



Frequently Asked Questions 2014 & useful things to know about working in the NDA Estate

NDA Estate SME Steering Group – Welsh Region

## Foreword

Working within the nuclear decommissioning sector offers a range of challenges to suppliers – not least the need for innovative technical solutions to complex problems, but for new entrants the nuclear world can be mystifying.

Small and Medium-sized Enterprises (SMEs) wishing to enter, or working within the sector can face a wide range of barriers and challenges and understanding how the industry works is key. This has been recognised by the Nuclear Decommissioning Authority (NDA), who, in conjunction with its Site Licence Companies (SLCs) have set up Regional NDA SME Steering Groups which are also supported by members of the Tier 2 community.

The NDA Estate SME Steering Group – Wales has identified that the industry needs de-mystifying and have produced this initial set of Frequently Asked Questions which I hope SMEs will find useful and helpful.



Baroness Verma, Parliamentary Under Sectretary of State for the Department of Energy and Climate Change

Nuclear decommissioning presents a significant opportunity for companies wishing to enter or develop within the industry. It is an evolving and demanding market with some unique characteristics, similar in some regards to other highly regulated markets which set high expectations on those who seek to play a part. Entry into the UK nuclear decommissioning industry will require persistence, determination and investment - all vital requirements to be judged against the potential opportunity. Precise qualifications and experience for entry will depend on the level you are seeking to enter; whether this is at the top tier (Site Licence Companies) or elsewhere within the supply chain. Recognising these entry levels and positioning your company correctly within the supply chain is therefore an important and early consideration.

The following Questions & Answers (Q&A) aim to highlight some of the more common considerations that are likely to be of interest to companies thinking about entering the market, particularly Small and Medium Enterprises (SMEs). The Q&A should also dispel some commonplace myths.

As with many industries there is often a specific 'language' used. Along the way you will encounter many acronyms and terms which are peculiar to the sector. A well established and well used guide is available which offers great assistance.

A well established and well used guide is the Burges Salmon Glossary of Nuclear Terms<sup>1</sup> which offers great assistance.

The FAQs are presented under the following key areas:

- · Market Shape and Entry Levels
- Procurement and Contracts
- NDA Flowdowns & Insurance
- Key Nuclear Considerations
- Minimum Standards What does good look like?
- Site Access Requirements
- Bugbears

If there are additional questions that you feel should be included contact us via Linkedin under NDA Estate Supply Chain Group<sup>2</sup>.

Whilst we have endeavoured to provide helpful information, the FAQs can only really provide general context and support covering sites within the NDA estate; it is your responsibility to establish the actual position that applies for your circumstances.

Finally, I would like to thank the members of the Welsh SME Steering Group for their hard work in preparing this guide, and the Southern Group for their peer review of these FAQs.



Matt Tuck, Chair, NDA SME Steering Group - Wales

<sup>2</sup>NDA Estate Supply Chain Group

## Market Shape & Entry Levels



The UK nuclear decommissioning market is dominated by the Nuclear Decommissioning Authority's (NDA) estate. The NDA own 17 UK nuclear sites, their liabilities and assets in various stages of the generating, defueling and decommissioning life cycle. The goods, works and services your organisation has to offer might vary across the estate.

The estate is organised in a number of levels. The owner is the NDA, who is charged with delivering safe decommissioning of the sites within its estate over a number of years on behalf of the UK government. NDA delivers its decommissioning mission through others; primarily by awarding contracts to privatesector Parent Body Organisations (PBOs) who provide world-leading expertise, and take ownership of Site Licence Companies to improve their performance.

The SLC is the organisation which operates the site(s) and are directly funded by NDA via contract. It is the SLC which procures goods, works and services required at the sites. SLCs can let contracts to any organisation, irrespective of size, provided the suppliers meet their selection criteria.

The SLC is known as the Tier 1 contractor. If they directly engage an organisation to provide goods, works or services, that organisation becomes Tier 2, and so the supply chain develops thereafter at Tier 3, 4, etc. Typically, the size of opportunity decreases the lower down the tier structure. Most SMEs are likely to engage with Tiers up to Tier 2 although some SMEs can directly contract with Tier 1.

