



North Sea
Transition
Authority

Supply Chain Action Plans

SCAP Guidance

Date of publication 30/08/22

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Published by the North Sea Transition Authority

Contents

Contents.....	3
Status and purpose of this guidance	4
1. Introduction	5
2. SCAPs as components of Field Development Plans and Decommissioning Programmes	7
3. Submission guidance.....	9
Annex A	11
Annex B	12
Annex C	13
Annex D1	15
Annex D2	16
Annex E	17

Status and purpose of this guidance

1. This guidance replaces previously available guidance on Supply Chain Action Plans (SCAPs). It details when SCAPs are required and provides information on the matters the North Sea Transition Authority (NSTA) normally takes into account when considering such SCAPs.
2. The guidance is not a substitute for any regulation or law, it is not legal advice and does not have a binding legal effect. It is intended that the guidance will be kept under review and be revised as appropriate in the light of experience, developing law, practice and any change to the NSTA's powers and responsibilities.

1. Introduction

Purpose

In February 2021 the North Sea Transition Authority (NSTA) issued a revised Strategy¹ which, amongst other things, places an obligation on the oil and gas industry to assist the Secretary of State in meeting the net zero carbon by 2050 target. The Strategy requires relevant persons to operate in a way consistent with net zero ambitions and the NSTA believes the supply chain has the skills and infrastructure to help unlock these solutions.

In addition to the net zero obligation, the revised Strategy also requires industry to collaborate and co-operate with its supply chain. The recently agreed North Sea Transition Deal² (NSTD) aims to support and anchor the expert supply chain that has built up around oil and gas in the UK, to both safeguard and create new high-quality jobs. It will transform the sector in preparation for a net zero future and catalyse growth throughout the UK economy. The NSTD also includes provision for a voluntary industry target of 50% local UK content across the lifecycle for all related new energy technology projects by 2030, as well as in oil and gas decommissioning. The NSTA, through the Supply Chain Action Plan (SCAP) process, will be tracking progress against these targets.

As a regulatory tool, SCAPs are required for all projects where a Field Development Plan (FDP), Field Development Plan Addendum (FDPA) or Decommissioning Programme (DP) is submitted including, but not limited to, new developments, greenhouse gas reduction projects³ covered by an Emissions Reductions Action Plan and electrification of existing oil and gas assets (including floating offshore wind).

The purpose of a SCAP is to facilitate and evidence that relevant persons are deriving maximum value from UKCS project activity whilst maintaining fair and equitable relationships with their chosen supply chain.

SCAPs assist the NSTA to:

- Monitor trends and cost increases / decreases and potential gaps in supply chain capability
- Promote best practice
- Identify lessons learned
- Develop greater understanding of project cost performance
- Promote collaboration between operators and the supply chain
- Track progress against the North Sea Transition Deal

The NSTA's Asset Stewardship Expectations⁴, including SE-5: Robust Project Delivery, SE-9: Build a Culture of Collaboration, SE-10: Cost Effective Decommissioning, SE-11: Net Zero and SE-12: Supply Chain Collaboration and Cooperation, require licensees to achieve full value from their licence assets. The NSTA expects the principles of collaboration in SE-12 to be adopted throughout the lifecycle of projects.

In order to achieve this collaborative relationship, operators and, where applicable, licensees must have effective working relationships across their supply chain. The SCAP, as part of the FDP(A) consent application and/or DP consultation process, will be used to support this. It is expected that SCAPs will be a project specific document and should relate clearly to an operator's overall contracting strategy.

¹ [Oil and Gas Authority: The NSTA Strategy - 2020 - Publications - News & publications \(NSTAuthority.co.uk\)](https://www.ogauthority.co.uk/publications/news-publications)

² [North Sea Transition Deal - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/north-sea-transition-deal)

³ SE-11 [North Sea Transition Authority \(NSTA\): Expectations - Asset stewardship - Exploration & production \(nstaauthority.co.uk\)](https://www.nsta.gov.uk/asset-stewardship-expectations)

⁴ Asset Stewardship Expectations - https://www.ogauthority.co.uk/media/2849/asset_stewardship_expectations.pdf

In practical terms, SCAPs should be developed as early as possible in the concept select phase, before tendering, and are an informed part of the NSTA's FDP consent process and the NSTA's response to the DP consultation process (as highlighted in the flowcharts in Annex D and E).

