

Supply Chain Statistics

Analysis and Summary of Findings

2014 - 2015

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Executive Summary

In 2014/15 the Site Licence Companies (SLCs) spent approximately £1.789bn in the supply chain.

The information provided in this report gives an indication of trends in supply chain spend.

Key findings for 2014/15 are:

- A 2% increase in supply chain spend from 2013/14
- On average across the NDA estate contracts placed via competitive tender action equated to 82% by value and 62% by number
- £13.9bn has been spent by 5 SLCs with the supply chain since NDA's creation in 2005
- the proportion of supply chain spend vs internal spend has decreased by 1% from 2013/14
- 54% of spend in the supply chain was with 20 suppliers
- Spend with the 'Top Tier 2' suppliers for decommissioning, construction, design services and engineering services organisations was £739m
- Collaborative Procurement spend has increased to £417m per annum, with 27% of spend via Crown Commercial Services frameworks
- Reported spend (direct and indirect) with Small and Medium Enterprises was £371m (21%).

Glossary

ASFL	Annual Site Funding Limit
DSRL	Dounreay Site Restoration Limited
ESTL	Energy Sales & Trading Ltd
EU	European Union
FY	Financial Year
IT	Information Technology
LLWR	Low Level Waste Repository Limited
NDA	Nuclear Decommissioning Authority
R&D	Research and Development
RSRL	Research Sites Restoration Limited
SLC	Site Licence Company (also referred to as 'Tier 1' Contractors')
SMEs	Small and Medium Enterprises
Tier 2	Supplier with a direct contract with an SLC (Tier 1)

Introduction

The objective of this report is to provide high level data on individual SLCs supply chain activity, in order that a global picture of the NDA supply chain can be presented, and comparisons made to previous years.

The current report provides information at the Tier 2 level - direct suppliers to the SLCs (Tier 1's), the Collaborative Procurement programme across the NDA and a summary of SME spend data.

All figures are based on actual expenditure, invoices paid.

For historic data LLWR figures have been included in the Sellafield data, but were separated out in 08/09 when it became a standalone SLC. It should also be noted that DSRL rationalised the external expenditure data in 08/09 to reflect relevant supply chain spend in the context of the report. This resulted in less supply chain spend being recorded overall ie 06/07, and 07/08 supply chain spend data for DSRL was amended, with this amendment being carried through to the 14/15 data.

From April 2010, the NDA permanently transferred ownership of Springfields Fuels Ltd to Westinghouse Electric. The data from 2013/14 therefore excludes Springfields' information so that direct comparison can be made against the remaining SLCs within the NDA estate against previous years and trends be identified.

During 2010 Magnox North and Magnox South became a single company Magnox Ltd, and data is therefore aligned to show statistics for Magnox Ltd as a whole.

In November 2012 the Capenhurst site was transferred from Sellafield Ltd to Urenco, therefore the report only includes data for Capenhurst up to the transfer date.

This report has been prepared on the basis of information provided by the NDA's SLCs. This information has not been validated by the NDA and the data is presented for information only. No responsibility is accepted by the NDA for the contents and the reader accepts all liability for any interpretation placed on or use to which the contents of the report are put.

Spend in the supply chain 14/15

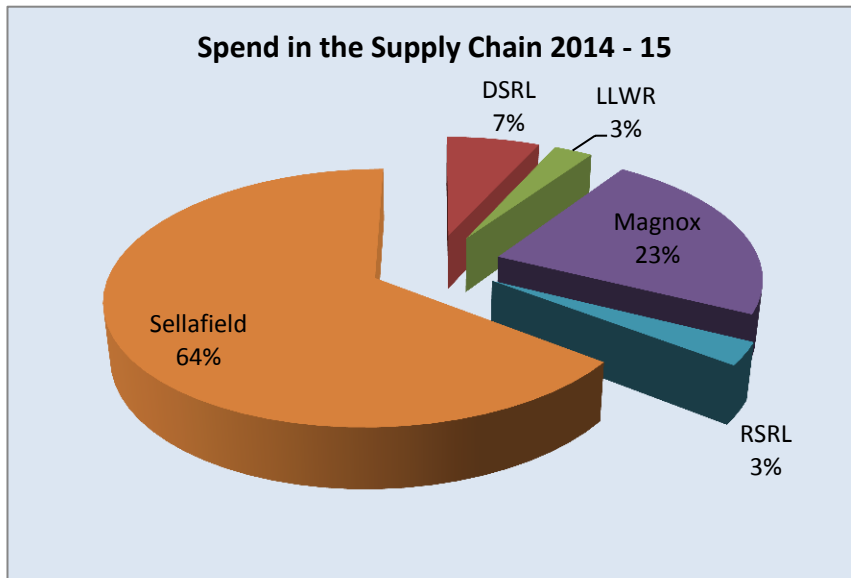


Fig 1a. Breakdown of total supply chain spend 14/1 by SLC

Total SLC supply chain spend for 14/15 was **£1,788,052,413 (actual expenditure)**

This was an increase in supply chain spend from 13/14 of £39m (2%).