Therefore, it is important to recognise that market entry is not simply achieved by approaching the Site License Company. It is vital to familiarise with existing suppliers at lower tiers.

## **Q.** Does the NDA let contracts directly?

A. Contracts for works on the sites are not typically let directly to the supply chain by the NDA. NDA and its subsidiaries (eg International Nuclear Services, Direct Rail Services, Radioactive Waste Management Ltd) let contracts for the goods and services they need for their direct operations eg specialist R&D requirements. The NDA website<sup>3</sup> details these specialist areas and typical procurement arrangements.

### **Q.** What is the Shared Services Alliance?

A. The Shared Services Alliance (SSA) is a gathering of SLCs, NDA, and a small number of linked organisations charged with identifying common procurement requirements across the estate. If economies of scale exist through the combination of different SSA member needs, the SSA may develop a collaborative procurement opportunity and appoint a single organisation to provide services to multiple SSA members under a single contractual arrangement.

### **Q.** Where can I find out more about who is active in the lower tiers?

A. NDA Website publishes information about its major Tier 2 service providers<sup>4</sup>.

SLC / SSA procurement plans also identify designated Tier 2 organisations or framework contract holders. All of the SLCs and the SSA publish their procurement plans on their websites - look for the 'supplier' pages<sup>5</sup>.

Support organisations such as the Nuclear Industry Association (NIA), Civil Engineering Contractors Association (CECA) and Constructing Excellence (Nuclear) (CE) may also provide contacts.

The Nuclear Industry Association<sup>6</sup> (NIA) is the UK's leading organisation for promotion of the industry. Its members are listed on its website. The NIA is a very valuable source of information about the industry and those organisations which are active within it.

<sup>3</sup>NDA website - Suppliers

<sup>4</sup>NDA website - Tier 2 service providers

<sup>&</sup>lt;sup>5</sup>SLC Published Procurement Plan Link & SSA Published Procurement Plan Link <sup>6</sup>NIA website

## **Procurement & Contracts**

There is no substitute for conventional business development to understand the most up to date picture for opportunities in the estate. But when procurement has begun to mature, SLCs are obliged to comply with Public Contracts **Regulations 2006 (or the Utilities** Regulations if relevant) governing, amongst other things, the way in which they procure their goods, works or services. The European Journal<sup>7</sup> is a valuable source of procurement activity for all organisations subject to these regulations.

SLCs publish detail of their procurement plans on their respective websites, typically showing detail of the opportunity, approximate value, timing and durations and those Tier 2 organisations who may already be designated or contract to provide the opportunity. HMGs Contracts Finder<sup>8</sup> is also used to advertise work across the NDA Estate, and this system also provides opportunities across government departments.

Contract formats vary across the estate: some standard formats are used frequently whereas some SLCs prefer bespoke contract formats to suit their particular needs. Increasingly, the estate is seeing the use of the NEC3<sup>9</sup> (New Engineering Contract, 3rd Edition) form of contract as the preferred base form. There is an NEC Users Group which can provide valuable information on the use of NEC.

NDA Flowdowns are conditions set by the NDA which SLCs are obliged to pass down into the supply chain above certain thresholds. Any base contract format will have to accommodate NDA Flowdowns should they apply. See next question for more information.

<sup>7</sup>OJEU website <sup>8</sup>HMGs Contract Finder <sup>9</sup>NEC Users website

# **Q.** Where can I find information about specific opportunities in the sector?

A. The SLC procurement plans can be found on the SLC and SSA Procurement Plans on the 'Supplier' pages:

- Sellafield
- Magnox
- Research Site Restoration Limited (RSRL)
- Low Level Waste Repository (LLWR)
- Dounreay Site Restoration Ltd (DSRL)
- Capenhurst Nuclear Services
  (CNS)
- Springfields
- The Shared Services Alliance

#### Q. What is NEC39?

A.The New Engineering Contract 3rd edition (NEC3) is a UK developed suite of contract formats designed to support relationship based contracting. It has a number of derivatives to suit different types of goods or service provision.

If you are working directly for **Tier 1 SLCs or for suppliers** lower down in the supply chain, you will probably encounter NDA Flowdowns. These are the expectations which the NDA sets out in terms of contractual conditions and insurance requirements (which flow down through the tiers of the supply chain). The NDA has recognised that one size does not necessarily fit all in this respect and is working to introduce proportionality to suit the level of supply.