2. SCAP as components of Field Development Plans and Decommissioning Programmes

Introduction

All projects requiring an FDP(A) or DP should produce a SCAP. The timing for submission of the SCAP will vary depending on the project dynamics but should be at an early stage of the project, in advance of any project specific contract award and, in the majority of cases, some time prior to FDP(A) consent or DP consultation.

The NSTA recognises that the majority of project deliverables are outsourced to tier one contractors, either via a specific tender process or as part of multi-project (or time-based) contract. In order to ensure completeness of the SCAP, operators are encouraged to request information from their tier one contractors to provide the relevant information required by the NSTA.

This applies only to tier one contractors with significant work scopes (i.e. an expected value of more than £25 million) within the relevant project covered by the FDP/DP. It is expected that operators collate the relevant data from their tier one contractors and submit this as part of their overall SCAP submission. An example of the information required from the relevant tier one is part of the template include in Annex E.

Evaluation

Each SCAP will be reviewed on its content, with open dialogue to follow between the relevant parties, which are expected to be the NSTA and the operator (extended to co-venturers and other third parties if applicable).

Each SCAP will be evaluated based on evidence provided in the following four broad criteria:

1. Engagement

Early and continued engagement with the supply chain regarding the specifics of the project, aimed at improving project performance. This may extend to evidence of adoption of current industry tool kits such as, but not limited to, those outlined in the Offshore Energies UK Supply Chain Principles, SE-12 and ECITB Project Collaboration Toolkit, and full participation on the NSTA Energy Pathfinder portal⁵.

2. Trust

Demonstration of trust and empowerment throughout the project life cycle – clearly identifying functional requirements and subsequently supporting the supply chain to deliver to their contractual commitments.

3. Innovation

Encouragement and fair evaluation for the proposed use of alternative / new products, processes and / or contracting methodologies and inclusion, where possible, of UK sourced technology in accordance with NSTD commitments.

4. Quality

Use of industry accredited metrics and tools for contractor selection and inclusion or relevant lessons learned.

⁵ [North Sea Transition Authority \(NSTA\): Energy Pathfinder - Supply chain \(nstaauthority.co.uk\)](https://www.nsta.gov.uk/energy-pathfinder-supply-chain)

Each SCAP will be evaluated by the NSTA on the areas set out above. These criteria are further explained in Annexes B and C to this document and the SCAP template (see Annex E)

NSTD and local content

SCAPs will be used to monitor and track the UK local content commitments outlined in the NSTD relating to energy transition projects and to decommissioning activity. UK local content is considered to be:

1. In respect of services, those services provided by a company carrying on business in the UK
2. In respect of goods, those goods which are being made, changed or improved in the UK

3. Submission guidance

Introduction

The NSTA will provide practical support to operators in preparing and submitting SCAPs if requested. A SCAP will not be endorsed prior to its submission and will be subject to the assessment process outlined in Annex B. A draft SCAP should be submitted to the NSTA before Invitation to Tender (ITT) and / or contracts are awarded. All SCAP submissions, including drafts, should be sent to SCAPs@nstauthority.co.uk.

Submissions should include details such as:

1. The maturity of the project, demonstrating: the stage of development; expected date of construction; delivery of first hydrocarbons or, in the case of decommissioning, details of scope, including schedule
2. A project plan including milestones of key interactions with the supply chain, e.g. procurement decisions, engagement events, strategy endorsements and award recommendations

Further details can be found in the SCAP template.

Format

The SCAP template document which has been developed by the NSTA (see Annex E) should be used, along with this guidance. The template is not exhaustive and may be modified on a case-by-case basis dependant on the scope and in agreement with the NSTA.

The sections in the template are:

1. Executive summary
2. Company overview and contracting policy
3. Project overview
4. Lessons learned
5. Contracts and tenders
6. Payment terms
7. North Sea Transition Deal
8. Contractor SCAP
9. Assessment matrix
10. Stewardship Expectation 11 Net Zero
11. Stewardship Expectation 12 Supply Chain Collaboration and Cooperation
12. Outstanding information and meetings schedule

Each SCAP will also be reviewed based on the engagement, trust, innovation, and quality criteria per the assessment matrix.