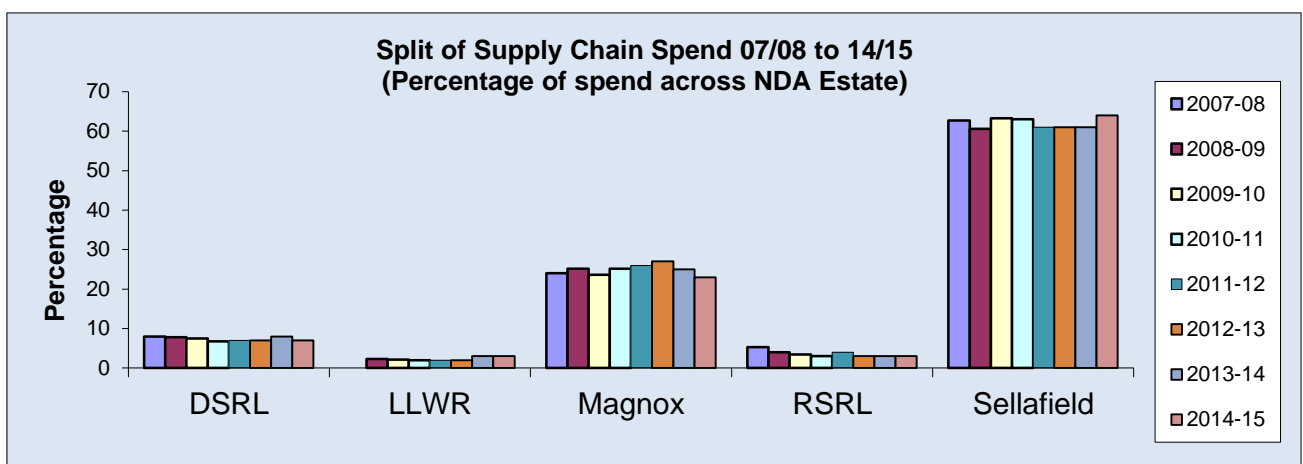


Fig 1b. Breakdown of relative percentages of total supply chain spend 07/08 to 14/15 by SLC

Although the overall spend in the supply chain has increased, the above graph shows that the relative percentages spent within the SLCs can vary across the years, with Sellafield showing an 8% increase on 13/14 with a corresponding decreases in relative terms for Magnox and Dounreay of 8 and 10%.

Competitive breakdown of supply chain spend

Competition statistics measured by the SLCs look at competition by value and number for contracts placed in a year, rather than looking retrospectively at competitive spend on contracts already placed. This gives a better indication of competitive levels across the NDA estate. It should be noted that SLCs are required to comply with the EU Procurement Regulations.

The categories measured are: 1) whether contracts are placed via a competitive exercise, 2) a decision has been made to dispense with competition (with justification), or 3) there is no competition available.

