

SME Steering Group – South

Meeting 12: 13 September 2016 – Magnox Harwell

MINUTES

Attendees

SMEs: Chair: Dave Barker (DB) - Aquila Nuclear Engineering Steve Spencer (SS) – Priory Construction Mark Sharpe (MS) – Oxford Technologies John Vieth (JV) – AM Sensors	Tier 2s:
NDA: Pippa Kelly (PK) – by telephone Ron Gorham (RG) Sam Dancy (SD)	Other/Support Organisations: SLCs: Andrew New – (AN) Magnox
Apologies, Jeremy Sneddon – Provelio, Dave Dougan – BD Nuclear, John Mason – Antech, David Floyd – AWE, Neil Foreman – Centronic, John Bloodworth – KDC, Mick McCormack – Portsmouth Aviation, Chris Squires – EDF, Ray Chegwin – KTN, Steve Jenkins – Force One Ltd, Wes Harford (WH) – AM Sensors	

1 Welcome and Introductions

Apologies received from a large number of members, some due to family reasons meant that the group did not have any representative from other support organisations or any Tier 2 companies.

2 NDA Update – RG

Following the obvious lack of members, RG questioned whether there was a lack of engagement from the SMEs or whether this was a ‘one off’ event. The value for the SLCs and NDA is to have feedback from the SME community. This is to be discussed at a later point in the meeting.

Recent headlines regarding the NDA have been rather negative with the announcement of the litigation result following the dispute with Energy Solutions over the competition which NDA have announced they will be asking leave to appeal. This will not affect the current Parent Body operation at Magnox but could have lasting consequences for the Government and its departments on large scale procurement competitions.

John Clarke has announced his retirement within the next year for personal reasons and we are also due for a new Chairman as Stephen Henwood has now served his maximum 2 terms.

The NDA is settling into its relationships with the new Government Departments that were announced following the change of Prime Minister and are now part of the Department for Business, Energy & Industrial Strategy, having previously been responsible for 70% of DECC’s budget. To date there is no change in the SME targets and a new SME Minister has been appointed. The NDA now report to Cabinet Office on SME spend directly rather than as part of a department, such as DECC previously.

Juliet Frost left the NDA in May 2016 for personal reasons and we are currently recruiting 2 new Supply Chain Managers.

NDA Supply Chain have formulated a new SME Action Plan with the support of the SME Steering Groups and this will be adopted by all the SLCs and SSA in future. The plan is currently awaiting final feedback and approval from the Cabinet Office and it is hoped to publish in time for the NDA Supply Chain Event in November.

Peter Lutwyche has also resigned and will be returning to private industry.

Martin Chown has been in place as the new Supply Chain Manager for Sellafield for over 6 months and recognises the ongoing issues with the supply chain. He is currently working through his strategy and should result in a different approach to previous years.

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Sellafield are continuing to work on the Strategic partnerships announced with the change of ownership to the NDA. The plan will be for any such company to come in for a limited (5 year) period after which they should be handing back their involvement to Sellafield. The intention is for this not to be an open ended relationship. There is a new Senior Leadership team in place with NDA having seats on the Board but not actively running the company.

RG proposed asking the group members what value they have from these meetings, as this group in particular has struggled to find a position for itself.

DB proposed that a suite of questions are distributed to the members to gauge the value to them and request suggestions for improving engagement and making effective changes.

Action: Prepare a draft list of questions and send to the NDA for review - DB

Concerns raised by the members that work bid for in the past has not materialised, RG explained that often priorities change and the SLCs would need the flexibility to change direction.

Whilst DB accepted that priorities change it is at least courteous and certainly professional to inform the supply chain as to the reasons why the project did not proceed. DB provided specific examples to JF in May 2016 and still waiting for feedback.

Action : NDA to investigate why specific projects did not proceed and it would be useful to know if the projects are dead, on hold and the timescale if they are due to come to the market again - SD

AN recognised that Magnox needs to refine its strategy before procurements are advertised and all changes should be communicated promptly to the market place.

RG emphasised that all SLCs are working towards greater visibilities of opportunities, however we should also recognise that the NDA Estate, although not perfect, is in a better position than many other Gov Depts.

The Group could purely be a feedback to the NDA/SLCs of how SMEs feel, but NDA intention was for more than this as that could be achieved without the need for all the members, SLCs and NDA to come together for a meeting. The purpose is better served if there is active involvement by the SMEs and Tier 2s to progress issues themselves rather than just reporting the situation. There are other opportunities local to the Southern group such as AWE, New Build etc that could be brought in to create a combined opportunity for a local event. However this must be driven by the group, although NDA will offer resources if required.

DB stated that there are already vehicles for supplier engagement at AWE and generally to the nuclear industry via the NIA and the Nuclear Institute, however there is a gap with visibility at Magnox and this has been previously stated.

