

SME Steering Group - Scotland

Meeting 1: 25 July 2013, Hilton Edinburgh Airport

Attendees

SMEs

Chair:

Peter Murphy (PM) – Turnbull & Scott

Mike Napper (MN) – NDSL

Bob McKee (BK) – McKillop Engineering & Projects

Shaun McLaughlin (SMc) – McLaughlin Construction

SLCs

Ken Nicol (KN) - DSRL

Tier 2s

David Craig (DC) – Nuvia

Adrian Peckitt (AP) - Nuvia

Support Organisations:

NDA:

Sam Dancy (SD), Pippa Kelly (PK)

Apologies: Joe Kane (JK) - DSRL , Tim O'Brien (TO) – JGC Engineering

Keith Muir (KM) – Highlands & Island Enterprise, Ashley Notman (AN) – Silverdell

1. Welcome & Introductions

The Chair welcomed everyone to the meeting.

2. Chairman's Update from National SME Group Meeting

Peter updated the meeting on the National SME steering group – it was agreed that common commercial issues would be reviewed by the SLCs – notes to the National Meeting are on the website: <http://www.nda.gov.uk/documents/upload/National-SME-Steering-Group-Meeting-Minutes-July-2013.pdf>.

3. NDA Update

- Since the National meeting NDA had decided that they were going to work with the SLCs to tackle payment terms flowing down the supply chain as previous evidence of 120/90 day payment terms was not acceptable. SLCs were going to confirm their current payment terms and NDA would draft the flowdown requirement following that information.
- SME spend stats were to be published shortly – DSRL were the best performing SLC in terms of direct spend with SMEs.

4. Dounreay Decommissioning Discussion

- Ken Nicol gave a presentation on the Dounreay programme – a copy of the presentation is available but all the information is published on the Dounreay website.
- Dounreay is in an unusual situation – it needs to ensure capacity for decommissioning but be prepared for the dramatic reductions in requirements in the next 10-12 years as interim end state is reached.
- Economic diversification is needed for the future and DSRL and NDA had been working with the community and making investment for the future in both training and infrastructure eg investments in the local ports to support renewables and oil & gas industries.
- Plan for decommissioning to be complete in 2024. New calculations have shown a change in manpower required. The current schedule shows a marked decrease from 2018. The mix of people required will change during the lifetime. This will give the supply chain opportunities to recruit staff from Dounreay. Age profile is available on the website showing that not all staff will be taking the opportunity to retire.

SME Steering Group - Scotland

Meeting 1: 25 July 2013, Hilton Edinburgh Airport

- To be able to tender to Dounreay a supplier should have a 1:3 ratio project value of £1m to company turnover of £3m. There is some flexibility within this model.
- Payment terms on site are 30 days – an improvement on the past, also depends on cheque runs etc, which were felt to be acceptable by the group
- PQQ process at Dounreay being streamlined, trying to remove instances of repeat requests for the same data. NDA highlighted they are trying to link all SLC's to a common PQQ platform.
- Dounreay have also provided training courses in CTM to the supply chain and will do more if required. It was commented that some in the group who interfaced with other SLCs had never been offered this training, and it was considered an example of best practice.

Action 1/2: SD to check whether other SLCs are offering this service to the supply chain.

- Dounreay are looking at socio-economic aspects in their contracts, particularly around apprenticeships and training but there was a concern that this would be an added burden and potential barrier to SMEs. SMC highlighted that there were some good examples of training requirements in some public sector construction contracts – it was not necessarily a requirement to have an apprentice/training scheme for a particular job, but to be able to demonstrate that you were training or had apprentices working for you on an ongoing basis.

Action 2/2: SMC to provide examples of public sector construction contract requirements regarding training and apprenticeships to KN and the Group.

- Experience in Dounreay that smaller companies cannot afford to take on apprentice schemes, to counter this problem a local college is employing students then putting them out for training to various companies over 4 years. The funding for this comes from Europe and NDA but is finite and after 2 years there is no guarantee of future funding. It was queried whether suppliers could be asked to fund it although this would be an additional burden to them, there was already some apprentice swapping between companies.
- There was discussion about the statistics on contracts placed & spend slide particularly around how individual consultants were classed and the use of national suppliers vs local suppliers.
- HIENT are looking at alternative industries and helping nuclear companies to diversify. In 2000, a local MP brought a number of agencies together to work on regeneration plans. Main focus at the moment is Wave and Tidal Energy and £100m is being pumped into an area of only 20-25,000 population. First phase included the development of Wick Harbour, off shore wind, technology training (through previously mentioned college). The plan is to get other companies involved as Dounreay winds down.
- Concern that although some locals may be prepared to physically move to find work, many will not, therefore work must be provided locally. However, it is a matter of timing, not to lose workers from Dounreay until ready. There was a discussion on availability of work at Sellafield and the difficulties of getting established as a supplier to Sellafield.
- This discussion was generally accepted as one that was needed but it was questioned whether the SME group was the correct forum?

