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Supply Chain Investment Fund

Response to GB Energy Market Engagement Questionnaire

Introduction

The Society of Maritime Industries (SMI) is the voice of the UK's maritime engineering, science and technology industry. Our membership encompasses organisations across the entire maritime sector including shipbuilders, ship repairers, components and equipment manufacturers, technology and engineering specialists, and maritime services companies. Collectively, they underpin the UK's ability to design, build, equip, operate and maintain the vessels, infrastructure and systems that are essential to the nation's energy security and clean energy ambitions.

SMI welcomes the opportunity to respond to GB Energy's Market Engagement Questionnaire on the *Supply Chain Investment Fund*. We commend the ambition of the *Energy Engineered in the UK* (EEUK) programme and recognise that Pillar 3's strategic investment approach has the potential to make a significant contribution to the UK's offshore wind supply chain, provided it is designed and delivered in a manner that fully recognises the central role of the maritime sector.

Rather than providing detailed answers to each of the questions in the market engagement questionnaire, SMI has elected to submit a thematic response that reflects the priorities and concerns of our diverse membership. We believe this approach will be of greatest value to GB Energy as it develops the design of the Supply Chain Investment Fund, and we would welcome the opportunity to engage further in more detailed discussions with GB Energy as the programme progresses.

The Strategic Importance of the Maritime Sector

The maritime engineering, science and technology industry is not merely a supporting element of the offshore wind supply chain, but it is strategically vital to the delivery of GBE's mission. Without a robust and capable domestic maritime supply chain, the UK cannot build, install, operate or maintain the offshore wind infrastructure that is central to its clean energy targets. Every offshore wind turbine, every subsea cable, every foundation structure and every substation is dependent upon maritime capabilities at every stage of its lifecycle, from initial seabed survey through to decommissioning.

SMI's membership spans the full range of capabilities that the offshore wind sector requires from the maritime industry. These capabilities can be broadly categorised across ten key areas, as illustrated in the table below.

Vessel Design	Vessel Fabrication	Vessel Operators	Vessel Equipment	Engineering
CTV, CLV, SOV, Low carbon, USV, AUV, ROV, Accommodation	CTV, Workboats, Daughter craft, Specialist vessels	CTV & CLV operators, Accommodation vessels, SOV & FSIV operators	Daughter craft, Bridge equipment, Propulsion, Engines	Design, Specialist fabrication & equipment, Asset equipment, IMR support

Subsea Working	Port Working	Marine Space	Marine / Vessel Support	Floating Foundations
Survey, Design, Diving, UXO, Survey analysis, Subsea works, ROV	Ports assessments, Port design, Port services, Training	Marine space assessment, Seabed surveys, Marine management, MetOc, Environmental, Bird/noise surveys	Marine management, Marine warranty, Marine communication, Brokers, Marine maintenance	Integrators, Cable/line, Mooring connectors, Bend stiffeners, Chain/jewellery, Anchors/piles

Glossary

CTV	Crew Transfer Vessel
CLV	Cable Laying Vessel
SOV	Service Operation Vessel
USV	Unmanned Surface Vessel
AUV	Autonomous Underwater Vessel
ROV	Remotely Operated Vessel
FSIV	Fast Support Intervention Vessel
IMR	Inspection, Maintenance and Repair
UXO	Unexploded Ordnance
METoC	Meteorological and Oceanographic Command

As this table shows, the maritime sector's contribution to offshore wind is vast and multifaceted. It extends far beyond vessel provision to encompass subsea engineering, port infrastructure, marine spatial planning, environmental survey work, floating foundation systems and a wide array of specialist engineering and fabrication services. Many of these capabilities sit at Tier 2 and Tier 3 of the supply chain, and they are precisely the kind of businesses that would benefit most from the strategic investment that Pillar 3 is designed to provide.

This list is not comprehensive; for a fuller picture, it is advisable to consult both the Offshore Wind Growth Partnership's Supply Chain Capability Analysis (SCCA) and the National Shipbuilding Office's supply chain mapping initiatives. The Offshore Renewable Energy Catapult is examining SOVs, focusing on where maritime capabilities are found within the renewable and offshore wind supply chain, considering their positions relative to purchasing practices at various tiers—which may not always be dictated by the developer. It is crucial to understand commercial characteristics, especially since some maritime capabilities operate across multiple markets to maintain a sales pipeline that supports revenue, cash flow, and recoups investment.