### **Q.** Why does the NDA have Flowdown Conditions?

A. The NDA requires certain contract terms to flow down through the tiers of the supply chain from the Site Licence Companies (SLCs). Over time these have been revised to ensure the NDA meets its statutory or management obligations. The NDA flowdowns<sup>10</sup> can be found on the NDA website. The Flowdowns are split into two parts: A & B. Part A flowdowns apply to all contracts with an SLC (Contractor) at the Tier 2 level only (all subcontracts), while Part B should flow down through the supply chain via Tier 2 to all subsequent tiers. Part B flowdowns cover such items as:

- · Rights of audit
- Anti-bribery
- Freedom of Information Act
- Environmental Information Regulations
- Data Protection
- Insurance
- Trade Union agreements
- · Payment terms

There is a £150k threshold (contract value) below which the flowdowns need not apply with the exception being the NDA's expectation that all contracts and sub contracts contain a maximum payment term of net monthly or shorter.

There may be some contract provisions that the SLCs still deem necessary for their own commercial reasons, but they are not an NDA flowdown requirement.

## **Q.** Do I have to give up my Intellectual Property?

A. Provisions such as Intellectual Property (IP) are no longer a mandatory NDA flowdown<sup>10</sup> requirement. There is a revised IP policy where SLCs are expected to include IP clauses relevant to the requirement. The revised policy can be found on the NDA website<sup>11</sup>

The NDA needs to obtain technology for use across its estate. In many situations, it is likely to wish to own developed IP but recognises there may be circumstances in which it is appropriate for the developed IP to be owned by contractor/ subcontractors in the supply chain. The NDA and SLCs need to have visibility of any Background IP and have clarity on commercial and other terms for its usage and exploitation, prior to the SLC entering into the contract with the subcontractor.

The SLCs should have a range of terms and conditions to take account of a range of contractual scenarios. These recognise that in certain circumstances it would be beneficial for subcontractors in the supply chain to retain ownership of Developed IP, subject to the NDA being granted rights to use and exploit the IP within the SLC, and, where appropriate, further across the NDA estate. As exploitation of the results of the work often requires access to Background IP, the SLCs' priority is to ensure that the terms for accessing Background IP are understood and agreed at the outset of the work.

The SLC will select the most appropriate contractual terms and conditions for the ownership and licensing of IP and incorporate these into draft contracts issued with Invitation To Tender (ITTs). In many cases, it is anticipated that the terms will enable the supply chain to identify terms that it wishes to apply to the use of its IP, noting that these will form part of its commercial offering.

The SME Steering Group North has created a Better Practice Guide to Innovation<sup>12</sup> which gives some good pointers for innovation in nuclear decommissioning. It can be found on the NDA website<sup>11</sup>.

<sup>10</sup> NDA flowdowns

<sup>11</sup> NDA -Intellectual Property Policy

<sup>12</sup>NDA - Innovation for SMEs

## **Q.** Where is IP likely to remain in the supply chain?

A. In cases where it will result in added value, and/or lead to its further development.

### **Q.** Do I need special insurance to work in Nuclear?

A. The simple answer is "No", although you will need to notify your insurers (via your broker) that you will be working on a nuclear site.

If you are not a Licenced Operator you do not have a strict liability for a nuclear incident under the Nuclear Installations Act and therefore do not need to purchase nuclear liability insurance.

Your broker should be aware that:

- NDA arranges insurance for all of the Nuclear Licenced Sites which form part of NDA's estate to cover the strict liability under the NIA for personal injury and damage to third party property resulting from a nuclear incident.
- NDA also provides Construction All Risks insurance cover for construction projects on sites which form part of the NDA estate. This ensures that all contractors and subcontractors of any level

are covered under one policy if there is damage to the Works.

The usual business insurances will be required if you are working on a nuclear site. These include but are not limited to:

- Employers Liability
- Public Liability / Professional Indemnity
- Property Damage and Business
  Interruption

The limits required under each of these policies will be agreed for your specific contract, depending on the type of goods, works or services being provided.