Action: DB to send a proposal for staging a supplier exhibition at Magnox Berkeley together with opportunities for meet the buyer/technical lead - DB

AN emphasised the role of the SMEs is to give feedback on Magnox communications, website and how Tier2s are performing with their supply chain.

3 NDA Update – SD

A set of slides were presented (circulated to the group separately) that were prepared initially by Juliet Frost.

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There was detailed discussion on what these graphs demonstrated and what assumptions could safely be drawn. There is a need for further questions and analysis to be completed before substantial conclusions reached.

In particular it was pointed out that the graphs demonstrate the need for the SME Agenda to support new companies and grow others to create a healthy 'lifecycle' in the supply chain. This growth does not have to be exclusive to the Nuclear Decommissioning Industry as many companies do not rely solely on this for their work.

Concerns were raised over the Sellafield frameworks and how much work had actually been generated. SD was aware of the concerns also raised by other groups and is currently discussing how to better measure their effectiveness by looking at the work advertised, released, actual spend and future projected spend. Some lack of work has been due to the changes in priorities and will always be subject to differing priorities or new approaches to solutions.

Action: Update on work that has been put out to tender to the DDP and also the work packages that have been placed on the framework holders: - SD

4 Magnox Update – AN

Magnox Lifetime Plan has now been completed and the scope developed with an optimum programme. The consolidation process should be completed in the near future.

The detailed programme will have funding requirements allocated year by year and there will no doubt be some 'pinch' points where funding may have to be deferred or a site programme held back should there be changes elsewhere.

Forecast was for £330m spend this year however due to efficiencies and changes in requirements, it is likely that this will be £300m. Once the Waste Encapsulation and Boxes have been completed, spend with the supply chain will reduce to around £180m p.a.

In a change to previous working practices, decisions are being made across the programmes to commence long term projects with a prioritisation of available funding to ensure they are completed and not stopped. This is despite not having a final defined budget, but this is being actively managed. It is anticipated that once consolidation is complete, a clearer picture of the phasing and total spend will be available and reduce the current uncertainty.

AN is intending to present matured Procurement Plans at the NDA Supply Chain Event in November, although the initial plans have been published in June.

In other news Helen Perthen has left Magnox to continue her career with another company, Helen will be missed and we all wish her the best for the future.

Magnox are working with the new SSA on a number of items including a new IT provider.

The new procurement and communication plans will be published on the Magnox website and it is intended that the updates should eventually be dynamic, being linked to the internal plans.

Magnox have surveyed suppliers to ask about the content on the website and whether it satisfies the supply chain's requirements. A second survey is also planned to ask the Supply Chain about Safety Statistics.

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Action: request for an update on who was previously awarded current frameworks and for future awards to be updated regularly on the procurement plan - AN

NDA commented that NDA/SSA propose to extend use of CTM by tier2 companies to publicise opportunities. This will then also link into Contracts Finder giving full vision of the available packages from the SLC down through the supply chain. RG also explained that the intention is to look closely at the appropriate use of frameworks vs contracts.

5 SSA update

Currently the SSA accounts for £400m spend (via each SLC) per annum (23/24% of the Supply Chain). In the past the emphasis has been on consolidation and therefore larger contracts to single suppliers. The SSA is currently recruiting a dedicated team (16) from the SLCs to manage a larger collaborative procurement portfolio and to expand to include a larger remit of finding common practices and specifications across the estate such as standardising contracts, PQQ's etc. Jonathan Evans from LLWR will be the Head of the SSA and will be presenting the future procurement opportunities and plans at the NDA Supply Chain Event in November.

In addition LLWR have been piloting a new Dynamic Market place. Companies are able to register in advance and then tender for work as it is released. As a dynamic purchasing system it falls within the Public Procurement regulations. 170 companies have applied to register in the system and the feedback has been generally very positive. The Market Place is designed for purchasing advice, training, communications, finance etc and gives an alternative for LLWR to the Crown Commercial Contacts route that often has a heavy focus on large contracts within large commercial conurbations, not remote geographical locations like Cumbria.

6 DIT Japan Campaign initiative – MS

The department formerly known as UKTI has changed to the Department of International Trade. DIT are currently bringing interested companies including the NDA, Sellafield and INS together to promote their expertise to the Japanese dealing with the Fukushima decommissioning and clean-up effort. A list of problematic areas has been published and the Japanese are keen to encourage their own companies to work in collaboration with experts from the UK and other countries.

A question was raised over how IP held by INS is being handled. RG understands that much of the IP being offered by INS dates back to BNFL and is historical but there is awareness that the IP held by many companies is part of their unique selling point and must be carefully maintained.

Additional concerns were raised over suppliers who developed IP whilst working for the NDA Estate and whether they are allowed to use this abroad. RG suggested that there is no single answer and each situation should be discussed with the original client (NDA Estate).

7 AOB

NDA are continuing to look at Insurance and PI and would appreciate any examples of inconsistency or unrealistic requests to be forwarded to SD where they will be treated in confidence if required.