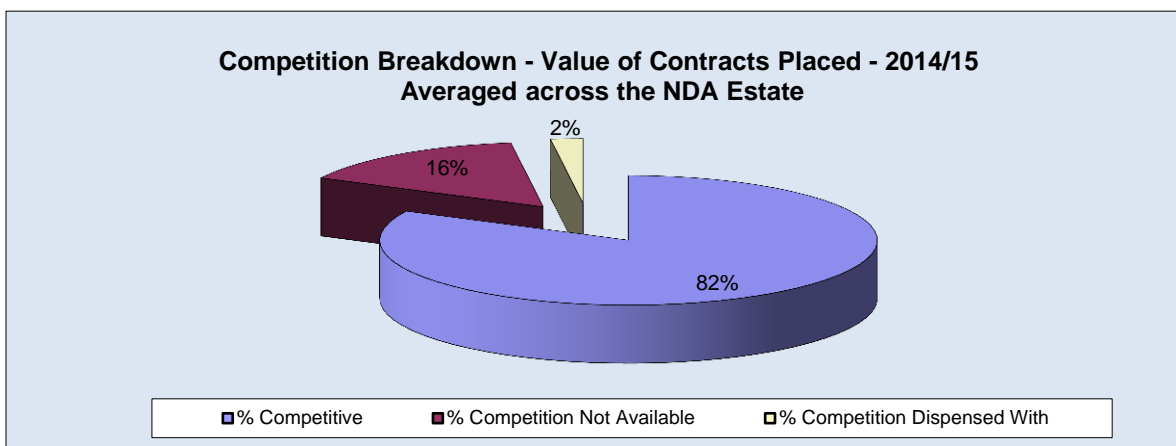
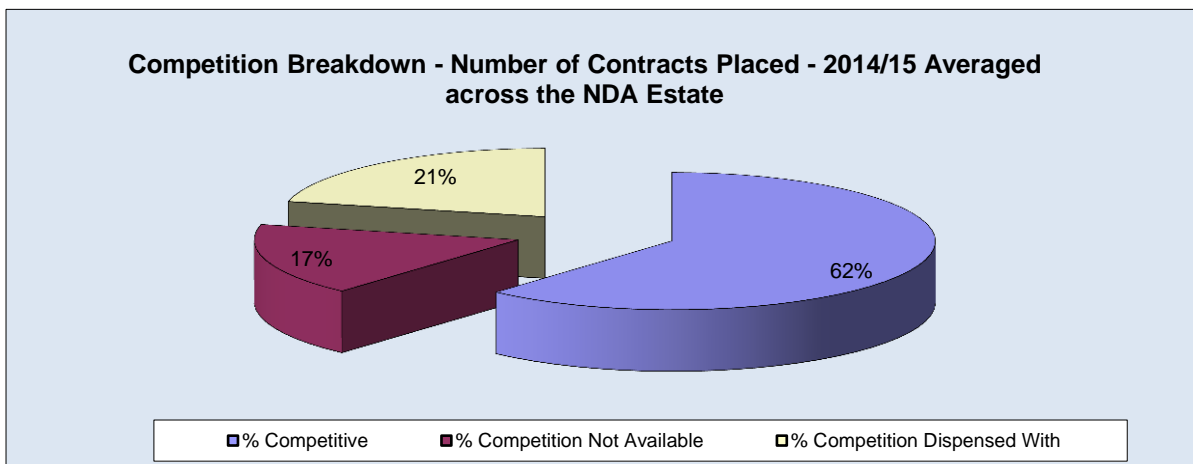


Fig 2a. Breakdown of average value of contracts placed by competition category

The average percentage of contracts placed by competition across the estate was 82% (87% 13/14) by value and 62% (64% 13/14) by number. Although the percentage by value percentage is an overall decrease on last year, Sellafield and LLWR had percentages over 90%. Similar to last year, the number of contracts placed by competition decreased slightly – this indicates that the larger high value procurements are being competed while a higher ‘competition not available’ percentage indicates lower value contracts being let where competition is unavailable eg due to intellectual property rights.

Fig 2b. Breakdown of average number of contracts placed by competitive category



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10 year view

By the end of F/Y 14/15 **£13,905,448,758** had been spent in the supply chain, via the SLC's, since the NDA was formed, 1 April 2005. (In year money values not adjusted to take into account inflation).

