

## Commercial and Contract Management

# SME Action Plan – June 2016

	<b>Name / Role:</b>	<b>Signature:</b>	<b>Date:</b>
<b>Originator:</b>	Tom Crowe <i>Head of Procurement</i>	Tom Crowe	30 June 2016
<b>Checker:</b>	Alex McCarthy <i>Head of Commercial of Support</i>	Alex McCarthy	30 June 2016
<b>Approver:</b>	Richard Jones <i>Head of Commercial</i>	Richard Jones	30 June 2016

## **Introduction**

LLW Repository Ltd (LLWR) operates under contract with the Nuclear Decommissioning Authority (NDA) to manage and operate the National Low Level Waste Repository site and also implement and manage the National LLW Programme to deliver the National LLW Strategy.

As a publicly funded organisation, LLWR shares the NDA and UK Government mission to promote spend with Small and Medium-sized Enterprises (SMEs). Most SMEs are private sector businesses, but the definition also includes many voluntary, community and social enterprise (VCSE) organisations. LLWR and the NDA apply the European Commission's definition of an SME, which defines it as an entity engaged in economic activity that:

- employs fewer than 250 people; and
- has annual turnover less than or equal to 50 million euros (£39 million); or
- has a balance sheet total of less than or equal to 43 million euros (£33 million).

LLWR believes that SMEs are a vital part of the supply chain network, offering flexibility, innovative approaches, and value for money through lower overheads. By identifying and removing inappropriate barriers faced by SMEs LLWR is seeking to make it easier for SMEs to do business with our organisation. In doing so we hope that more SMEs will bid for our contracts, thus increasing competition for work and leading to better value for public money. LLWR also believes that increasing opportunities for SMEs will improve the overall capability and capacity of our supply chain.

In order to support the Government SME agenda, the NDA has committed to a goal of 31% of direct and indirect supply chain spend being with SMEs by the end of March 2019. This SME Action Plan details the actions LLWR is taking to help achieve this goal. It includes target dates, status and expected outcomes for each action. The plan will be updated regularly to show progress against each action and as appropriate, introduce new actions required in pursuit of or objectives.

## **Status Update on Previous versions of the SME Action Plan**

This latest update of the LLWR SME Action Plan builds on the 2015/16 plan. In the previous version (3.0) we completed 30 actions, which provided us with the following indicators of improvement and benefits observed,

1. A Stronger link with SMEs evidenced in the number of 'Operational' level contracts being won.
2. Informal dialogue kept up to date via regular interaction with British Energy Coast Business Cluster SME community.
3. A more robust method of reporting on SME spend to catch a greater percentage.
4. An increase in SME spend, on average over the previous three years of business.

The actions delivered previously aligned with the NDA Supply Chain SME Procurement Action Plan 2014 and many have now been established as 'business as usual' within LLWR. As such this latest update of our plan seeks to identify more targeted and specific actions that will deliver the increased targets over the next 3 years..

XXXXXXXXXXXXXXXXXX

During 2015/16, LLWR's direct spend with SMEs was £10.10 million (representing 19.76% of the overall direct spend) and an indirect spend of £1.92 million. In total LLWR achieved an overall figure of 24% of spend through SMEs, which exceeded our FY15/16 target of 23%. The targets for the next 3 financial years, as set by the NDA, are:

- FY2016/17 – 23.5 – 25%
- FY2017/18 – 25.5 – 29%
- FY2018/19 – 29 – 31%

During FY15/16, LLWR worked with 210 suppliers, of which 78 were SMEs. As a result of the contracts awarded by LLWR, some SMEs are now growing into larger businesses. Whilst this is clearly a positive outcome it could also make it more difficult for LLWR to reach our 25% target by 31<sup>st</sup> March 2017, due to the small number of contracts LLWR awards each year and our preference for longer term engagements. However, we continue to believe that this plan is about much more than achieving numerical targets, as we seek to change our culture and approach in order to create an environment where SMEs can continue to be a vital part of our supply chain, delivering value, flexibility and innovation.