The NSTA recognises that the overall project cost estimate and/or complexity of the scope of the FDP(A)/DP will dictate the required detail of the submission (i.e. a lower cost / complexity submission may only require a shorter SCAP, whereas a higher value submission will require a more detailed SCAP).

Timeline

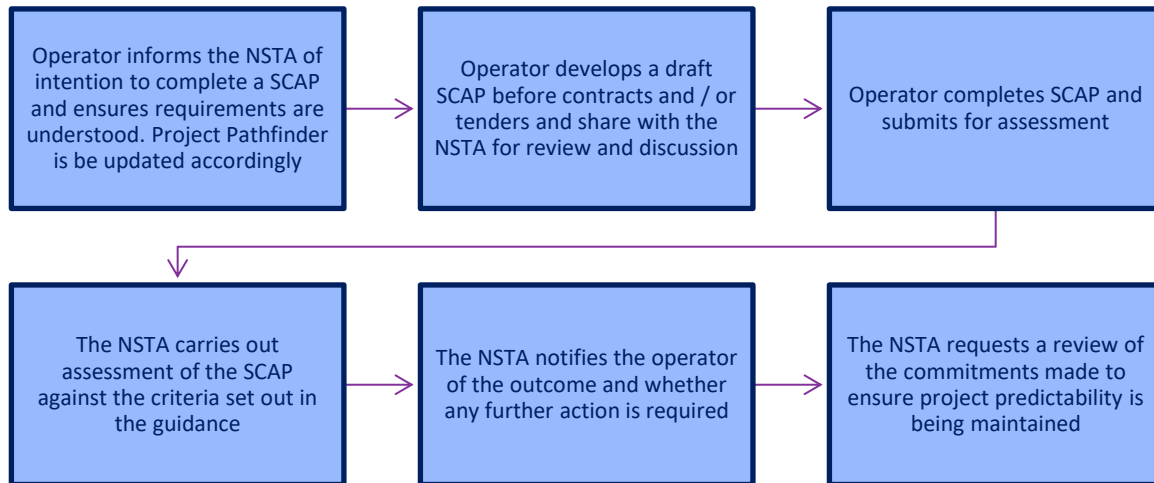
For those operators which conduct projects in accordance with a standard stage gate process (appraise, select, define, execute, handover), it is recommended that a SCAP be submitted during the concept select stage (before contracts are tendered / awarded) when the concept select report is submitted to the NSTA (when it is likely that the operator's own project execution strategy will be developed). This will allow constructive dialogue and time for additional engagement with the NSTA as necessary.

For operators which do not follow a standard stage gate process, it is recommended that the SCAP be submitted prior to internal approval of the project by the operator and its co-venturers.

It is intended that the operator and the NSTA will undertake regular engagement over the period where both contract strategy and key contracts are developed as part of the ongoing assessment process and future monitoring requirements, according to which the NSTA will hold regular meetings to discuss progress against SCAP commitments.

Annex A

SCAP timeline and assessment process



Annex B

SCAP assessment process and monitoring

As noted in section two, SCAPs will generally be assessed on engagement, trust, innovation and quality and the assessment will look for evidence that the operator has engaged with the supply chain such that the project is on a trajectory towards predictable performance and enhanced value for all stakeholders. Annex C includes further details on the example criteria.

NSTA internal process

As per the FDP(A)/DP flowcharts (included in Annex D), early engagement between the NSTA and operators will be instrumental to the success of the SCAP process. Dialogue should start in advance of submission of the completed SCAP to enable a shared understanding around the opportunities for the supply chain.

Once a completed SCAP is submitted there will be an initial check by the NSTA that all areas have been considered and completed.

Outcomes

- Once a fully completed SCAP is submitted, the NSTA intends, in most cases, to provide operators with a response within 60 days
- When all information received is deemed to be acceptable, the SCAP will be endorsed with no further action
- When information received does not meet expectations, the NSTA will seek discussions with the operator to offer assistance and recommend improvements
- If improvements cannot be achieved, final endorsement will be withheld pending discussion between the operator and the NSTA
- Any outstanding actions or information from the SCAP submission will be documented by the operator in the SCAP and a schedule for completion / submission agreed between the NSTA and the operator

Monitoring

Once the SCAP is finalised the NSTA will require updates on the project from the operator to ensure the commitments made in the SCAP have been followed. These updates will generally focus on [measuring actual] cost and schedule against the SCAP but will be decided on a case-by-case basis. In addition, the NSTA has an expectation that there will be a project close out meeting after project completion to discuss supply chain activity and performance.

