

NDA ESTATE SME STEERING GROUP – SOUTH

Meeting 10: 12 January 2016 – Oxford Technologies, 7 Nuffield way, Abingdon

MINUTES

Attendees

SMEs: Chair: Neil Foreman (NF) – Centronic Steve Spencer (SS) – Priory Construction Dave Barker (DB) - Aquila Nuclear Engineering Mark Sharpe (MS) – Oxford Technologies Steve Jenkins (SJ) – Force One Ltd	Tier 2s: John Bloodworth (JB) – KDC Shaun Lees (SL) – Interserve
NDA: Pippa Kelly (PK) Ron Gorham (RG) Juliet Frost (JF)	Other/Support Organisations: Chris Squires (CS) – EDF Ray Chegwin (RC) – Knowledge Transfer Network
SLCs: Andrew New – (AN) Magnox	
Apologies, Jeremy Sneddon – Provelio, Dave Dougan – BD Nuclear, John Mason – Antech, Mark Liddiard – HR Wallingford, Wes Harford – AM Sensors, Helen Perthen – Magnox, Stephen Bennett – AWE, Mike O’Neill – Interserve, Michael McCormack – Portsmouth Aviation	

1 Welcome and Introductions

Thank you to Mark Sharpe for renewing the offer to host the meeting. Juliet Frost was introduced to the group as a new member of the Supply Chain team from NDA.

2 Update from NDA

RG confirmed that within Government the SME Agenda continues to be a high priority. Previously simpler changes were required to improve the situation but future actions need to be transformational to achieve the targets set. Government have set the SME spend target for the end of Parliament to be 33%. As the data is sent retrospectively this will need to be achieved by March 2019. NDA have been recognised as having already made significant headway and the difficulty of achieving this target based on the scale of some of the projects has meant an overall target of 31%. Annual targets are:

2015-16	21.5% - 23%
2016-17	23.5% - 25%
2017-18	25.5% - 29%
2018-19	29% - 31%

Despite this target, the NDA and Government are keen to ensure that this does not distort the market unfairly. Some major changes will be required to how procurement is conducted to achieve these goals, rather than changing how data is collected/read. Currently NDA requests SME data from 45 Tier 2 companies. NDA will be ensuring that there is no duplication of data by removing any group (ie regulators, Policing) who already report into Government.

NDA had a better than expected outcome from the Comprehensive Spending review (CSR), however there is still a £1bn saving required by 2020 from the Estate. It is expected this will be achieved through internal cost savings (reorganisation of internal administration within SLCs), changes to how work is procured through improving how contracts are managed/tendered (category management) and more collaborative purchasing. The impact should not be felt by suppliers being asked to ‘squeeze costs’.

Changes to the SL Model from a PBO to wholly owned subsidiary has taken much of the focus within NDA and is still on track to be handed over to the NDA for 1st April.

The challenge to revise the SME Action Plan is paramount to achieving targets. The future plan will cover the whole NDA Estate with each SLC having local variations to the agreed core subjects.

Action : RG asked all group members to contact him with their 'uncensored' suggestions for inclusion by end of Jan – all

3 EDF Update – Chris Squires

Although EDF do not have SME targets as experienced by Government Departments, they do have their own internal pressures to maximise the use of SMEs (incl Socio Economic expectations). They do not expect SMEs to be working directly at the Tier 1 level, however they are encouraging these companies to utilise the SMEs within their supply chain. A number of the contracts at Tier 1 level have been completed.

Next week (w/c 18.01) a Chinese delegation will be meeting with UKTI and EDF will be hosting the first day of presentations. This presents a further opportunity for involvement of suppliers with increased activities between EDF and their Chinese Partners. However there is still no start date for work to commence.

As part of the NIA, CS reported that as part of the impact of the CSR, MAS and NAMRC have had budgets reduced or stopped from April 2016. NIA are looking at how to support the programmes such as Fit 4 Nuclear, Sharing in Growth and how to maintain some of their valuable contributions to the industry.

RG added that following the meeting in December NIA, Rolls Royce, MOD, EDF and NDA are looking at common solutions to issues within the industry as a whole rather than having multiple programmes.

4 Magnox Update – Andrew New

Further to the update given at the last meeting, progress has been made evaluating each of the 12 Magnox sites and the final three should be completed by the end of March. Once completed this will be presented to the NDA and common issues across sites will be assessed and the requirements of the Supply Chain to support the programme reviewed. The plan is still to move from the current 'framework' model that often does not produce many actual work packages to a more dynamic procurement process for distinct packages of work. Consideration will be made best purchasing strategy eg UK wide bulk supply (with transport costs) vs local site supply (dis-economies of scale but no transport costs)

The old Commercial Department is continuing to be restructured, with personnel only being given information on changes to roles in Jan, please take this into account when dealing with Magnox over the next couple of months as many changes will be being made affecting the staff. Training for all relevant staff will be conducted over the next year to enable the different focus and structure of the departments to be effective. From 1st April Category Management will be implemented with dedicated category teams. Revision of the documentation required as part of the procurement process should minimise the number of papers required to be completed both internally and externally (approx. 70 forms reduced to 10) and payment systems are also being improved.

It is recognised that the progress of this has been slower than originally forecast and the patience of the Supply Chain is appreciated whilst all this continues.

The majority of Magnox work is conducted by the external Supply Chain and the figures for the last quarter show a decrease from £450m to £370m.

