

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 12 NOVEMBER 2019

MEMORANDUM OF UNDERSTANDING WITH BAKER HUGHES GENERAL ELECTRIC

**ABSTRACT**

This report provides information to members with regard to progress on projects set out in the Memorandum of Understanding (MoU) signed between Angus Council and Baker Hughes General Electric (BHGE) in December 2018.

**1. BACKGROUND**

- 1.1 On the 13 December 2018, Angus Council and BHGE signed a Memorandum of Understanding as a commitment to work positively together on future projects. The MoU represented a formalisation of positive partnership working over previous years which had seen significant investment into Montrose and Angus.
- 1.2 An update on the work arising from the MoU was brought before the Council's Communities Committee in May 2019. In June 2019 BHGE opened its Centre of Excellence (CoE) facility which will deliver engineering, manufacturing, test and assembly and services to advance deepwater technology for customers. This represented a £31 million investment by BHGE supported by a £4.9 million grant from the Scottish government, through Scottish Enterprise. The upgraded and expanded campus enables BHGE to offer product innovation from design to delivery from one location servicing customers globally.
- 1.3 Representatives of BHGE have also been working alongside the Council and partners to develop the Mercury Programme working on potential projects to be taken forward to achieve the ambition to become a flagship, sustainable, low carbon region embedding innovative, green technologies and culture into our economy, people and places.

**2. THE MEMORANDUM OF UNDERSTANDING**

- 2.1 The MoU sets out that Angus Council and BHGE will continue to collaborate and identifies key areas where Angus Council and BHGE will work together. A liaison group was formed that would have oversight of the MoU work with representatives from both parties that would meet on a regular basis.
- 2.2 Five specific projects were identified to be pursued under the MoU, each with an objective / overview, timeline, named persons from Angus Council and BHGE and other partners identified.

The five projects were:

- Employee Offer
- Campus Masterplan
- North Angus Masterplan
- Skills Development
- Community Engagement

Updates on each of the projects can be found below.

**3. PROJECT UPDATES**

**3.1 Employee Offer**

This project aims to bring together contacts, information, services and offers that would be available for employees of BHGE, including accommodation, transport, wellbeing and medical assistance.

A BHGE Montrose Centre of Excellence Welcome Pack has now been published for the site. This will be issued to all employees and visitors and includes a number of negotiated offers

with local services. It is expected that the number of breadth of offers will continue to increase over time.

As part of the package, a Master Supplier Agreement has been signed with Impact Fitness offering discounted membership packages, lunch and learn sessions and classes on site. Negotiations continue with other leisure providers in the area including hotels and taxi companies.

### 3.2 Campus Masterplan

This project looks at the three sites currently occupied by BHGE in Montrose to explore how they could develop in terms of their own potential, but also accessibility and connectivity.

Progress has been made with land registry enquiries, giving an accurate picture of land ownership in the area, which will facilitate discussions moving forward.

Initial work has been undertaken in relation to active travel planning, scoping out possible phases of works and initiatives as well as potential funding opportunities. Work will initially concentrate on footway and cycle links between the three sites currently occupied by BHGE in Montrose, before broadening out to consider wider transport network proposals. A programme of works is being pulled together.

### 3.3 North Angus Masterplan

This project builds on the Campus Masterplan project and looks further afield in Montrose and North Angus to consider the potential for growth over the next 20 to 40 years.

The Council has launched its Engagement Hub for the Local Development Plan which signals the start of the process of reviewing the Local Development Plan adopted in 2016. The review will seek to take a place-based approach to planning Montrose (and other towns and areas in Angus) for the next 20-40 years.

The potential for a pilot Masterplan Consent Area for Montrose was included in the Heads of Terms of the Tay Cities Deal. Officers at the Council are considering how this could be taken forward within the context of the review of the Local Development Plan as well as the availability of internal resource as well as resource that could be secured through projects being taken forward with Scottish Futures Trust (One Public Estate Project) and Architecture and Design Scotland (Decarbonising Places Project).

