SME Steering Group - Wales

Meeting 8: 11.00am 15 April 2015, Wylfa NPP, Anglesey

MINUTES

Attendees

<table>
<tr><td>SMEs:

Chair: Matt Tuck (MT) Matom
Andrew Samuel (AS) MON Maintenance Services
Audrey ‘Ronnie’ Barker (AVB) Matom
Diana Brookshaw (DB) Caulmert
Ian Williams (IW) Advent
Mark Sykes (MS) Beehive Coaching
Chris Gilliard (CG) Northern Industrial Batteries</td><td>Tier 2s:

Peter McNaughton (PMc) Doosan Babcock
William Harvey (WH) Doosan Babcock

Support Organisations:

Mike Barcroft (MB) Welsh Gov</td></tr>
<tr><td>SLCs:

Stuart Law (SL) Magnox Site Director
Doug Price (DP) Magnox
Paul Walsh (PWa) Magnox</td><td>NDA:

Sam Dancy (SD)
Peter Welsh (PW)</td></tr>
<tr><td colspan="2">Apologies:

Ron Gorham (RG) NDA, Lee McLaughlin (LMc) Costain, Sara Lodge (SL) Beehive Coaching, Ian Mowatt (IM) Energy Island Programme, Pippa Kelly (PK) NDA</td></tr>
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1) Introduction & Status Update

The chair welcomed Stuart Law the Site Director of the Magnox Wylfa Site.
A brief introduction of everyone was made for the benefit of new members to the Group. The Chair welcomed Chris Gilliard (CG) of NIBS to the meeting. Pippa Kelly of the NDA will no longer be supporting Steering Group meetings as her role had now changed – the Chair thanked her for her support.

2) Wylfa Site Director Presentation

Stuart Law (SL) began by welcoming the group to his site and reminded everyone to observe the regulatory site security. His opening presentation showed the group a Magnox fuel can and posed a number of questions to the group with regards to procurement and suitability of the supply chain, including SMEs

Paul Walsh (PWa) asked SL to give an overview of what will happen regarding the planned closure of the site.

SL confirmed that there are some lifetime extension contracts in place and these will be concluded as per their agreements. The site will be operational until 31/12/15 followed by a 100 day outage to assist the removal of any hazards prior to defueling. The transitional period will begin in May 2016 with defueling and deploying 560 staff, followed by a 3 yr defuelling programme to become fuel free by June 2018.

3) NDA Update

Sam Dancy (SD) discussed the announcement that there would be change to the management arrangements at Sellafield with Sellafield becoming a NDA Subsidiary over the next 12-18 months. The NDA made the recommendation following a detailed review which concluded that the complex, technical uncertainties at the Sellafield site were less suited to the Parent Body Organisation (PBO) model that is working well elsewhere in the NDA's estate. Under the new arrangements, Sellafield Ltd will acquire a 'strategic partner' from the private sector to assist in its delivery rather than operate under the temporary ownership of a PBO. (Information on this and the briefing is available on the NDA website)

MT asked about the DPP tendering process and whether there will be any change in timeframe. SD replied that the DPP tender had been approved and so believed it was on track for placement.

SD highlighted that the NDA is revising its overarching Strategy, which is reviewed every 5 years. This includes a re-fresh of all the strategic themes of which Supply Chain Development is one. The Supply Chain Development strategy will continue with the strategic themes of communication, optimising processes, supply chain relationships and synergies with other nuclear clients and other markets. It will build on the work previously carried out on standardisation and look to address areas such as of capability and capacity more explicitly.

An example of standardisation of processes is where the SLCs are all now using the same platform for contract and tender management (CTM), which also has a drop down menu to see all available opportunities across the SLCs. The revised public contract regulations come into force which includes the use of Contact Finder which NDA has been supporting previously.

The new regulations also being in 30 day payment terms. NDA have supported SME's in developing the nett monthly payment terms which are currently in place and will be revising the flow downs to reflect the 30 day payment term requirements. The strategy will be available for consultation later in the year with an opportunity for SME's and all suppliers to comment.

SD advised the group that the NDA Business plan for 2015 – 2018 is now available on the website, http://www.nda.gov.uk/, with key activities for each of the sites, with Sellafield representing 58% of the overall funding (Magnox represents 18%).

SD also advised the group that SME Mentor scheme has had a successful pilot year. The team at Beehive are running the 15/16 programme and there are 2 mentors within the steering group. The NDA now have 30 mentors and 30+ Mentees.

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SD gave the group a brief overview of the SME Group to date, advising that it had been set up for 2 years. With a mix of attendees both SME and Tier 2, with NDA and SLCs across 5 regions within the UK, the groups are aimed at giving SME's a voice within the supply chain influencing on what the NDA can do to help, e.g. in matter of addressing payment terms. The NDA offer support to SME's with various activities from the SME Action Plan and the Northern and Welsh steering groups have produced booklets available on the NDA website which provide useful information about working within the NDA Estate, advice on Innovation and Collaboration.

SD advised that the direct spend within the SME sector at Q3 2014/15 equalled just over 20% for direct and indirect SME spend and NDA expected to meet the overall 20% target set for 2014/15. Government targets for 2015/16 were expected and it was anticipated that the SME agenda would continue to have importance with the next government.

SD advised the group that she had recently attend the WM conference in Phoenix and that the US identifying an SME as a business with up to 500 staff and with that the US direct spend on their nuclear programme is somewhere equal to the UK although the comparison is made via non published targets.

MT commented on that and stated that the US spend was approx at 10% compared to the UK being at 11/12%.