Annex C

Assessment matrix

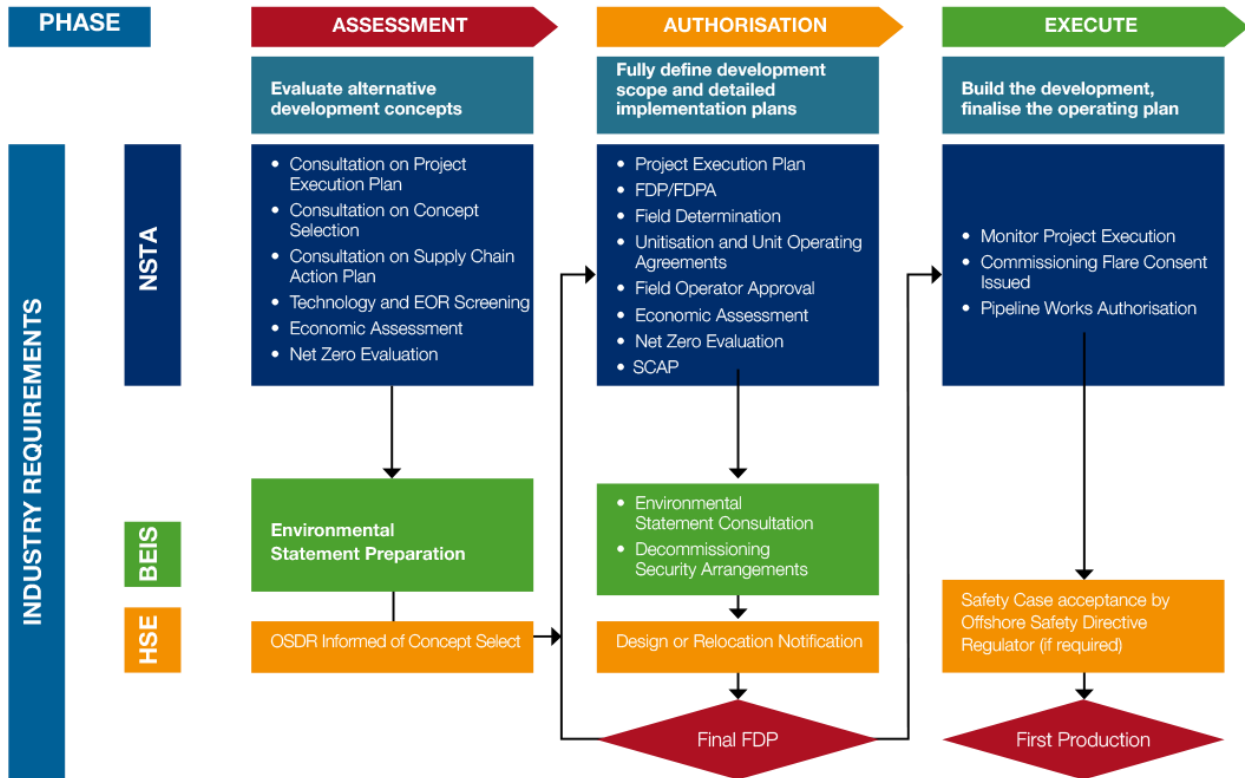
The table below presents example criteria for the assessment of SCAPs. It is not intended that these criteria are exhaustive or that all are present for the allocation of a particular score. The NSTA fully acknowledges that good practice will vary depending on workscope complexity and criticality and that some examples below may not be applicable in all cases. In this case, an explanation should be offered as to why certain criteria do not apply, which will be taken into consideration by the NSTA.