The North Angus Masterplan work also forms part of the Mercury Program which looks to increase productivity through clean growth, protecting places for future generations to live, work and visit. The masterplan is a fundamental part of Component 1 of the Programme which aims to develop a clean growth hub in North Angus. BHGE have been closely involved in the preparatory work for the Mercury Program as well as discussions on the various components and potential projects.

### 3.4 Skills Development

This project seeks to ensure that BHGE can draw on a skilled workforce. Work will ensure the continued development of skills within the BHGE workforce and will focus on developing skills in and across the local community as part of the commitment to enhance local skills and employability.

The numbers of staff on the Montrose sites has risen from around 300 at the end of 2017 to just over 600.

The 2019 apprentice intake has been completed, with an additional 13 apprentices this year taking the total number of apprentices to 28 from August 2019. In July, 11 apprentices rolled off the program.

Between January and September 2019, the Montrose Learning and Development Centre (MLDC) ran 277 Courses / Events for 2,400 attendees. This included 3 flagship leadership courses which pull attendees from throughout BHGE business units and global locations to Montrose to engage in thought leadership, cultural development and networking.

The BHGE schools' program which has been run for a number of years now is going through a redevelopment in consultation with the schools. Montrose Academy Deputy Head and the Angus DYW team have been engaged in this process with the BHGE team of volunteers. The school, in particular, is helping to steer the selection and design of activities available to the

young people as part of the program. The first of the new activities 'Personal Branding' training will be available for the 6<sup>th</sup> and 4<sup>th</sup> years within Montrose Academy in November of this year, with a number of 'projects' targeted at different year groups to follow at the beginning of the following term.

### 3.5 Community Engagement

This project will contribute to BHGE being an employer of choice that is connected and involved in the communities of Montrose. A number of objectives have been defined including:

- To create opportunities for BHGE to inform the community on what they do as a global business and what they are doing locally through open days, apprenticeships and community work.
- To build a greater awareness of BHGE's existing STEM programmes.
- For BHGE to be visible and to contribute to local community cohesion.
- To enable BHGE staff to take part in volunteering and therefore contribute and support local projects, enabling those projects to maximise their impact.

An initial action plan has been established that includes volunteer work that will build on the completed projects at Montrose Playhouse, garden projects at Little Beehive Nursery, Fordmill Care Home and Macmillan and Stracathro Hospital.

Community groups, schools and representatives from the Locality Partnership were invited to the opening of the Montrose Centre of Excellence in June. Schools were all issued with details of the Facebook Live broadcast (and recording) so they could share it and discuss it during class time.

#### Next steps

Work will continue on all five projects outlined above.

## 4. **REPORT AUTHOR**

- 4.1 This report and associated schedules has been compiled by Kate Cowey, Service Leader for Planning and Communities who can be contacted by emailing [Planning@angus.gov.uk](mailto:Planning@angus.gov.uk).

Appendix 1 – Key Facts and Figures from CoE opening

## Key Facts and Figures from CoE opening

### Montrose Centre of Excellence Highlights

#### Market traction and growth

- We're here to stay! This site was developed from an old aerodrome in 1982 to service the North Sea offshore oil industry.
- Now, the BHGE Montrose campus encapsulates three sites with a footprint of 35 acres.
- Since 2009, under GE and BHGE, the plant has developed to be a multi-functional services plant which manufactures, services and repairs.
- Since 2016, the headcount has grown from around 300 to around 615.

#### New talent and investment

- In 2018, Scotland [First Minister Nicola Sturgeon](#) announced £4.9 million in funding as part of a £31 million investment being made by BHGE in its manufacturing footprint in Montrose – despite an industry downturn.
- In June 2019, the [Subsea Centre of Excellence](#) was unveiled.
- The [upgraded and enhanced facility](#) is a physical focal point for the industry that will help customers boost offshore and deepwater productivity globally.
- The investment has created at least 160 jobs, exceeding initial targets of 100.
- BHGE has doubled the apprenticeship intake in 2019, launching a programme that develops skills of current and future employees.
- The future needs an adaptable, flexible and technology-enabled workforce with high-tech skills. Our training team is vital to help the industry adapt positively and pro-actively.