SD commented that the direct SME stats varied across the SLCs with it being higher in DSRL, and with Magnox at approx 15%.

PMc asked about the reported spend which equalled 25% (within Magnox) between tier 2 and SLC. SD responded that this was again being collated for Q4 as it was included as the indirect spend. Currently 38 Tier 2s were providing data which covered around 70% of spend. The Tier 2s were thanked for their support in providing the data.

4) Welsh Government Update

Mike Barcroft (MB) of the Welsh Government advised the group that following the last Steering Group meeting there had been a newly appointed Minister for Energy to the Region and a statement would be issued as a consequence of the responsibilities with this new role.

The minister is to develop a new division dedicated to Transport and Energy links throughout the Region, with the division being reshaped to reflect the new responsibilities. There will be a Nuclear dedicated group with a focus on new build and decommissioning, with a second strand looking at energy issues including new policies, legislation and consultation, the retention and engagement of the Nuclear business structure with a broader reach.

MB advised the group that the Nuclear Capability Study – Miller Report is available to view on the WG website:

http://gov.wales/topics/businessandeconomy/sector/energy-and-environment-sector/150407-wales-study/?lang=en. The report was commissioned by the Welsh Government to look at the capability of the supply chain within the region.

MT asked if there was a forum to be able to give feedback to the report, MB confirmed that feedback was welcomed but as yet this had not been resourced.

MB added that the Government would be looking at higher and Lower technologies and are interested in seeing how Horizon address what local resource is required. Technologies will be brought in from Japan. The longer term plan would be to prepare the ground locally to upskill the workforce in readiness for future national like opportunities.

MT commented that the Welsh Government still need to get up to speed and have responsibility to understand the opportunities that exist which are mostly for construction associated with infrastructure and not for smart technologies associated with the nuclear island.

MB advised the group that before the Summer recess there will be an outlined delivery plan or timetable in relation to the Nuclear programme application to include the Skills, Manpower, Business Plan and Funding elements required. By the next Steering Group meeting later in the year the intention is to have more 'flesh' to discuss and plan and will take in account the Snowdonia Enterprise Board and the work undertaken at Trawsfynydd which at the time did not involve the Welsh Government. PW/NDA commented that the NDA are particularly interested in the outcome to this plan.

5) Energy Island Update

The Chair noted that there was no representation from Energy Island at today's meeting and that Ian Mowatt would no longer be available, MT will make contact with the new contact.

6) CFP Update and Discussion

The chair introduced Doug Price (DP) and Paul Walsh (PWa) of Magnox who would give the steering group an update of what is happening at Magnox and in particular at Trawsfynydd.

PWa advised the group that the work at Trawsfynydd has a defined end point - end 2016, with significant work to complete.

MT asked if there is an opportunity for innovation outside of the supporting ILW framework. PWa stated that yes, any innovative solution is welcome for discussion. DP assured the group that Magnox have a commitment to the SME and tier 2 communities and are receptive to innovations and opportunities.

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PMc asked what areas of innovation are Magnox open to regarding suggestions. PWa replied by stating that they are interested in cost savings and challenges against their funding profile.

DP formally introduced himself to the group, advising that he was seconded to Magnox from Cavendish, joining them in Oct 2013 after 16 yrs in the pharmaceutical Industry and prior to that 15 yrs in Aerospace.

Magnox are to deliver the site closure programme, working towards a target price contract with the supply chain including SME's to be involved

DP also stated that Magnox need to make sure the structure is as effective as possible to drive the business programme the reality being that its aim is to put itself out of business and to close the plant down cleanly and safely on behalf of the UK Government.

The ambition of the Magnox structure is to streamline the commercial and supply chain management function and interface with the supply chain to turn it into tangible activities with a commitment to a more effective approach to pricing, capability, effectiveness and collaboration via a single process.

MT commented that there has been some standardisation of procurement regarding mini bids but by experience stated that there is a lack of consistency in the interpretation and approach regarding across the Magnox estate.

DP replied to advise that there are leads within the procurement team who are working to map out internal and external processes 'swim laneing' processes, validation's, sanctioning & differing traditions

DP stated that he is keen to develop his SME contacts and invited the group to contact him via his email address, doug.price@magnox.sites.com.

PMc asked when are supply chain going to know what is happening regarding opportunities as this information is not openly available to potential suppliers.

DP replied by advising that some work is yet to be done, but a full range of opportunities with new & lower values will be available on their website and within CTM.

MT stated that the frustrations regarding the content of the possible work packages is not just within the Supply Chain, but also causes uncertainty within Magnox.

DP advised the group that part of his role is to make sure that these messages get taken back to the procurement team to develop a better understanding.

PW advised that the contract model requires a period of consolidation after the new PBO contract has been placed and this is planned for September 2015, if consolidation it is not agreed it could drive out the Magnox programme.

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7) Meeting Close

MT reminded the group that there was a National meeting in a couple of weeks' time. There were no specific issues that the group wish to be raised, but again highlighted the need for visibility of the Magnox procurement plan going forward.

8) AOB

SD discussed an issue which was raised by the Northern Group concerning sub contract terms and conditions for changes to staff , when under the conditions of their contract the supplier had been told that they would be charged a significant sum if they could not replace named staff with a suitable alternative. SD asked if anyone had experienced anything similar. MT commented that he believed this to be a localised site rule as the contract is to maintain the supply of resource, unless in the case of a consultant.

MT commented that currently the situation with the supply chain was not at its healthiest and change was needed.

9) Next Meeting Date/Location

To be confirmed:	Late June 2015 Welsh Government Building, Llandudno Junction