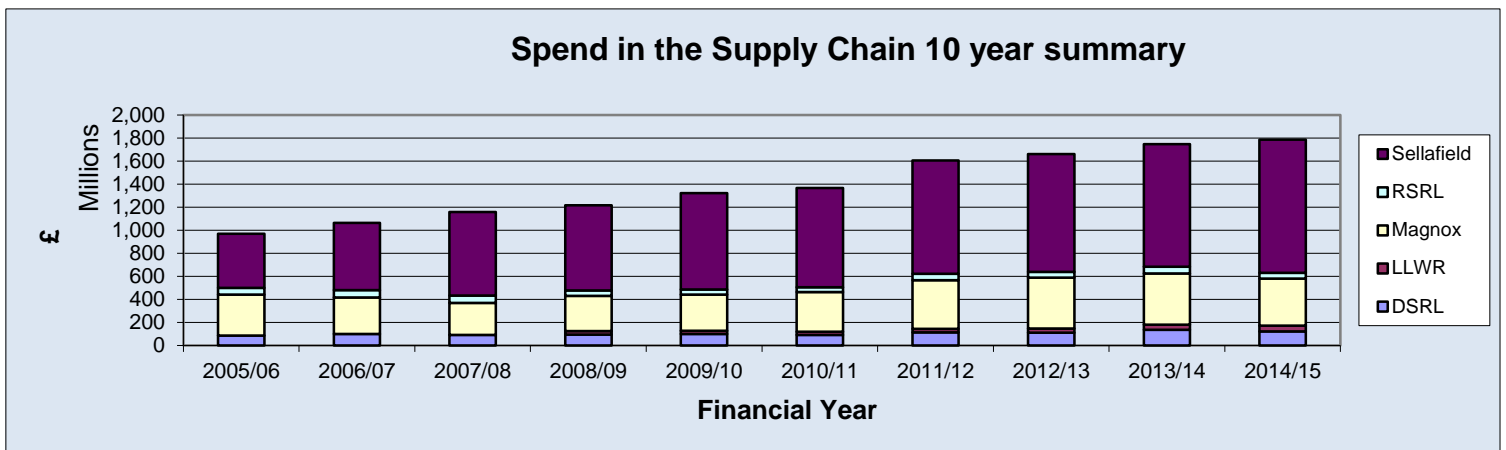


Fig 3. Supply chain spend profile 05/06 to 14/15

Self-performance vs use of the supply chain

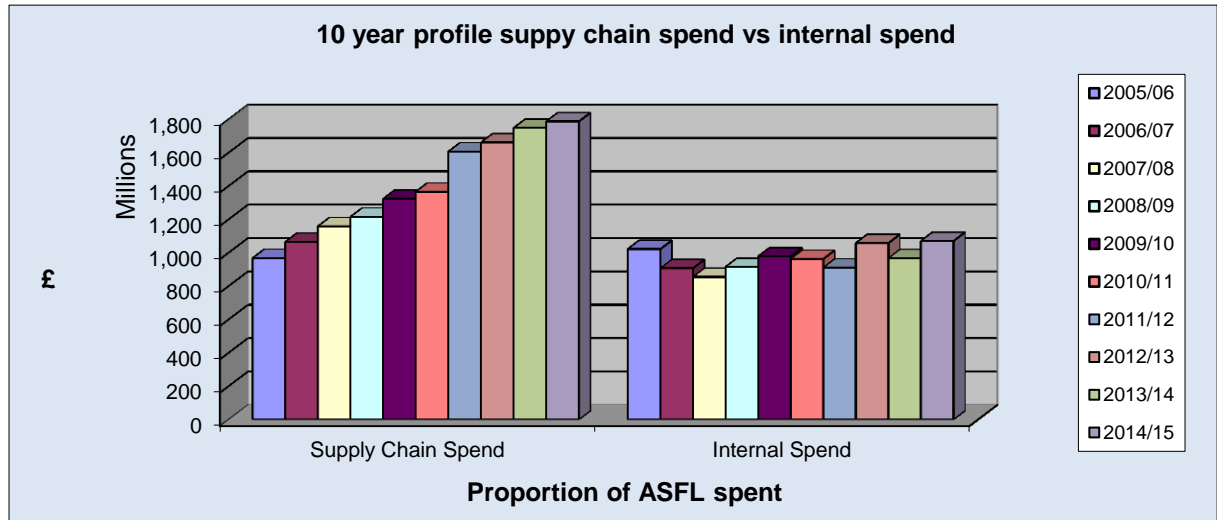


Fig 4. Cross SLC split of ASFL spent internally vs. in the supply chain – FY 05/06 to 14/15

14/15 funding £2.86bn (excludes Springfields)

13/14 funding £2.7bn (excludes Springfields)

12/13 funding £2.72bn (excludes Springfields)

11/12 funding £2.52bn (excludes Springfields)

10/11 funding £2.33bn (excludes Springfields)

09/10 funding £2.45bn

08/09 funding £2.28bn (Windscale now part of Sellafield Ltd)

07/08 funding £2.20bn (excludes Culham, Windscale and breakthrough funds)

06/07 funding £2.13bn (excludes Culham, Windscale and ESTL)