As a result, our focus in 2016/17 will be on a number of actions that support the following highlevel activities:

- Collecting and analysing data to maintain and improve our understanding of LLWR's supply chain network and SME community;
- Plan direct and indirect procurement opportunities;
- Target specific SME communications;
- Investigate opportunities to change the existing LLWR Integrated Management System arrangements to enable and embed improvements to further enhance the LLWR SME agenda;
- Improving the SME awareness and focus for existing LLWR Tier 2 supply chain.

**Actions from Previous SME Plans Embedded into Business as Usual**

LLWR have embedded many of the actions from previous SME Action Plans to form part of our 'business as usual' activities. The following list summarises these activities, which we now perform as a matter of course, and which we will continue to do whilst benefits are demonstrated. As such they are no longer replicated in the main body of the action plan, which instead focuses on new initiatives.

- Performance and trend reports are reviewed periodically by the LLWR Board prior to being reported into NDA;
- Participation in regular dialogue with the SME community through the British Energy Coast Business Cluster member meetings (monthly) and British Energy Coast Business Cluster sector group meetings (quarterly). In the latter, we provide an update to the members on the latest commercial opportunities within the LLWR;
- Tracking of SME involvement in LLWR contract opportunities on a monthly basis, as part of the NDA Reporting requirements;
- Monitor both direct and indirect spend with SMEs on a monthly basis, as part of the NDA reporting requirements;
- Regularly review the progress of delivery against the LLWR SME Action Plan.
- Using Lean Sourcing process for LLWR acquisitions, coupled with increased pre-market engagement, to afford smaller organisations the time to better understand our requirements and for LLWR to better understand the market capabilities.
- Actively support the Single National NDA Supplier Event and other associated regional supplier and 'meet the buyer' events.

**Future Actions**

In addition to the business as usual arrangements outlined above, the following actions form the LLWR action plan for the next four years.

<b>1. Collect &amp; Analyse Data</b> – Understanding the LLWR Supply Chain and SME Community through interrogation of historical data, trending of historical data and mapping of current/future data to gain a greater understanding of where LLWR are, in respect of their SME agenda.				
<b>Action Detail</b>		<b>Target Date</b>	<b>Expected Outcome</b>	<b>Status</b>
1.1	Develop an Overarching Acquisition Strategy to show how LLWR intends to structure its supply chain arrangements over the next 5-10 years.	31 <sup>st</sup> Mar. 2017	Improve LLWR’s communication tools for use with stakeholders and allow the supply chain to plan and better prepare for opportunities with LLWR.	Ongoing
1.2	Undertake more focused interrogation of the data gathered in order to clarify and improve understanding of total supply chain spend, SME spend and the categorisation of spend. Consider developing a SME ‘heat map’ to highlight clusters of SME spend across the LLWR Supply Network.	31 <sup>st</sup> Mar. 2017	Establish and maintain a greater understanding of the overall supply chain spend, to identify those areas (current and future) that could potentially be delivered by SMEs.	Ongoing
1.3	Within the data collated in 1.2, highlight the SME spend that is likely to be ‘repeat’ spend for the next 4 Financial Years.	31 <sup>st</sup> Mar. 2017	Identifying ‘repeat’ SME spend, would allow LLWR to understand how potentially volatile the SME spend percentages may be over the medium term.	Ongoing
1.4	Track SME involvement in LLWR procurement opportunities, including: <ul style="list-style-type: none"> <li>• Pre-market Engagement Days</li> <li>• Pre-Qualification Questionnaires</li> <li>• Industry Days</li> <li>• Tender Responses</li> <li>• Transactional Purchasing</li> </ul>	Monthly	The data will allow LLWR to see trends in SME participation to provide an indication of the effectiveness of the Action Plan. By improving communication and visibility of opportunity, LLWR expects to see increased SME engagement over time	Ongoing
1.5	Map out the historical (timebound during the 2 <sup>nd</sup> Term) SME supply chain and the associated contracting vehicles through which they were engaged.	31 <sup>st</sup> Mar. 2017	The mapping exercise will enable LLWR to better identify lower value/transactional spend with SMEs that will allow LLWR the opportunity of planning for ad-hoc repeated requirements.	Ongoing
1.6	Establish the monitoring and reporting of supplier payment performance on a quarterly basis via the SAP system.	30th Sept. 2016	Cashflow for SMEs can have a major impact on the health of the organisation. The report will be generated to ensure suppliers are being paid on time once work has been delivered and highlight payment performance issues.	Ongoing