#### Manufacturing innovation

- The new campus benefits from advanced manufacturing tools and processes, designed to improve efficiency and productivity, i.e. 3D printing and additive manufacturing.
- The CoE is BHGE's centre for innovation, the place to be for R&D for new technologies we are introducing - whether it be new materials or new products.
- [Subsea Connect](#) is BHGE's innovative vision for subsea.
- The campus is home to the [Aptara™ Design Centre](#), our latest subsea system engineered to make installation, production, and intervention simpler and more efficient and is manufactured exclusively from Montrose.
- The R&D Centre is continuously looking at the next generation of [cost-effective technologies](#) to the industry to make it more sustainable.

#### Quality & safety standards

- Every Day we strive for a perfect HSE Day with no harm to people or the environment and Defect Free Days with no quality losses.
- We adhere to ISO 9001/45001/14001 and API Q1.
- Across both HSE and quality we also fully empower our people, across the entire spectrum, to STOP work if HSE or quality may be compromised.
- The digital tools in Montrose have driven stronger inspection practices throughout the manufacturing process resulting in a significant drop in defect cost and reducing lead times.
- The CoE uses the GE Brilliant Factory strategy which has revolutionised and defined modern productivity and uses Lean & Six Sigma as core processes.

### Montrose Centre of Excellence Testimonials

*"This new Centre of Excellence is a truly global base and it will be an international focal point for investment and research and development into new subsea technologies. Its training centre will set global standards. The work carried out here will make a difference to BHGE and others right around the world and as a result will play its part to a move to a net zero carbon age. BHGE has a target of being a net zero emitter of greenhouse gases by 2050. That such an important centre is based in Montrose demonstrates Scotland's strengths in combatting climate change and in advanced manufacturing. It is a real tribute to the expertise of the oil & gas supply sector in Scotland and a tribute to the skills and capabilities of BHGE employees in Scotland. The centre of excellence is an important asset to BHGE, Montrose and to Scotland".* **Nicola Sturgeon, Scotland first Minister**

*"The energy industry is one of Scotland's leading sectors and Scottish Enterprise is honoured to support BHGE in the creation of this innovative Centre of Excellence and advanced manufacturing campus in Montrose. This is a major investment by BHGE and is further evidence of Scotland's attractiveness as the top location for inward investment in the UK after*

London. The opening of these facilities marks an exciting milestone and reflects the hard work by the project team to get here. They should be proud of the leading-edge solutions for the subsea sector that will be created in Montrose and exported around the world.” **Paul Lewis, Managing Director, Scottish Development International**

“The opening of the new CEO not only demonstrates your innovative capabilities, it shows that you are taking customer needs to a whole new level of support. I will certainly carry this back to Neptune how impressive the CEO is. No question that BHGE is leading the way now, and when word gets out from today, your competitors will be worried. We enjoy working with BHGE already and hopefully this can be the start of something great.” **Customer, Neptune Energy, UK**

#### **BHGE Subsea Centre of Excellence – official opening**

- 350+ attendees. OFE Event with Customers, Partners, Government, Community Members, BHGE Leaders and Employees.
- Subsea Connect Strategy
- Aptara TM Design Centre
- Collaterals
  - o 4 videos
  - o 2 infographics
  - o 250+ pictures
  - o Physical XT model
- External Amplifications
  - o 15+ Press coverage (articles)
  - o 1 news broadcast feature
- Social Media Amplification
  - o LinkedIn – 17 posts, 2300+ Likes, 59 comments
  - o Twitter – 6 tweets, 45+ retweets, 110+ Likes
- Employee Engagement
  - o 2 Pre-alignment sessions with 100+ joining
  - o Facebook LIVE broadcast – 16,000+ people reached, 6,700+ views, 315+ Likes
  - o 5+ employees emails
  - o Videos from Leaders – Aptara in Action
  - o 6 Yammer posts – 1,300+ Views, 70+ Likes
  - o Fullstream Ahead Newsletter & Intranet articles amplification.