05/06 funding £2.15bn

NB: ASFL figure for 14/15 is the year end position

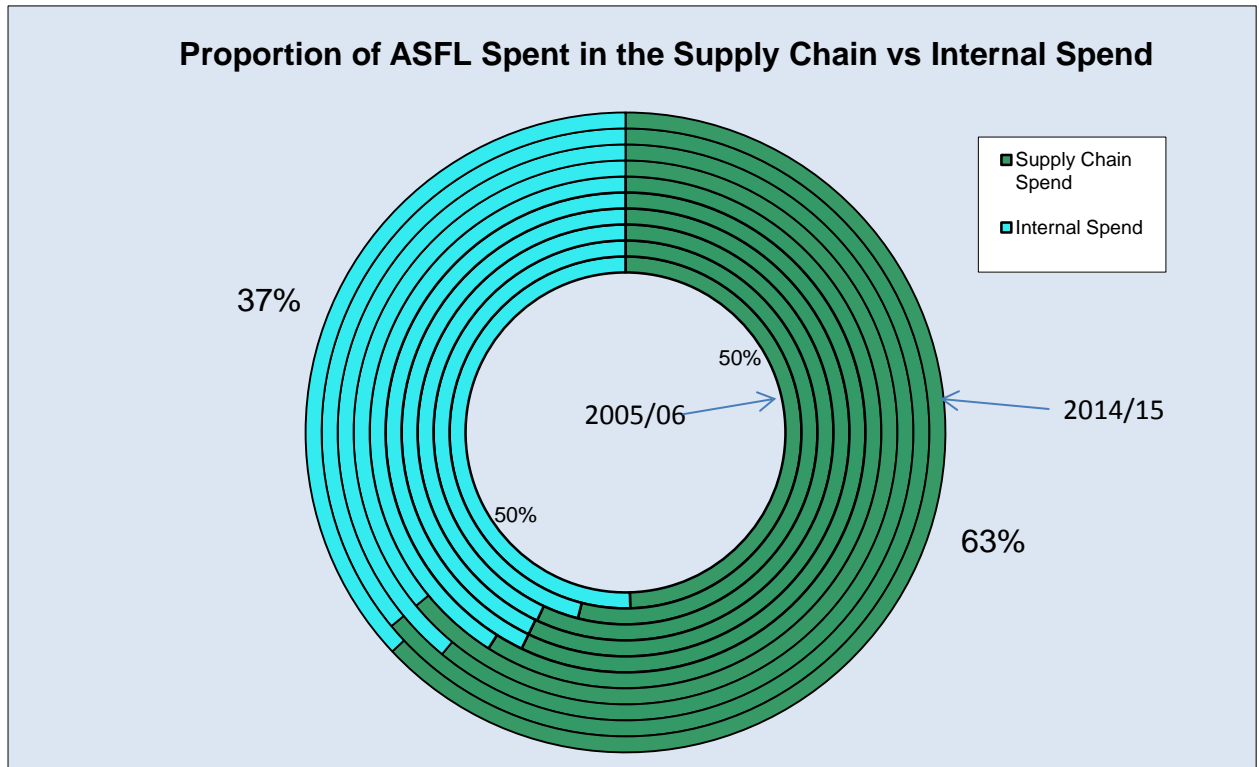


Fig 5. % split of total cross SLC ASFL spent internally vs. in the supply chain

Fig 5 shows the combined SLC’s proportionate use of the supply chain. In 14/15, supply chain spend (63%) remains greater than Internal spend (37%). Although overall supply chain spend has increased, the relative proportion compared to internal spend has decreased slightly by 1%. This is likely to be due to some services being taken back in-house.

The following table shows the percentage of ASFL spent in the supply chain in 14/15 broken down by SLC, with the comparison for previous years from 08/09:

SLC	% of ASFL spent in the supply chain						
	08/09	09/10	10/11	11/12	12/13	13/14	14/15
DSRL	65	65	67	73	68	76	68
LLWR	79	66	85	79	85	81	76
Magnox	52	52	56	63	62	67	62
RSRL	78	80	74	85	73	75	68
Sellafield	56	58	58	63	59	61	61

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Top 20 suppliers – spend

SLC's were requested to provide a list of their top twenty suppliers by spend as follows. The information shows the relative positions each SLCs Top 20 supplier; an indication of the overall level of spend for each Top 20 supplier, plus an indication of where a supplier is used across the estate although not a 'Top 20' supplier.

Looking at the individual SLC 'Top 20' suppliers, spend with these companies was £1.2bn for the year with 67 suppliers (note: some Top 20 'suppliers' include Regulators and Councils and other SLCs).

Key:

£100M - £150M	
£50-100M	
£35-50M	
£25-35M	
£20-25M	

£15-£20M	
£10-15M	
£5-10M	
£1-5M	
<£1M	

Note: the numbers within the boxes denote a supplier's position within the Top 20 for an SLC.

	Contractor	Category	Total Value	DSRL	LLWR	Magnox	RSRL	Sell
1	Capita Resourcing	11 - Manpower		14	4	1	8	4
2	Cavendish Nuclear	4 - Design Services/support		5	16	3	13	1
3	Nuvia	3 - Decommissioning		2	12	2	1	5
4	AXIOM (Amec, Jacobs, Mott McDonald, Assystem)	4 - Design Services/support						2
5	Doosan Power Systems	5 - Engineering				6		6
6	Costain	1 - Construction						3
7	Civil Nuclear Constabulary	15 - Support Services		1			2	12
8	Morgan Sindall Arup	1 - Construction						7
9	National Nuclear Laboratory	13 - R&D						8
10	Atos IT services UK Ltd	9 - IT			5	13		10
11	Carillion Construction Ltd	1 - Construction						9