In responding to **Question 1**, SMI would draw particular attention to the following component areas where GBE commercial investment could have the greatest impact on expanding UK-based production and capability:

Installation, Operation and Maintenance Equipment and Vessels

This is arguably the area of greatest strategic significance for SMI's membership, and the one where GBE investment could deliver the most substantial return, both in terms of supply chain resilience and industrial capacity. The UK currently has a limited fleet of specialist offshore wind installation and maintenance vessels, and the nation is heavily reliant on foreign-flagged vessels for critical operations including turbine installation, cable-laying, and heavy-lift activities. This represents a significant vulnerability in the UK's energy security and a missed economic opportunity.

Investment in UK-based vessel design, fabrication and equipment supply would strengthen the domestic supply chain at multiple tiers. It would support naval architects and marine engineers (Tier 1 design), component manufacturers and specialist equipment suppliers (Tier 2), and raw material and sub-component providers (Tier 3). Furthermore, Crew Transfer Vessels (CTVs), Service Operation Vessels (SOVs), Cable-Laying Vessels (CLVs) and Foundation Installation Vessels (FIVs) represent long-life assets with ongoing maintenance and refit cycles, creating a sustained revenue stream and enduring UK employment.

Deep Water Foundations (Hybrid and Floating)

The UK has a significant opportunity to become a global leader in floating offshore wind technology, and the maritime sector is central to realising this ambition. Floating wind foundations require expertise in naval architecture, marine engineering, mooring system design, and specialist fabrication, all of which are core competencies within SMI's membership. The development of floating wind also demands new approaches to anchoring, dynamic cabling and marine operations that draw heavily on capabilities developed through decades of experience in the oil and gas sector.

SMI welcomes GBE's Deepwater Wind Commercialisation Programme and its partnership with FLOWEX. However, we would urge GBE to ensure that Pillar 3 investments in this area are directed not only at the integrators and primary fabricators of floating foundations, but also at the wider ecosystem of maritime businesses that supply mooring connectors, bend stiffeners, chain and anchoring systems, and dynamic cables. These Tier 2 and Tier 3 suppliers are essential to the commercialisation of floating wind but often lack the scale and access to finance needed to expand production capacity. These companies will operate internationally, as focusing only on FLOW's UK development will not support long-term commercial success.

Mooring and Anchors

The UK possesses a well-established base of expertise in mooring systems, anchor design and associated subsea hardware, much of which has been developed through the offshore oil and gas industry. As floating offshore wind moves towards commercial scale, the demand for mooring and anchoring systems will increase significantly. GBE investment in UK-based manufacturers of these components would help to ensure that this growing market is served domestically, rather than ceding it to overseas competitors. There is a particular opportunity to support innovation in shared anchoring systems and novel mooring configurations that could reduce the cost of floating wind.

Static and Dynamic Array Cable and Offshore Export Cable

Subsea cable manufacturing and installation represents a critical pinch point in the offshore wind supply chain, with global demand for both array and export cables far outstripping current production

capacity. The UK has some domestic cable manufacturing capability, but it is insufficient to meet the scale of demand generated by the national offshore wind pipeline. The maritime sector's role in this area extends beyond cable manufacture to include cable-laying vessel design and operation, cable protection systems, and the subsea engineering expertise required for route planning, burial and maintenance. GBE investment across the cable supply chain, from copper and fibre optic sub-components through to installation vessel capability, would address a significant bottleneck and reduce the UK's exposure to supply chain concentration risks.

Subsea Working and Marine Survey Capabilities

While not explicitly listed as a standalone component category, SMI wishes to highlight the critical importance of subsea working and marine survey capabilities to the offshore wind sector. Seabed survey, UXO clearance, environmental monitoring, geotechnical investigation and subsea inspection, maintenance and repair (IMR) are all essential preconditions for the successful development of offshore wind farms. These services are largely provided by specialist maritime companies, many of which are UK-based SMEs that would benefit significantly from strategic investment to scale their operations and invest in new technologies such as autonomous underwater vehicles (AUVs) and remotely operated vehicles (ROVs).