5. Insurance Issue

- KM had sent out a survey to those at the March 'Meet the Buyer' event to ask the SME's of their experience regarding insurance and premium costs when working in

SME Steering Group - Scotland

Meeting 1: 25 July 2013, Hilton Edinburgh Airport

nuclear. Only 15 responses were received, of those, many of those do not work on site and as such have no insurance problems.

- Experience around the group was that there has been a large increase in insurance costs year on year and one company was able to identify the exact difference between working on site and off as it had a direct comparison.
- General feeling of group was that Insurance companies were lacking in knowledge about the nuclear industry and could do with educating into the recognised safety of the sites. Also feeling that the Insurance industry is duplicating the Nuclear Indemnity cover which is underwritten by the Government, supplier insurance should only be for normal liability such as non-nuclear construction (as an example).
- Group also expressed how difficult it is for SME's to understand the insurance industry and how it works in order to counter requests.
- NDA have a new Insurance Manager who should be able to help demystify the process and consider how to better insure suppliers on site. Idea was floated about NDA self insuring.
- Concern that contracts are requiring £5m Professional Indemnity at all levels of the supply chain. Does this mean duplication of cover? Professional Indemnity should be commensurate with the value of the contract. Many SME's are unable to afford such levels of extra costs. NDA do not impose a value of indemnity – just that it should be reasonable. This subject of proportionality is already with the Commercial Directors for consideration but SD would raise insurance issues with the NDA Insurance Manager and report back at the next meeting.

Action 3/2: SD to raise insurance issues with the NDA Insurance Manager and report back to the next meeting

- Referring back to the survey completed with SME's, one company raised concerns about how/where to contact someone with an innovation. This is the kind of company that could apply to have a spot at the National Supply Chain event in November. Also need to see if there are any genuine barriers to such companies or are they using this forum to get a helping hand?

6. Nuclear Graduates

- Summary – Graduates are recruited by the Nuclear Graduates programme to a criteria supplied by a sponsoring company. The graduates spend 2 years on structured training with periods of secondment to their sponsoring company and two other placements elsewhere in related companies, interspersed with inductions into nuclear, business skills, leadership and management and repatriation and defence technology. There are opportunities for SME's to offer graduates a placement for 7 months if they have suitable role. The placement is free to the SME but the role must appeal to the graduate who will choose where they will work.

7. Discussion around future role/format

- Membership, Silverdell did not attend the meeting and a second Tier 2 representative may be required
- Insurance issue - passed to NDA
- Dounreay further discussions on opportunities needed in the future
- Sellafield would it be suitable to have a sellafield representative on the group or invited to present/discuss issues with getting into the Sellafield market at a future meeting?

SME Steering Group - Scotland

Meeting 1: 25 July 2013, Hilton Edinburgh Airport

- Decom North Sea NDA have had discussions with Decom North Sea and they would be happy to get involved.
- Overseas work worth considering making contact with other countries that are starting to decommission as route for expanding SME work. In particular Japan would be worth considering for a group of Scottish SME's to visit with perhaps an SLC to demonstrate how well the SME's contributed to the decommissioning process. Would need 6 months to prepare for such a visit – perhaps 2014.
- UKTI will be having a session on overseas opportunities at the National Supply Chain Event in November.
- Request from NDA for SMEs in the group to report back at the next meeting on whether they are seeing any changes from current initiatives eg simplification of PQQ and Flowdowns.
- Venue - was the venue suitable? Suggestion that a meeting on Site, perhaps Dounreay would be advantageous if can be arranged as this would give the opportunity to include other meetings. Would need to consider the weather when setting timing of meeting.

Future Meeting Date

Proposed 30th October

The Chair thanked everyone for attending and their contributions

Action points

- 1 SD to check whether other SLCs are offering CTM training to the supply chain.
- 2 SMC to provide examples of public sector construction contract requirements regarding training and apprenticeships to KN and the Group.
- 3 SD to raise insurance issues with the NDA Insurance Manager and report back to the next meeting