SME Action Plan

2. Plan Procurements & Opportunities – Market Engagement & Market Knowledge				
	Action Detail	Target Date	Expected Outcome	Status
2.1	Enhance the annual LLWR Procurement Plan to include details of direct awards and further competitions under existing framework agreements.	Updated Quarterly	By making visible the work that LLWR procures through existing frameworks, LLWR is aiming to allow SMEs to target Tier 3 opportunities as well as direct awards.	Ongoing
2.2	Amend the annual Procurement Plan to highlight opportunities that we believe would be of direct interest to SMEs	31 <sup>st</sup> Dec. 2016	Although SMEs will be free to interrogate the full procurement plan for themselves, the aim is to further highlight any areas that LLWR believes would be directly suited to an SME supplier.	Ongoing
2.3	Strengthen supplier engagement prior to the launch of a formal procurement process. Improve engagement with the Supply Chain during the strategy phase of the procurement to understand the market capabilities and identify the best method of delivering the requirement.	Continuously	Improved communication and engagement will allow the supply chain (including SMEs) to be better informed and provide feedback prior to the finalisation of LLWRs procurement strategy and the start of the formal procurement process. This will enable LLWR to support SMEs in identifying both direct and indirect opportunities to sustain and grow their business.	Ongoing
2.4	Where appropriate, promote the use of Contracts Finder to advertise opportunities for sub-contracting with LLWR's Tier 2 suppliers.	Continuously	Increased communication and awareness will enable LLWR to support SMEs in identifying indirect business opportunities.	Ongoing
2.5	Engage professional / legal advice to review options for cascading SME targets through our formal contracting arrangements with Tier 2 suppliers	31 <sup>st</sup> Mar. 2017	To the extent that this approach could be shown to be legitimate and appropriate, it would allow LLWR to engage suppliers on the clear understanding that a defined proportion of the work would be delivered through Tier 3 contracts with the SME community	Ongoing
2.6	Where appropriate amend the procurement process, specification, and contract drafting to make the development and delivery of an SME Action Plan, a contractual obligation for Tier 2 contracts.	31 <sup>st</sup> Mar 2017	Strengthened obligations on major suppliers to increase their focus on SMEs and improve the capturing of lower tier SME spend data.	Ongoing

SME Action Plan

3. Targetted SME Communication				
Action Detail		Target Date	Expected Outcome	Status
3.1	Establish a 'mail shot' for SMEs registered in the British Energy Coast Business Cluster to highlight 'new' opportunities within LLWR.	30 <sup>th</sup> Sept. 2016	Increasing targetted communications will enable LLWR to support SMEs in identifying both direct and indirect opportunities, whilst also increasing competitiveness of LLWR procurements.	Ongoing
3.2	Increase LLWR attendance at relevant 'Meet the Buyer' events (e.g. NEBOC, SL Meet the buyer, BECBC Meet the Buyer) to advertise opportunities and engage with SMEs.	Continuously	Increasing targetted communications will enable LLWR to support SMEs in identifying both direct and indirect opportunities, whilst also increasing competitiveness of LLWR procurements.	Ongoing
3.3	Run an information workshop for SMEs to better explain the Lean Sourcing procurement process and seek feedback on opportunities to further improve it.	30 <sup>th</sup> Sept. 2017	Promote a greater understanding within the SME community of the Lean Sourcing procurement process and use their input / feedback to identify any areas where these processes could be improved to increase the level of participation by SMEs	Ongoing
3.4	Identify and articlulate the positive attributes of SMEs , to provide a better understanding of the supply chain and help inform the development of procurement strategy	31 <sup>st</sup> Mar. 2017	Improved understanding of attributes of SMEs that are attractive to LLWR should increase awareness and (where relevant & appropriate) enable LLWR to better articulate its requirements to the market.	Ongoing
3.5	Assess lotting structures proposed for future procurements to take consideration (as appropriate) of the extent to which they could support SME targets	30 <sup>th</sup> Sept. 2018	Lotting structures could be used to increase competitiveness of procurements by making them more attractive to SMEs (i.e. a greater number of suppliers), where appropriate and aligned to LLWRs business requirements.	Ongoing