The Need for a Joined-Up Cross-Government Approach

SMI's overriding concern, and the single most important message in this response, is that the Government must adopt a far more joined-up approach to offshore wind policy and investment if the ambitions of GBE's Strategic Plan are to be realised. At present, the UK's approach to the offshore wind supply chain is fragmented across multiple departments, agencies and public bodies, each with overlapping but imperfectly coordinated mandates. This fragmentation creates confusion, delays and missed opportunities for the maritime companies that are essential to delivering the national offshore wind programme.

GBE does not operate in isolation. Its investment activities sit alongside those of the National Wealth Fund, the Crown Estate, Crown Estate Scotland, the Department for Energy Security and Net Zero (DESNZ), the Department for Business and Trade (DBT), the Ministry of Defence (MOD), the National Shipbuilding Office (NSO), and a host of devolved government bodies and regional development agencies. Each of these organisations has a legitimate interest in the offshore wind supply chain, but their activities are not always aligned and can, on occasion, work at cross-purposes.

For SMI's members, the practical consequences of this lack of coordination are significant. Companies that wish to invest in expanding their capabilities for offshore wind face a bewildering landscape of different funding streams, application processes and eligibility criteria. A vessel designer seeking to develop a new generation of installation vessels may need to engage with GBE for supply chain investment, the NWF for port infrastructure, DESNZ for innovation funding, and the Crown Estate for seabed leasing certainty, with no single point of coordination or strategic oversight to ensure that these various interventions are coherently aligned.

SMI therefore calls on GBE to work proactively with its partner organisations to develop a genuinely integrated approach to offshore wind supply chain development. Specifically, we recommend:

- A cross-government maritime supply chain strategy that explicitly recognises the role of the maritime sector in delivering offshore wind and outlines a coordinated programme of investment and policy support across all relevant departments and agencies.

- Formal coordination mechanisms between GBE, the NWF and the Crown Estate to ensure that their respective investment activities are complementary and mutually reinforcing, rather than duplicative or contradictory.
- A single point of entry for maritime supply chain companies seeking public sector investment support, which can triage enquiries and direct businesses to the most appropriate funding stream without requiring them to navigate the entire landscape independently.
- Alignment between offshore wind leasing rounds, CfD allocation rounds and supply chain investment timelines to provide the long-term demand visibility that maritime companies need to justify investment in expanded capacity.

Ensuring a Sustainable Route to Market for Offshore Wind

Investment in supply chain capacity is welcome but ultimately futile if there is not a sustainable and visible route to market for the products and services that UK companies are being asked to provide. SMI's members are clear that the single greatest barrier to expanding UK production capacity is not a shortage of capital per se, but rather a lack of long-term demand certainty. Without confidence that there will be a sustained and predictable pipeline of offshore wind projects, maritime companies cannot justify the significant capital expenditure required to expand their facilities, recruit and train additional personnel, and invest in new technologies.

The experience of recent years has demonstrated the consequences of stop-start procurement cycles. The challenges encountered in CfD Allocation Round 5, where no offshore wind projects were awarded due to pricing concerns, sent a damaging signal to supply chain companies that had been investing in anticipation of growing demand. For maritime businesses with long order books and capital-intensive assets, such uncertainty is particularly corrosive, as vessel construction programmes and major fabrication investments typically require lead times of three to five years.

SMI therefore urges GBE to ensure that its Pillar 3 investments are accompanied by robust measures to de-risk the route to market for offshore wind. This should include working with DESNZ to provide greater transparency over the long-term project pipeline, advocating for CfD strike prices that are sufficient to sustain a healthy supply chain, and ensuring that UK content considerations are meaningfully embedded in procurement frameworks rather than treated as an afterthought.

Critically, GBE has a unique opportunity to shape the route to market through the conditions it attaches to its investments. As a strategic investor deploying public capital, GBE is not a passive provider of finance; it has the ability – and, SMI would argue, the responsibility – to use the terms of its investments to drive outcomes that benefit the UK's sovereign maritime capabilities. For example, GBE could require that companies receiving Pillar 3 investment commit to sourcing a meaningful proportion of maritime services and equipment from UK-based suppliers, to using UK-flagged vessels where available, and to investing in domestic workforce development. By embedding such conditions into its investment terms, GBE can create a virtuous cycle in which public investment directly strengthens the UK's maritime industrial base, rather than simply subsidising activity that flows to overseas competitors.