It is usual for these policies to contain a 'Nuclear Exclusion' which means that damage resulting from a nuclear release is not covered by the insurance policy. However, damage caused by a nuclear release on site will be covered by the NDA policy (as mentioned above). You will still be liable for any non-nuclear damage you cause to NDA's or any other third party property and you should ensure that your Public Liability policy will respond.

## **Key Nuclear Considerations**

Understandably, radiological matters dominate and bring terms and expressions that are unfamiliar to new entrants. This is not unique, all sectors have their specialisms but it is worth explaining here some of the terms that crop up frequently.

#### Q. What is dosimetry?

A. Dosimetry is an assessment of the radiological risk to which individuals working with ionising radiation are exposed and ensures the exposures are as low as reasonably possible (often referred to as 'ALARP').

#### Q. What is health physics?

A. Health physics is the science concerned with the recognition, evaluation, and control of health hazards to permit the safe use and application of ionising radiation. Health physics professionals known as Radiation Protection Advisers (RPA) ensure compliance with relevant regulations and ensure best practice in radiation protection is achieved.

#### **Q.** What are Classified workers?

A. Radiation employers (i.e. employers who in the course of a trade, business or other undertaking carry out work with ionising radiation) are required, under Ionising Radiation Regulations 99, to designate as classified persons those employees who are likely to receive an effective dose in excess of 6mSv per year or an equivalent dose in excess of 3/10ths of any relevant dose limit specified in the regulations. Where this is the case, relevant employees will be made subject to medical surveillance and have their doses appropriately assessed and recorded

#### Q. Site license conditions?

A. To assure the safety of nuclear installations in the UK, the Office of Nuclear Regulation (ONR) works on a system of regulatory control, based on a robust licensing process by which a corporate body is granted a licence to use a site for specified activities. ONR grants nuclear site licences on behalf of HSE. The nuclear site licence is a legal document, issued for the full life of the facility. It contains site-specific information, such as the licensee's address and the location of the site, and defines the number and type of installations permitted. Such installations include nuclear power stations, research reactors, nuclear fuel manufacturing and reprocessing, and the storage of radioactive matter in bulk.

A set of 36 Standard License Conditions<sup>13</sup>, covering design, construction, operation and decommissioning, is also attached to each licence. These conditions require licensees to implement adequate arrangements to ensure compliance. They are likely therefore to influence the way in which SLCs require their goods, works or services to be provided.

The Environment Agency and the Scottish Environmental Protection Agency also have regulatory controls over a nuclear licensed site.

## **Minimum Standards**

In many respects, the nuclear decommissioning sector is like any other highly regulated industry: it needs its suppliers to have high standards for health, safety and environment management, quality management and increasingly security management - particularly management of information. However, some organisations have invested in their systems and people in order to meet some of the more specific challenges of the sector and many hold standard industry accreditations which are usually required by SLCs.

As a minimum, you must be able to demonstrate your ability to provide 'Suitably Qualified & Experienced Personnel' (SQEP), and compliant equipment and materials:

 SQEP – Demonstrate that the people you intend using have the correct qualifications, training and experience to undertake the task you are carrying out no matter how simple. Membership of relevant Institutions or trade organizations can help you demonstrate this. Specialist nuclear training is often provided by the site.  Equipment & Materials – The minimum standards are likely to be defined within the technical specification for your work, including reference to applicable standards and approved codes of practice. Typically, these reflect the highly regulated nature of the site for which compliance must be demonstrated.

#### Q. Will minimum standards vary?

A. Yes, depending on the site and your position within the supply chain. Whilst common minimum standards exist it is possible that these might be varied dependant on the nature of the work.

# **Q.** How do I know if my company is qualified to work in the nuclear sector?

A. It is possible to undertake an indicative self-assessment using Fit-4-Nuclear. Fit-4-nuclear is a scheme designed specifically around the needs of the nuclear industry, allowing companies to identify their current position across a number of key areas; identifying areas that may require development. The scheme is focussed on manufacturing but can also be a useful guide for suppliers in other sectors.

Only if you envisage physically working on site will you have to consider training requirements, security arrangements or possible health protection arrangements for your staff. If you are simply seeking to supply products into the sector, these will not typically apply. Where they do apply, arrangements may vary between different companies and sites.