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	Contractor	Category	Total Value	DSRL	LLWR	Magnox	RSRL	Sell
12	Hertel (UK) Ltd	3 - Decommissioning				7		19
13	Ansaldo Nuclear Engineering Services	5 - Engineering						11
14	SMF Delivery Team (Silo Maintenance Facility: JV Cavendish Nuclear & Balfour Beatty	3 - Decommissioning						13
15	Nuclear Decommissioning	15 - Support Services						14
16	ACTiv Nuclear (Atkins, Carillion, Jacobs)	3 - Decommissioning						15
17	Mitie Facility Services	6 - FM			7			17
18	Bechtel Cavendish Nuclear Solutions	5 - Engineering						16
19	Cumbria Nuclear Solutions Ltd	5 - Engineering						18
20	Interserve	6 - FM				5	3	
21	GNS Gesellschaft fur Nuklear	18 - Waste Management				4		
22	Shepley Engineers	3 - Decommissioning						20
23	Energy Solutions EU Ltd	11 - Manpower			6	8		
24	Direct Rail	16 - Transport			10	9	20	
25	Radwise Ltd	8 - Health & Safety				10	9	
26	LLWR	18 - Waste Management				11	7	
27	AMEC FW inc affiliates	3 - Decommissioning			17	14	6	
28	EDF Energy	17 - Utilities		12		17	14	
29	Office for Nuclear Regulation	15 - Support Services		15		19	16	
30	Studsvik Ltd	18 - Waste Management			1			
31	Actus (AMEC, Costain)	3 - Decommissioning				12		
32	INS	16 - Transport		3				
33	NSG Environmental	5 - Engineering			2			
34	CSC Computing	9 - IT		9			4	
35	Balfour Beatty Civils	1 - Construction				15		
36	Erith Contractors Ltd	3 - Decommissioning				16		
37	Geoquip	1 - Construction		4				

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	Contractor	Category	Total Value	DSRL	LLWR	Magnox	RSRL	Sell
38	Turner & Townsend	15 - Support Services				18		
39	GD Energy Services Nuclear Ltd	3 - Decommissioning		6				
40	Deborah Services Ltd	7 - Hazardous Materials Removal				20		
41	Redhall Nuclear	5 - Engineering		18	3			
42	URS inc Affiliates	15 - Support Services		7				
43	CH2M Hill	11 - Manpower		8				
44	Croft Associates	5 - Engineering		10				
45	Jacobs Engineering UK Ltd	11 - Manpower		11				
46	Graham Contraction Ltd	1 - Construction		13				
47	Scion Technical Services	6 - FM					5	
48	Morson International	11 - Manpower		16				
49	Cavendish Nuclear Manufacturing Ltd	5 - Engineering		17				
50	JGC Engineering & Technical Services Ltd	5 - Engineering		19				
51	Augean Plc	18 - Waste Management			8			
52	MM Miller	1 - Construction		20				
53	W.H. Davis Ltd	5 - Engineering			9			
54	KDC Contractors	3 - Decommissioning					10	
55	Kaefer C&D Ltd	7 - Hazardous Materials Removal					11	
56	Priory Construction (Midlands) Ltd	1 - Construction					12	
57	Atkins	11 - Manpower			11			
58	Tradebe Fawley Ltd	18 - Waste Management			13			
59	Profile Security Services	15 - Support Services					15	
60	Inutec Ltd	18 - Waste Management			14			
61	Sellafield Ltd	15 - Support Services			15			
62	Evolve Business Consulting	15 - Support Services			18			
63	D Clough Ltd	1 - Construction					17	

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	Contractor	Category	Total Value	DSRL	LLWR	Magnox	RSRL	Sell
64	Environment Agency	15 - Support Services					18	
65	SITA UK Ltd	18 - Waste Management			19			
66	Vale of White Horse DC	15 - Support Services					19	
67	Eden Nuclear and Environment	18 - Waste Management			20			

There has been some churn in the overall Top 20 in the last 12 months compared to 13/14, with the majority of changes being at the lower end of the Top 20 supplier list, and there is some movement between the relative rankings of the various companies with Cavendish Nuclear changing places with Capita, who are now at the top of the list.