This approach would represent a significant step towards building genuine sovereign capability in the maritime services that underpin offshore wind. At present, the UK is heavily dependent on foreign-flagged vessels and overseas contractors for critical offshore operations. Investment conditions that prioritise UK maritime content would help to reverse this dependency over time, building a self-sustaining domestic capability that enhances both energy security and economic resilience. SMI believes that this lever is at least as important as the quantum of investment itself, and we would urge GBE to be ambitious in its use.

SMI would also note that the route to market challenge is not confined to offshore wind alone. Many of our members serve multiple maritime sectors, including defence, commercial shipping, port infrastructure and marine science. A truly strategic approach to maritime supply chain investment would recognise these synergies and seek to create demand visibility across sectors, enabling companies to invest with confidence in capabilities that serve the offshore wind market whilst also contributing to the UK's broader maritime industrial base.

Barriers to Expansion and Financial Product Design

While SMI does not seek to provide detailed responses to each of the consultation's questions on financial product design, we wish to highlight several cross-cutting barriers that GBE should address in the design of the Investment Fund:

Demand Uncertainty and Contracting Cycles

As noted above, the lack of long-term demand visibility is the single most significant barrier to investment. Maritime companies require confidence in a sustained project pipeline before they will commit to expansion. GBE should consider how its investments can be structured to de-risk demand, for example through advance purchase agreements, capacity reservation mechanisms or guaranteed minimum order volumes.

Access to Patient Capital

Many maritime supply chain firms, particularly at Tier 2 and Tier 3, are SMEs that struggle to access the long-term, patient capital needed to finance significant expansion. Commercial lenders are often unwilling to provide debt on terms that reflect the long investment horizons and cyclical nature of the offshore energy sector. GBE's Supply Chain Investment Fund has an important role to play in filling this gap, whether through equity investment, subordinated debt, or guarantee instruments that crowd in private capital.

Skills and Workforce

Expanding UK maritime production capacity does not only require financial investment but also a significant expansion of the skilled workforce. Naval architects, marine engineers, welders, electricians and a host of other specialists are in short supply, and competition for talent with the defence and oil and gas sectors is intense. GBE should work with the Department for Education (DfE), the Maritime Skills Commission, and the NSO's Shipbuilding Skills Delivery Taskforce to ensure that workforce development plans are aligned with supply chain investment commitments.

International Competition and a Level Playing Field

UK maritime companies face intense competition from overseas yards and manufacturers, many of which often benefit from substantial state subsidies, favourable tax regimes and protected domestic markets. SMI has consistently highlighted the challenge posed by state-subsidised competition, particularly from yards in Europe and East Asia, in the civil shipbuilding sector. GBE's investment strategy must be cognisant of this competitive landscape and should be designed to ensure that UK companies can compete on a level playing field. This includes advocating for procurement frameworks that properly value UK content and through-life economic benefits, rather than selecting solely on the basis of lowest upfront cost.

Supply Chain Investment and the Industrial Strategy

SMI strongly believes that GBE's Supply Chain Investment Fund must be understood and positioned within the wider context of the Government's Industrial Strategy. The EEUK programme's three pillars – manufacturing grants, strategic market interventions, and strategic investments – do not operate in a vacuum. They are, or should be, integral components of a broader industrial policy that seeks to rebuild the UK's productive capacity, strengthen strategic supply chains, and deliver sustainable economic growth across all regions and nations of the United Kingdom.

The link between supply chain grants under Pillar 1 and the strategic investments envisaged under Pillar 3 is particularly important for the maritime sector. Many SMI members could benefit from manufacturing grants to expand fabrication capacity, invest in new production technologies, or establish facilities for emerging product lines such as floating wind components. However, these grant-funded investments will only deliver lasting benefit if they are underpinned by the sustained demand and market access that Pillar 3 investments are designed to secure. The two pillars are complementary, and GBE should ensure that they are designed and administered as an integrated programme rather than as separate funding streams with disconnected application processes and assessment criteria.

More broadly, the Government's Industrial Strategy identifies clean energy as a priority growth sector and commits to using the full range of policy levers to support its development. GBE's investment activities should be explicitly aligned with the Industrial Strategy's sectoral priorities, skills commitments, and regional growth objectives. For the maritime sector, this means recognising that investment in offshore wind supply chain capability is not merely an energy policy intervention. It is an industrial strategy intervention that supports high-value manufacturing, sustains engineering skills, and anchors economic activity in coastal and port communities that have historically been underserved by public investment. GBE should work with DBT to ensure that its investment criteria reflect these wider industrial strategy objectives, and that maritime supply chain companies are not inadvertently excluded from support by assessment frameworks that are narrowly focused on energy generation metrics alone.