Criteria	Below expectations	Meets expectations	Commendable
Engagement	ITTs issued without prior discussion	Pre-ITT discussion held with suppliers to present scope and expectations	Engagement session held where functional requirements were presented and integrated solutions sought
	Operators hold bespoke supply chain forums where they present to their key suppliers	Operator personnel are available at industry events to share technical challenges and upcoming activity	Operators openly share expected challenges and opportunities and request support from industry to provide solutions
	Operators look to their own requirements that need bespoke solutions	Operators input project details into Energy Pathfinder	Operators openly communicate project opportunities on Energy Pathfinder and are receptive to solutions and ideas. They also enter contract award details and comprehensive project information.
Trust	Operator requires extensive inspection team to oversee activity. Contracting model stifles supplier incentive to deliver increased value (e.g. by claiming 100% of savings)	Operators are open to supplier initiatives to reduce cost and are willing to share in savings	All parties are actively incentivised to benefit from successful project performance – proportionate to the level of exposed risk/responsibility. Potential win-win provision included in contract.
	Operator dictates grades of labour to be used and compensates based on hourly rate plus mark up	Contractors are empowered to deliver contract requirements and retain responsibility for quality of work. Contractors are encouraged to seek improved value from alternative providers, subject to operator approval.	Contractors responsible for the quality of the work and trusted to deliver contract requirements. Where appropriate, contract scope and / or terms allow the development of new skills. Contractors are encouraged to meet functional requirements, delivering best value possible. Any change in vendor is notified to operator who can challenge in exceptional circumstances.
Innovation	ITT issued and technical non-compliance leads to disqualification	Alternative solutions requested as part of ITT process and considered where appropriate	Suppliers encouraged to provide alternative technical solutions for discussion prior to ITT release

	Operator not receptive to innovative ideas and solutions	Operator receptive to supply chain company's innovative ideas, practices, solutions and commercial methods but none adopted in this instance	Operator adopts supply chain company's innovative ideas, solutions and commercial methods.
	Contractual terms and strategy set out clearly within ITT	Contractual terms and strategy set out clearly within the ITT with alternative proposals included for company consideration	Contractual terms reflect responsibility and do not penalise innovative models. Mutually beneficial contract agreement in place incentivising efficiency and value creation through project lifecycle leading to potential upside for all parties.
Quality	ITT respondent list compiled via internal approved vendor list	Industry tool (SQS) used to develop ITT list, in addition to companies previously known to buyer. All selected vendors required to complete a supplier audit assessment	Industry audit tool trusted to identify competent suppliers without additional pre-qual information
	No lessons learned included in SCAP document	Lessons learned section completed in SCAP but general lessons learned used	Lessons learned section completed and focused on upcoming project