The procurement for the new Encapsulation plant will commence soon with a single Tier 2 provider. AN intends to be involved/oversee in the tenders for the Tier 3's supporting this project in order to ensure the quality of supply chain is maintained.

Magnox will be reviewing their use of Achilles for the PQQ process and with the SSA will be looking at an Estate wide solution that would allow all SLCs to review common suppliers across the Estate.

5 Magnox Supply Chain communications

AN asked a question of the group by email "Which of your customers communicate best with you?" and how can Magnox and NDA improve. This provoked discussion amongst the group that is summarised as :

- MOD produce a useful newsletter giving upcoming opportunities, bidders, awards etc, industry days
- Category Manager details to be published on website with contact details
- 2 contact routes – one for speculative contacts, one for current suppliers?
- Regular contact with procurement managers
- More industry/supplier/regional days – encourage Tier 2's to hold them once award is made/specific to a procurement
- Ensure that contract awards published and contact details for prospective tier 3's available (and amenable!)
- Visibility of tenderers pre-submission as this is the most successful time for SME's to engage with Tier 2.
- AN suggested Magnox published a list of 'challenges' online for companies to consider – must be possible to 'drill down' and have access to the right person to speak to, must be able to filter.

6 SME Action Plan

Action as above from all.

Additional considerations:

Encouraging new businesses into the industry. FAQ's was a starting document and could form the basis of a more complete 'how to' document for the industry. Combine the information that is already available into one place.

Innovation – how to promote and ensure that the innovations reach/match the requirements of the sites. NDA R&D are considering a group to look into the issues surrounding. NF suggested linking/publicising Category Mgrs problems via Innovate UK and match-funding feasibility studies rather than come to a solution and ask for companies to bid for this only.

DB raised the concern that when new ideas/innovations were presented, safety case often prevented their adoption. RG suggested using NDA Insight magazine to promote new/innovative ideas and to contact research@nda.gov.uk (to the NDA R & D team) for circulation within the Estate relevant depts.

Pipeline for conversations as and when there is something to communicate

PQQ's & process improvements – simplifying and making more 'proportional' – being considered by SSA but could be supported by the Steering Groups (SMEs and Tier 2s)

T & C's standardisation (NEC3) – also SSA

New starter's guide

R & D support for Innovation

Once the initial ideas from all the regional SME steering groups are collated the plan will be brought back to the group for review prior to finalisation

7 Sharing Best Practice - SL Interserve

Sellafield recently attended a CE Marking forum organised by Interserve with an industry expert. 40 companies attended and went through the legal requirements and highlighted misconceptions in both SL and the attending companies. Very well received.

Action : SLees to send more detail to JF for circulation.

8 Escalating Issues in the Supply Chain

RG reiterated the route by which any concerns or issues on Supply Chain contracts should be handled within the NDA Estate.

- Firstly communicate with the Contract manager or Commercial Director for the company directly involved (ie Tier 2 or SLC) and if required, escalate to the SLC.
- Secondly contact either the NDA or the chair of the regional Steering Group (if required this can be kept anonymous)
- Mystery Shopper if the above have not been able to resolve – this will inevitably come back to the NDA but with Cabinet Office oversight
- Legal system – a last resort

The NDA and SLC are entitled under the contract flow downs to be involved where they feel that the sub-contractor has not been treated according to the requirements of the flow downs.

Whilst these routes are known to a number of companies in the industry, it is recognised that there may be benefits to making this more explicit.

Action : Internal discussion to be held within the NDA/SLCs – RG

9 IP & Flowdown terms

Continuing concerns within the Supply chain that the Intellectual Property rights (IP) is being held by NDA/SLCs contrary to the implication of the Flowdowns. Whilst the NDA and SLC are legally entitled to hold IP for work completed under contract, it is the background IP that is particularly concerning. RG would like to encourage discussion within NDA/SLCs on what IP is really needed and whether there is a default position that it is not required except in particular circumstances.

Currently there is an opportunity for companies to raise concerns at the ITT stage when reviewing the T & C's however SMEs (particularly micro SMEs and innovators) are very reluctant to ask questions for fear of losing 'points'. Some companies have opted not to bid for fear of losing the IP.

Action : NDA to consider how to align IP on T&C's with that of the SLCs – JF

10 AOB

SL asked if there is a list of SMEs in the industry with details of their specialisms for access? Currently the only option is to promote the use of Contracts Finder which is not ideal but is the portal of choice.

Action : NDA to ask for an update of CF from Dr Cass Chideock (C.O) and possible presentation to the National SG or Tier 2 meeting in March.

RC announced the KTN holding Stakeholder Engagement day in February on either 9th or 17th.

RG asked if SME's were aware of the upcoming Sellafield opportunity day. No-one was aware.

Action : PK to circulate to all regional groups (except Cumbria who already know).

SJ from Force One introduced his company. This was received well by Magnox and it was thought greater use of their technology may benefit the estate. Previously SJ had promoted Force One through a Tier 2. SJ was invited to do a bio piece for Insight to promote their technology more widely.

RC mentioned that the NIA working group will be meeting in Oxford in Oct.

Action : RG asked the group if it would like to hold a regional event sponsored by the NDA (as done in Scotland, Cumbria and the North)? Could be combined with New build? Responses via Neil by March.

Date of Next Meeting: Offers for venue please – PK to send out a Doodle request