Opportunities for Oil and Gas Transition and Co-Investment

SMI wishes to draw attention to the significant opportunity that exists for oil and gas supply chain companies to transition their capabilities to serve the offshore wind market. Many of our members already operate across both sectors, and their expertise in areas such as subsea engineering, marine operations, fabrication and project management is directly transferable to offshore wind. The floating wind sector in particular offers a natural transition pathway, given its reliance on deepwater engineering skills and experience.

GBE should actively seek to support this transition through targeted investment in companies with dual-sector capabilities. There is also a significant opportunity for co-investment between GBE, the National Wealth Fund and private sector investors in maritime infrastructure that serves both the energy transition and broader national strategic needs, such as specialist vessel fleets, port facilities and fabrication yards.

A Coherent GB Energy Strategy Across All Activities

Finally, SMI wishes to emphasise the importance of GB Energy itself maintaining a single, coherent position across the full range of its activities. GBE's mandate spans local energy, onshore energy, offshore energy and supply chain development, and it is engaged in a wide range of activities including

project development, investment, partnership with the Crown Estate, and the administration of manufacturing grants and strategic interventions. There is a risk that, without deliberate effort to maintain strategic coherence, different parts of GBE could develop positions or make decisions that are inconsistent with one another or that send conflicting signals to the supply chain.

SMI would therefore urge GBE to develop an overarching strategy map that clearly articulates how each of its activities – from project development and leasing partnerships through to grant funding and strategic investment – supports a unified set of objectives. This strategy map should make explicit the linkages between GBE's different pillars and programmes, ensuring that decisions taken in one area are consistent with and reinforcing of objectives in others. For example, the supply chain investment decisions made under Pillar 3 should be directly informed by the pipeline of projects that GBE is developing in partnership with the Crown Estate, and the manufacturing grants awarded under Pillar 1 should be targeted at capabilities that align with the components and services that Pillar 3 investee companies will need to deliver.

For the maritime sector, this internal coherence is particularly important. Maritime capabilities cut across virtually all of GBE's priority areas: vessels and marine services are needed for offshore energy development, port infrastructure is relevant to both local and offshore energy, and marine survey and environmental assessment capabilities are prerequisites for project development across the board. If different parts of GBE adopt different positions on the importance of maritime content, or if investment decisions are made without reference to the broader strategy, the result will be a fragmented and suboptimal approach that fails to maximise the benefits for UK industry. A single, organisation-wide position on the strategic importance of the maritime supply chain would provide clarity and confidence to SMI's members and ensure that GBE's considerable resources are deployed to maximum effect.

Conclusion

SMI strongly supports the aims of GBE's Energy Engineered in the UK programme and believes that Pillar 3 has the potential to make a meaningful difference to the offshore wind supply chain. However, SMI would urge GBE to ensure that its investment strategy fully recognises the central and indispensable role of the maritime engineering, science and technology industry in delivering the UK's clean energy ambitions.

The maritime sector is not a niche or peripheral element of the offshore wind supply chain. It is the connective tissue that links every stage of a project's lifecycle, from initial survey and environmental assessment through to turbine installation, cable-laying, ongoing maintenance and eventual decommissioning. Without a healthy and well-invested maritime sector, the UK's offshore wind ambitions will remain just that: ambitions.

We call on GBE to adopt a genuinely joined-up approach, working across government departments and with the National Wealth Fund, the Crown Estate and other partners to create a coherent, coordinated and long-term framework for maritime supply chain investment. We urge GBE to use the conditions attached to its investments as a powerful lever to build sovereign UK maritime capability, to align its supply chain investment activities explicitly with the Government's Industrial Strategy, and to ensure that it maintains a single, coherent organisational position on the strategic importance of the maritime sector across all of its activities. Only through such an approach can the UK ensure a sustainable route to market for offshore wind and maximise the industrial, employment and strategic benefits of the energy transition for workers and communities across the country.

SMI and its members stand ready to engage further with GBE as it develops the detail of the Supply Chain Investment Fund. We would welcome the opportunity to discuss the issues raised in this

response in greater depth and to facilitate direct engagement between GBE and our member companies.