Annex D1

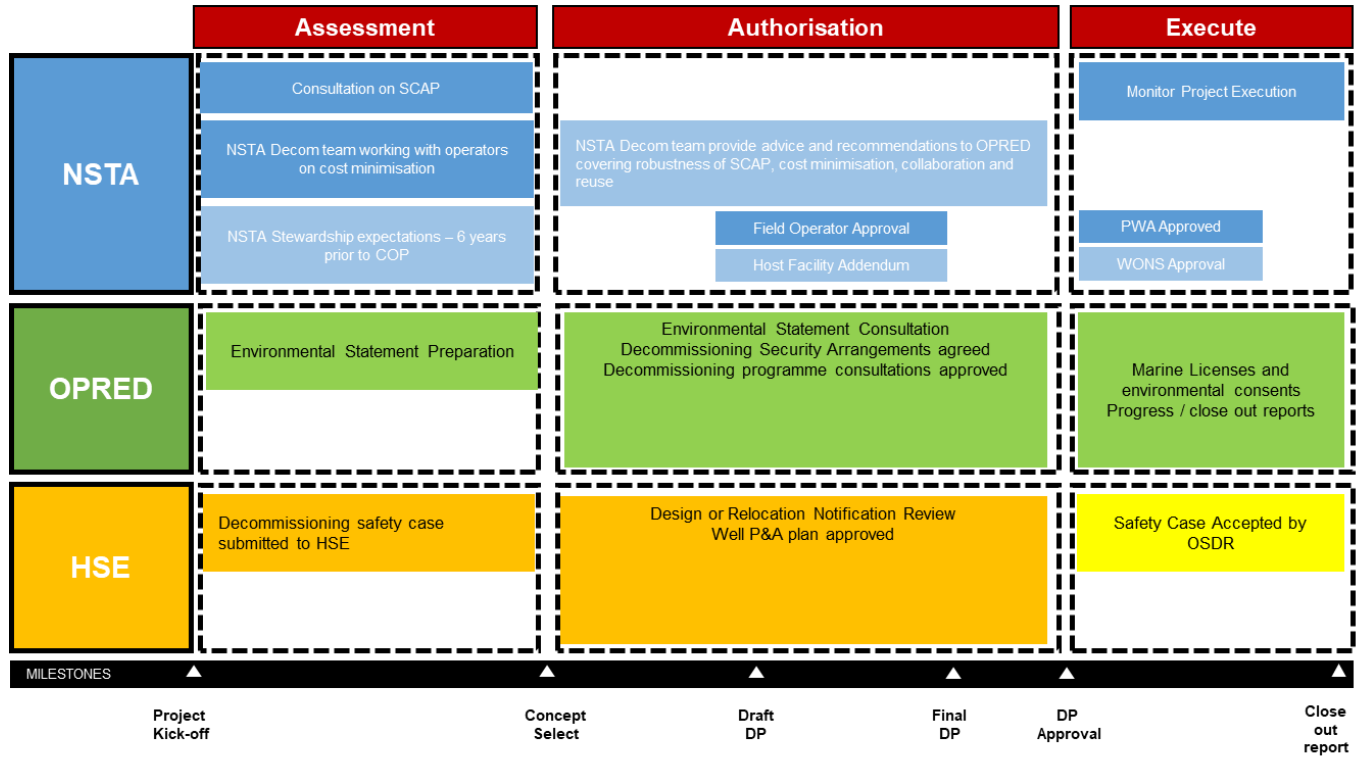
Field Development Plan process



[fdp_guidance_111021.pdf \(nstauthority.co.uk\)](#)

Annex D2

Decommissioning Programme approval process



Annex E

SCAP template

1. Executive summary

Brief summary detailing the purpose of the document

2. Company overview and contracting policy

Brief details of the company and contracting / supply chain policy. The NSTA may ask further questions about the contracting policy but this will be on a case-by-case basis. Bullet points detailing the highlights of the contracting / supply chain policy can be used.

3. Project overview

Details of project scope broken down to show the field overview and project overview, including:

1. Asset overview and scope (e.g. subsea, topsides, drilling)
2. Project schedule
3. Project cost estimate
4. Contracting / supply chain engagement schedule if not covered in overall project schedule

4. Lessons learned

Evidence of relevant lessons learned from across the business and previous projects is to be included. Lessons learned to consider could include, previous successes, the tendering process, process changes, failures, adopting new technology and commercial models delivering greater value.

5. Contracts and tenders

Please use the table below to provide details on the tenders with high complexity or value including, but limited to, a few brief lines who, how, when, what and why. Please also include a high-level contract hierarchy diagram.

If contracts are yet to be awarded or unknown at this time, the actual and planned section can be used with award updates submitted via email as and when known. Internal costs should also be shown with an overall project estimate included under three - **Project Overview**

Contract scope	Company	Value	Remuneration model	Tendered	Other tenderers	Rationale	Location
Provision of removal services	X Ltd	£100MM	Lump sum	Yes	Company 1 Company 2 Company 3	Lowest cost technically acceptable	Netherlands
Provision of tooling	Y Ltd	£10MM	Reimbursable against agreed SOR	Single Source Justification	N/A	Only supplier of specific tooling	UK
CA development	Z Ltd	£2MM	Reimbursable against agreed CTRs	Frame contract	N/A	Current frame contract	UK

6. Payment terms

Current standard payment terms to be included here, e.g. 30 days from receipt of a correctly prepared and substantiated invoice.

7. North Sea Transition Deal

The NSTD includes provision for a voluntary industry target of 50% local UK content and 30% for locally provided technology across the lifecycle for all related new energy transition projects by 2030, as well as in oil and gas decommissioning. In line with the NSTD please include percentage of overall project spend allocated to UK based supply chain companies.

8. Contractor SCAP

Only contracts over £25MM should apply. For contracts covering multiple projects, the estimated value of the work being performed on the relevant project should be used. If this value is not greater than £25MM, then a SCAP is not required. It is the operator's obligation to request this information and provide it to the NSTA.

Drilling contracts do not require a contractor SCAP.