## **Q.** What are the typical security requirements for site based staff?

A. If you are simply visiting site on a one-off or irregular basis, you will typically be allowed on site under escort. This will have to be arranged in advance with your site contacts. For prolonged or permanent site presence, your site based employees will normally have to be "security cleared" or "vetted" to a level appropriate for the sensitivity of the work you are undertaking or the area of the site in which you are working. For the majority of workers. this will be basic level. To achieve this, individuals need to gain an independent criminal record check and to complete additional forms for the host site. Once this process is complete, provided the individual has been suitably trained, individuals are usually able to access the site unescorted to undertake their works.

### **Q.** If I'm cleared for one site, can I access another?

A. Individual sites will usually require site specific training requirements in addition to validated security clearance. Always check with each site what its requirements are before attempting to access that site. In general, your independent criminal record check should be valid across the estate provided you can still produce a copy of a valid certificate.

## **Q.** How long is my clearance valid for?

A. Basic security clearance is valid for 3 years and must be renewed if site access is required permanently. Some sites also have rules regarding the frequency of your visits to site. You may be cleared for a site, but if you do not access that site for a long period you may be denied access. Always check with your site(s) what their individual rules are for site pass holders.

#### Q. What is a Nuclear Passport?

A.The Nuclear Skills Passport is a scheme set up by the National Skills Academy for Nuclear (NSAN)<sup>14</sup>. It is important to recognise that the passport is not a qualification; it is a framework to capture an individual's competency level. The most common entry level competency within the passport framework is the 'triple bar' comprising three modules covering standard nuclear industry practice or expectations. It is widely recognised across the NDA estate as providing many of the features of a standard nuclear site induction. Each site will require additional training to allow unescorted access and it is important to note that sites will require additional competency levels depending on the areas in which you intend to work.

To register for a nuclear skills passport and undertake triple bar training on line, visit NSAN.

<sup>14</sup> Nuclear Skills Academy for Nuclear

## **Bugbears**

Like many other sectors, the nuclear industry has its idiosyncrasies. In general these reflect the high level of regulation which applies to nuclear sites. In most aspects, a nuclear site presents the same level and nature of risk as any other industry. However, special measures are required to address radiological control (including discharges into the environment and disposal of radioactive waste). This can sometimes lead to the industry being perceived as a particularly difficult space in which to operate, subject to increased levels of bureaucracy.

Protocol relating to safety and security does increase the time required to plan and undertake works on site. It is important to understand these requirements and ensue they are reflected in the development of your teams and particularly in your commercial considerations.

# **Q.** What can potentially affect productivity when working on a nuclear site?

A. Due to the processes applicable at nuclear sites, it is likely that productivity will vary from industry "norms". To understand the full impact for any particular site, it is best approached through open discussion with your customer representative. Areas for particular consideration include:

- · Setting to work
- Development and approval of method statements and risk assessments
- Permit requirements
- Security requirements and the time taken to gain clearance
- Escorting of personnel without access rights
- Site logistics (e.g. parking arrangements and time taken from car park to gate)
- Requirement to attend meetings, safety stand-downs, and training
- Scale of the site
- Site location
- Site working hours and working week
- Welfare arrangements (location / availability)
- · Hazardous area monitoring
- Radiologically Controlled Area (RCA) requirements (access and training)
- Dosimetry
- Availability of required site services (Health Physics, access, etc)

## **Glossary of Terms**

- CE Constructing Excellence (Nuclear)
- CECA Civil Engineering Contractors Association
- HSE Health and Safety Executive
- IP Intellectual Property
- ITT Invitation To Tender
- NDA Nuclear Decommissioning Authority
- NEC New Engineering Contract
- NIA Nuclear Industry Association
- NSAN National Skills Academy for Nuclear
- ONR Office of Nuclear Regulation
- PBO Parent Body Organisation
- **RPA Radiation Protection Advisers**
- SLC Site Licence Company
- SME Small and Medium-sized Enterprise
- SQEP Suitably Qualified & Experienced Personnel
- SSA Shared Services Alliance

## **Website Links**

For more information on website links, see the suppliers page on the NDA website - **www.nda.gov.uk/suppliers**