SME Action Plan

4. Review & Update the Integrated Management System – including the support of Shared Services Alliance (SSA) standardisation initiatives.				
	Action Detail	Target Date	Expected Outcome	Status
4.1	Support the SSA to establish and use Complete Tender Management (CTM) eTendering software in such a way that tenderers only need answer a PQQ question once and the answer will be available for future procurements across the entire NDA estate.	30 <sup>th</sup> Sept. 2017	This approach would streamline the process and reduce tendering costs for the supply chain and allow information (once registered) to be used to support bids across the NDA estate.	Ongoing
4.2	Support the SSA to increase standardisation of contract terms and conditions used across the NDA estate.	31 <sup>st</sup> Dec. 2018	Standardised terms and conditions (to the extent possible) will promote improved understanding and reduce the amount of time that suppliers need to spend reviewing bespoke or SLC-specific arrangements.	Ongoing
4.3	Support the SSA to increase standardisation of procurement documents (e.g. the Invitation to tender ) across the NDA estate.	31 <sup>st</sup> Dec. 2018	Standardised tender documents (to the extent possible) will promote improved understanding in the supply chain and reduce the amount of time and effort required to review and respond to a bespoke or SLC-specific tender.	Ongoing
4.4	Support the SSA to increase standardisation of insurance requirements across the NDA estate and ensure that requirements are appropriate and proportionate.	31 <sup>st</sup> Dec. 2018	Standardised and proportionate insurance arrangements (to the extent possible) will promote improved understanding and allow the supply chain to put in place appropriate arrangements that will meet the majority of NDA estate needs.	Ongoing
4.5	Support the SSA, to increase standardisation of payment terms (and where possible simplify) across the NDA estate.	31 <sup>st</sup> Dec. 2018	Standardised (and where appropriate simplified) payment terms will promote improved understanding and confidence in the supply chain.	Ongoing
4.6	Improve the data entry into the CTM system, in order to enhance the level of data being transposed into Contract Finder for procurement opportunities.	31 <sup>st</sup> Mar. 2017	A method of utilising CTM web portal to better provide information in the Contracts finder. This will enable the suppliers to view sufficient detail to make a bid/no-bid decision as simply and easily as possible decide on their bidding status, with reduced effort and cost implications.	Ongoing
4.7	Support the SSA to improve the methodology of capturing/collating SME spend by Tier 2 suppliers, including investigating the possibility of a future contractual requirement incorporated to provide this information.	31 <sup>st</sup> Dec. 2017	Reporting to capture the overall indirect spend with SMEs, rather than the current arrangement of analysing the top 30 suppliers.	Ongoing

5. Existing Suppliers improving SME focus				
Action Detail		Target Date	Expected Outcome	Status
5.1	Include a specific item on the agenda for quarterly contract reviews with Tier 2 suppliers to review SME spend (indirect through the Tier 2 contract) and reinforce the SME agenda and objectives.	31 <sup>st</sup> Dec. 2017	Maintaining SME spend as a topic for discussion will reinforce the importance placed on this by LLWR and the NDA.	Ongoing

**Targetted Procurement Opportunities – FY2016/17**

In support of these actions LLWR are aiming to target greater SME involvement on specific procurements listed on the current LLWR Procurement Plan. The aim is to tailor our SME engagement for these procurements to yield greater success and also to increase the number of targetted procurements year on year, as LLWR successfully completes the Action Plan. For FY2016/17 the intention is to monitor the success against the following:

- The Environmental Safety Case Support Framework

**Summary**

LLWR has prepared this Action Plan with the expectation that it will help deliver the increased SME spend targets over the coming years. . However LLWR is also committed to the principles of openness, transparency and equality of opportunity in respect of all procurement and supply chain activity we conduct. As such the actions described in this plan will act as enablers for success, but won't (of themselves) guarantee the achievement of a spend target. This objective will require action on the part of the SME supply chain as well as LLWR.