lead to failing local content support. There is significant need to invest in our supply chain industries in order to make them competitive, but they will always miss out if they are competing with lowest bid offers. Minimum local supply chain work guarantees must be included in the Supply Chain Plans, as well as robust workers terms and conditions, and trade union access.

4. The government welcomes views on introducing new powers in legislation for the Secretary of State to assess and pass or fail a Supply Chain Implementation Report.

GMB recommends that the Secretary of State has the power to pass or fail a Supply Chain Implementation Report. We would urge that the government does so to ensure that the Industrial Strategy is integrated to its full extent, and that there is transparency and accountability right through the process. This sets a precedent to any and all future Secretaries of State and governments, that it is their responsibility to facilitate and build the UK renewable energy sector so that it benefits everyone in the UK first and foremost.

We urge that the Supply Chain Plan process must include an explicit prohibition against the 'blacklisting' of workers involved in Trade Union activity. We urge that the Secretary of State has the power to fail a Supply Chain Plan on evidence of this practice.

7. The government welcomes views on whether it is more appropriate for BEIS or the LCCC (given the private law nature of the CfD) to undertake the monitoring and assessment of the implementation of Supply Chain Plans.

GMB deems it more appropriate for BEIS as a directly democratically accountable body to undertake the monitoring and assessment of the implementation of Supply Chain Plans, rather than the LCCC. In the introduction to this consultation it was revealed that “most respondents did not support strengthening the compliance process for failure to implement an approved Supply Chain Plan.” This is concerning to read as we worry that respondents to this consultation will want less direct government oversight. Our fear is that jobs and investment in the UK will not be prioritised, and that unions and communities will not have as direct access to challenge those who fail in their Supply Chain Plans through the LCCC as they would do through BEIS.

We also see value in BEIS being able to report on local supply content in industries such as steel. Written Parliamentary questions have asked for the publication of figures of UK produced steel in offshore wind developments¹, to which the Government responded stating that they will consider publishing annual figures going forward if it was in the public interest. We believe that additional reporting through Supply Chain Plans monitored by BEIS would be beneficial for our key local content industries. By contrast, the industry’s record on transparency is poor. It was recently revealed that the update to the industry’s self-reported UK content figures, which were last reported in 2017, was planned in the near future – despite BEIS requesting a new set of figures in November 2019.²

8. The government welcomes views on the extent to which the proposed revised Supply Chain Plan process will support the government’s objectives to encourage the growth of sustainable, efficient supply chains and support regional growth, skills, and productivity.

We would urge that Supply Chain Plans prioritise areas in the UK where investment and development are needed the most, in order to benefit as many regions as possible. The government’s Industrial Strategy sets out the mission of keeping the UK at a world leading position in technology and innovation, but also to bring about prosperity to communities that need it the most. Trade Unions play an enormous part in ensuring that workers and communities are skilled and are safe.

We have seen plainly where there have been failures in protecting UK local supply content, in Scotland with BiFab. As part of the statement on the collapse of the deal, BiFab said:

“The company has worked tirelessly to bring jobs into Fife and Lewis with some success. However, the absence of supply chain protections in Scotland and the wider UK have consistently undermined our ability to compete with government-owned and government-supported yards outside and inside the European Union.”³

In the joint statement from GMB and Unite the Union, it was said:

“BiFab’s administration exposes the myth of Scotland’s renewables revolution as well as a decade of political hypocrisy and failure, in Scotland and the rest of the UK.

“The workers and communities dependent on these yards have fought so hard for a future and everyone was hoping that 2021 would finally be the turning point”

*“A decade on from the promise of a ‘Saudi Arabia of renewables’ and 28,000 full time jobs in offshore wind manufacturing, we’ve been left with industrial ruins in Fife and Lewis.”⁴*As we explained in our previous

¹ <https://questions-statements.parliament.uk/written-questions/detail/2020-12-16/130798>

² <https://questions-statements.parliament.uk/written-questions/detail/2020-12-16/130796>

³ <https://www.energyvoice.com/renewables-energy-transition/283594/bifab-administration-unite-gmb/>

⁴ <https://www.gmbScotland.org.uk/newsroom/joint-trade-union-statement-bifab-administration>

submission, successive politicians' pledges to deliver good-quality jobs and orders in the UK through investment in offshore wind has delivered only a litany of broken promises. While some of the steps proposed in this consultation are welcome, in as far as they go, they will not deliver the return on jobs that is needed from the taxpayers' billions that have been spent to support developers. That is why GMB has called for a moratorium on awards until a more comprehensive plan can be developed to secure orders in the UK in full consultation with workforce representatives.