

SME Steering Group - North

Meeting 13 – 22 October 2015, NDA Offices, Hinton House, Warrington

MINUTES

Attendees

SMEs: Chair: Mark Beirne (MB) CWG Taylor-Jayne Fox (TF) NIS John Morris (JM) NSG Ltd Stuart Feather (SF) Firma Engineering Alan Longfield (AL) Firma Engineering Paul Read (PR) James Fisher Nuclear Dr Paul Heath (PH) Georoc Jon Myers (JM) Abbot Risk Consulting (delayed)	Tier 2s : John Welch (JW) Cavendish Nuclear
SLCs: Chris Stanger (CS) LLWR	NDA: Pippa Kelly (PK), Ron Gorham (RG)
Apologies: Sam Dancy (SD) NDA, Derek Waugh (DW) Jacobs, Charlotte McLaren (CMc) Atos, Gill Jakeman (GJ) Atos, Aileen Gray (AG) WITT UK Group, Mark Taylor (MT) ITS Ltd, Dave Boxall (DB) K Home Intl, Aidan McManus (AMc) Tenet, Lee Chapman (LC) Firma Engineering, Jonathan Evans (JE) LLWR	

1) Welcome and Introductions

Introductions were made for the benefit of Alan Longfield and Stuart Feather representing Lee Chapman from Firma Engineering and John Welch from Cavendish Nuclear.

2) NDA Update – RG

A key issue affecting not only the NDA but the SLCs and Supply Chain will be the Comprehensive Spending Review (CSR) that should be announced by the Government on 25th November. Reductions of between 25-40% have been forecast and as DECC are not a protected department (such as NHS), NDA have been planning various scenarios to enact depending on the final value. As the NDA income has been decreasing over the past few years (from power generated by Wylfa) the request has in effect been for an increase. This has caused a great deal of uncertainty around the Estate and inevitably some changes to programmes will result. Focus will most likely be on the high hazard projects.

Magnox is continuing to make changes to their Procurement Department following the change of PBO. A new Strategic procurement process is being enacted with a focus on Category Management across all sites, for example when purchasing Cranes this will be done by a single person for all sites to reduce costs and increase efficiencies of scale. This will not be limited to goods but will also cover services such as Health Physics. Each of the sites are being reviewed and projects evaluated and the process should be completed by the end of the year. Increasingly Magnox will be moving away from frameworks and more towards contracts with committed volumes.

The SME Agenda continues to be a key focus of this Government's plans. The Government have announced an aspiration of 33% but NDA are still discussing with HMG and other Departments what the individual rates will be.

Finally the NDA are recruiting 2 new members of staff as Supply Chain Managers, once recruitment has completed they will be introduced to the groups.

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Comments were made by the group that reductions in funding will inevitably fall hardest on the SME community whilst Tier 2 companies keep more work in house. RG responded that this will only be true where the Tier 2 has the capability.

Questions were raised whether more work should be outsourced and the number of SLC (in particular Sellafield) staff reduced. Whilst this would be a good plan if starting from new, it is very difficult to reduce staffing levels at this stage without it costing far more (from an HR and Socio Economic point of view). However this is the process Magnox is currently engaged in with approx. 1000 staff reductions. Magnox and the NDA are working with the EDF to look at other opportunities.

RG challenged the Tier 2 companies who attend these meetings to represent their community. NDA will be encouraging the Tier 2s to start using Contracts Finder (the Government procurement site) to advertise opportunities in a transparent and open manner. Concern was raised by Firma that opportunities are not easily visible within some Tier 2 companies and it is hard to find the right person to contact.

3) Current position of members, outlook for next 6-12 months, and reflection on position of SMEs in nuclear decommissioning.