New entrants to the Top 20 are: Bechtel Cavendish Nuclear Solutions, Cavendish Nuclear Manufacturing Ltd, Croft Associates, D Clough Ltd, Eden Nuclear and Environment, Erith Contractors Ltd, Inutec Ltd, Kaefer C&D Ltd, Nuclear Decommissioning, Sellafield Ltd, SMF Delivery Team (Silo Maintenance Facility: JV Cavendish Nuclear & Balfour Beatty, Tradebe Fawley Ltd

Leaving the Top 20 are: Bechtel MGT Comp Ltd, Bootle Containers, Canberra UK Ltd, Cooper Specialised Handling, Corona Energy Retail 4 Ltd, Dawnus Construction, Doosan Power Systems & Keltbray Ltd, Energy, Safety & Risk, Halcrow Group Ltd, James Fisher Nuclear Ltd, Johnson Controls, Nuclear Technologies PLC, Rexel Senate, Romar Innovate Ltd, Thomas Armstrong (Construction) Ltd, Thurston Group Ltd, UKAEA Ltd.

Split of supply chain 'Top 20' spend

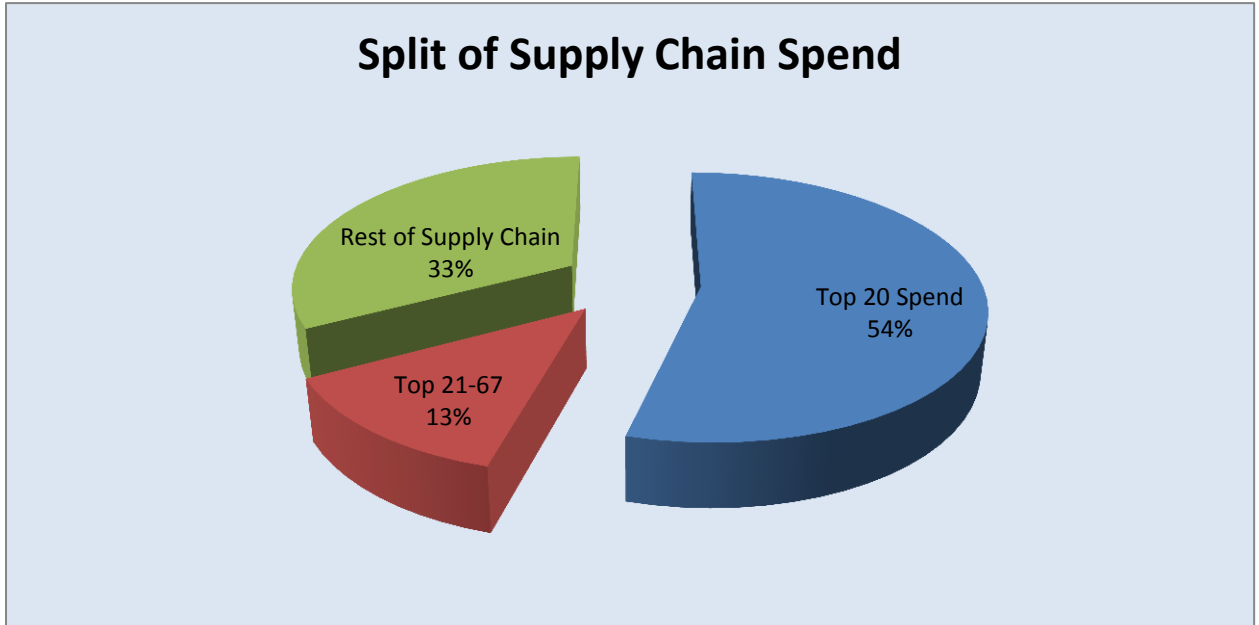


Fig 6. Split of supplier spend for 14/15 – split between the top 20 suppliers, suppliers ranked 21-67 and spend with the remainder of the supply chain.

In 14/15 £970m (£911m in 13/14) was spent with the Top 20 suppliers overall equating to 54% of spend in the supply chain (52% in 12/13), and of that £681m (£654m 12/13) was spent with the Top 10 suppliers overall.

The figures could be skewed by the large spend at Sellafield so it is worth looking at SLC by SLC Top 20 supplier usage –:

SLC	% of SLC supply chain spend spent with Top 10/20 Suppliers							
	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15
DSRL	49	77	44	48	55	75	73	71
LLWR		84	80	70	70	76	72	77
Magnox	41	45	43	57	62	62	61	61
RSRL	53	62	58	68	74	68	70	72
Sellafield	40	49	42	61	61	63	66	68
Average	45	60	52	60	64	64	66	67

Note: from 11/12 it is the Top 20 for each SLC whereas it was the Top 10 in 07-09 and a mix in 09-11