9. Assessment matrix

The evidence provided in the assessment matrix below will be used to determine the final mark of the SCAP and at least one example should be provided for each of the 11 line items. Should any of the areas not apply to the project then please identify and offer a brief explanation. This will be managed on a case-by-case basis.

Criteria	Below expectations	Meets expectations	Commendable	Evidence
Engagement	ITTs issued without prior discussion	Pre-ITT discussion held with suppliers to present scope and expectations	Engagement session held where functional requirements were presented and integrated solutions sought	
	Operators hold bespoke supply chain forums where they present to their key suppliers	Operator personnel are available at industry events to share technical challenges and upcoming activity	Operators openly share expected challenges and opportunities and request support from industry to provide solutions	
	Operators look to their own requirements that need bespoke solutions	Operators input project details into Energy Pathfinder	Operators openly communicate project opportunities on Energy Pathfinder and are receptive to solutions and ideas. They also enter contract award details and comprehensive project information.	
Trust	Operator requires extensive inspection team to oversee activity. Contracting model stifles supplier incentive to deliver increased value (e.g. by claiming 100% of savings)	Operators are open to supplier initiatives to reduce cost and are willing to share in savings	All parties are actively incentivised to benefit from successful project performance – proportionate to the level of exposed risk/responsibility. Potential win-win provision included in contract.	
	Operator dictates grades of labour to be used and compensates based on hourly rate plus mark up	Contractors are empowered to deliver contract requirements and retain responsibility for quality of work. Contractors are encouraged to seek improved value from alternative	Contractors responsible for the quality of the work and trusted to deliver contract requirements. Where appropriate, contract scope and / or terms allow the development of new skills. Contractors are encouraged to meet functional	

		providers, subject to operator approval.	requirements, delivering best value possible. Any change in vendor is notified to operator who can challenge in exceptional circumstances.	
Innovation	ITT issued and technical non-compliance leads to disqualification	Alternative solutions requested as part of ITT process and considered where appropriate	Suppliers encouraged to provide alternative technical solutions for discussion prior to ITT release	
	Operator not receptive to innovative ideas and solutions	Operator receptive to supply chain company's innovative ideas, practices, solutions and commercial methods but none adopted in this instance	Operator adopts supply chain company's innovative ideas, solutions and commercial methods.	
	Contractual terms and strategy set out clearly within ITT	Contractual terms and strategy set out clearly within the ITT with alternative proposals included for company consideration	Contractual terms reflect responsibility and do not penalise innovative models. Mutually beneficial contract agreement in place incentivising efficiency and value creation through project lifecycle leading to potential upside for all parties.	
Quality	ITT respondent list compiled via internal approved vendor list	Industry tool (SQS) used to develop ITT list, in addition to companies previously known to buyer. All selected vendors required to complete a supplier audit assessment	Industry audit tool trusted to identify competent suppliers without additional pre-qual information	
	No lessons learned included in SCAP document	Lessons learned section completed in SCAP but general lessons learned used	Lessons learned section completed and focused on upcoming project	

10. Stewardship Expectation 11: Net Zero

In line with Stewardship Expectation 11⁶ please detail any potential areas of improvement in greenhouse gas emissions that you have achieved or attempted to achieve with your supply chain through, for example, logistics sharing.

11. Stewardship Expectation 12 Supply Chain Collaboration and Cooperation

The NSTA expects the principles of collaboration in SE-12⁷ to be adopted throughout the lifecycle of projects. Please

⁶ [Net Zero Stewardship Expectation 11 \(nstaauthority.co.uk\)](https://nstaauthority.co.uk)

⁷ [Supply Chain Collaboration and Cooperation Stewardship Expectation 12 \(nstaauthority.co.uk\)](https://nstaauthority.co.uk)

confirm that steps have been taken to comply with SE-12.

12. Outstanding information and meetings schedule

There may be rare occasions where the SCAP will need to be agreed with the NSTA before all relevant information is available and in these rare instances this section should be used to list outstanding information and dates when the NSTA will receive the updates. This will be agreed with the NSTA before the SCAP is agreed.

In addition, please use this section to nominate potential dates for follow up meetings once the project is under way and also a close out meeting once the project has been completed.



North Sea Transition Authority

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