Many companies are laying off staff (Graham Engineering) as a result of the slow down in work, however FIRMA are pleased to announce they have succeeded in getting work through a Tier 3 for the (SSCC) project at Sellafield on the First Generation Magnox Storage Ponds (FGMSP) but are very aware that their level of involvement could easily change. MOD are in a similar position to NDA Estate, however they remain a protected Department. The Oil and Gas industry has also suffered recently with a considerable drop in revenue due to the low gas/oil prices. Many companies are trying to diversify into Nuclear. Concern of the members that the long term view of losing the expertise in the Nuclear Industry needs to be considered. RG responded that the NIA are discussing with HMG (Prime Minister) the consequences of losing the skills and capability just as the new nuclear build is starting to progress.

4) Cavendish Nuclear – John Welch

John has joined Cavendish 2 weeks ago from the Utility industry as Head of UK Projects - Procurement. His focus will be to change the Procurement Department from a requisitioning dept to one that adds value without increasing budget by better use of the available funds. He will be working with Samantha Ulyatt, Head Of Procurement & Supply Chain. JW is aware of the current way of working within SL that tends towards stop/start and 'old' style of working and is hoping to work with them to produce a better way of planning requirements.

5) NDA Supply Chain Event 2015

The NDA Supply Chain Event will be held on 4th November at EventCity and once again the Supply Chain Awards will be presented on the day. The Group fed back to RG that the Event continues to be a very useful day.

MOD will be present and will have more of their Industrial Partners involved on the day (with the exception of BAe). The Innovation Zone has grown and has 39 stands partly sponsored by Innovate UK.

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6) SME Steering Group – structure & Chair succession

Terms of reference are the same for all 5 groups and are published on the NDA website. This allows for a change in chair within 3 years, with the chair remaining on the committee for a further year. MB expressed his concern at continuing to be Chair whilst no longer working for a company in the Nuclear Industry and would like to stand down. Mark Taylor (ITS) has volunteered however RG expressed concern over losing too much experience in a short time (2 new Chair persons in Scotland and Cumbria) and asked MB to stay in post for another few months.

Action: consider changing Chair at the next meeting

7) Geroc – Dr Paul Heath

The company is a Micro SME who have developed technology to handle unusual and hazardous waste. It was formed in Australia by staff from the Australian equivalent of the National Nuclear Laboratory.

8) Results of SME Survey

The results of a survey circulated to SME's registered to attend the NDA Supply Chain Event were circulated prior to the meeting and were generally found to concur with the feelings of most of the members in the room. One question based on insurance and liquidated damages raised the issue also of the size and technicality of the contracts issued and whether there was an alternative. Firma explained that when they raised the issue with Axiom an alternative 'shortform' contract was offered that was simplified and far more acceptable to a small SME. Following discussion it was proposed that the SSAG should consider contracts and alternatives for SME's and Chris Stanger offered to take this back into the Collaborative Procurement group for consideration as it fits with the continuing task of reviewing PQQ's and ITTs.

Action: all to supply CS and PK with any examples they have of short form contracts, NEC3 or alternative relevant and proportional proposals for consideration by the SSAG

Action: PK to write to all the respondents and thank them for their contribution and to contact some individual companies to ask for more information and permission to discuss with the SLCs

The question regarding IP indicated no major issues but the 5 respondents who had concerns are to be contacted individually (PK). It was discussed that IP should be considered in each case on its merits, however the NDA's position is clear that IP should rest with the SME unless special circumstances and discussion with the SLC and Tier 2 company clarify why it should differ.

30 day payment terms are generally being observed and NDA and SLC's are now publishing payment records and praising good performance.

The DSA have introduced a 360° feedback with Suppliers, a copy of which is attached to the Minutes. The group were very interested in this and wonder if it could be promoted across the estate?

9) AOB

Referring back to Magnox and SLCs – Firma reported that they have had issues with talking to the end users of the contract – the comment being made 'I'm not sure I should be talking to



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you'. This makes resolving issues very difficult when it all has to be discussed through the 'middle men'.

Innovate UK have good guidance available on their website on how to bidding for contracts

Next meeting proposed for ITS in Middlesbrough – PK to send doodle for dates in Jan/Feb.