Supplier categories

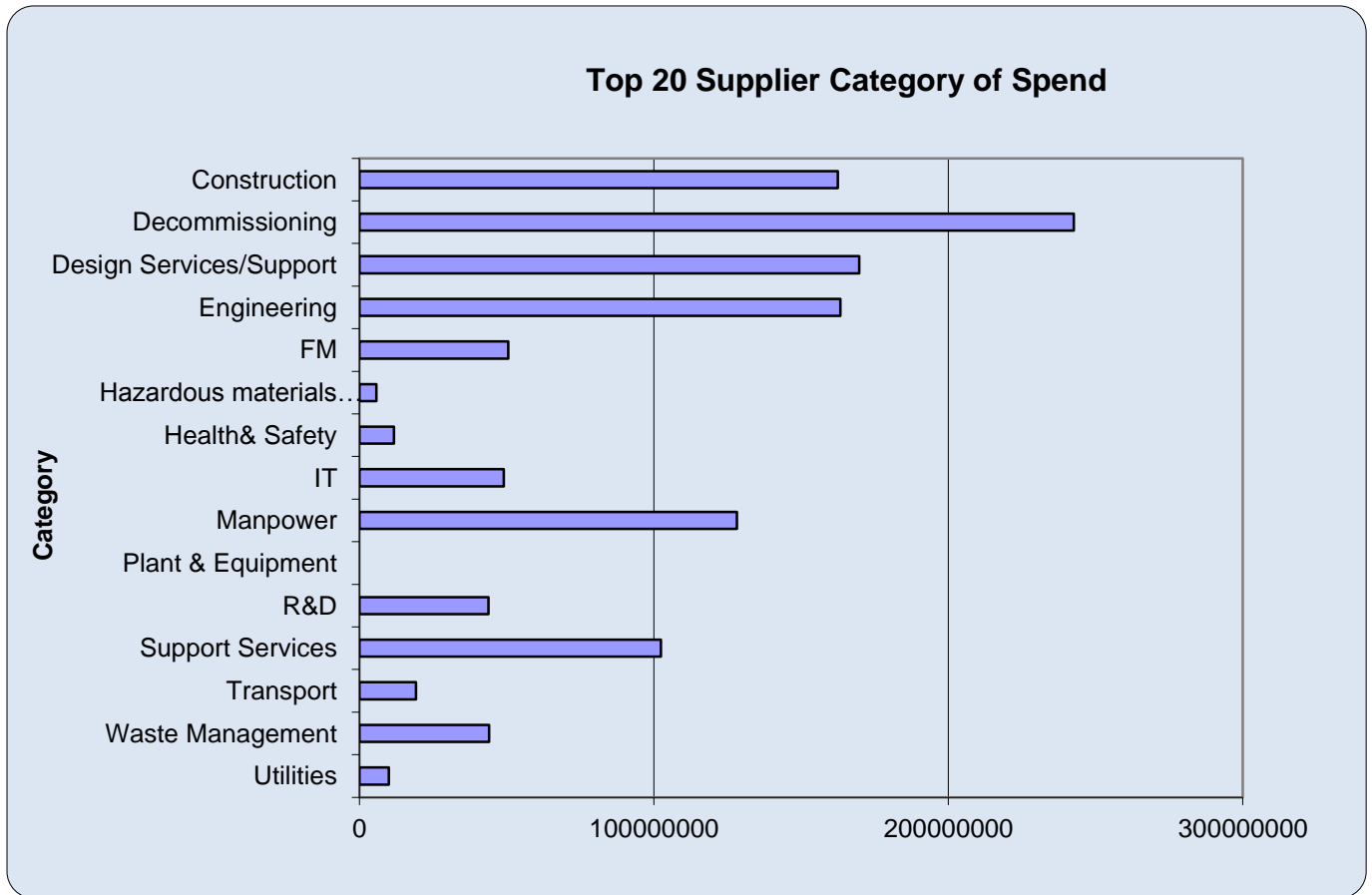


Fig 7. Categorisation of SLC ‘top Tier 2’ spend suppliers – this categorises the spend with SLC’s top suppliers in 14/15 totalling **£1.2bn** - not the entire expenditure for the year.

The categorisation is based on the common procurement category codes used to categorise spend in the SLCs Procurement Plans although categories in this context are used to show spend by business type not lifetime plan project values.

This metric shows that the 67 suppliers listed in the SLC’s ‘top Tier 2s’ fall into 15 categories.

The largest group are Decommissioning Services (£243m) followed by Design Services/Support, Engineering and Construction – all three over £160m. The top four categories show a change from last year in that the Design Services has increased significantly, with a subsequent reduction in Construction and Decommissioning – this is likely to be due to larger projects being initiated, and not yet in the construction phase. It should be noted that there is also considerable spend in the top three categories beyond the ‘Top 20’ suppliers.

Collaborative Procurement

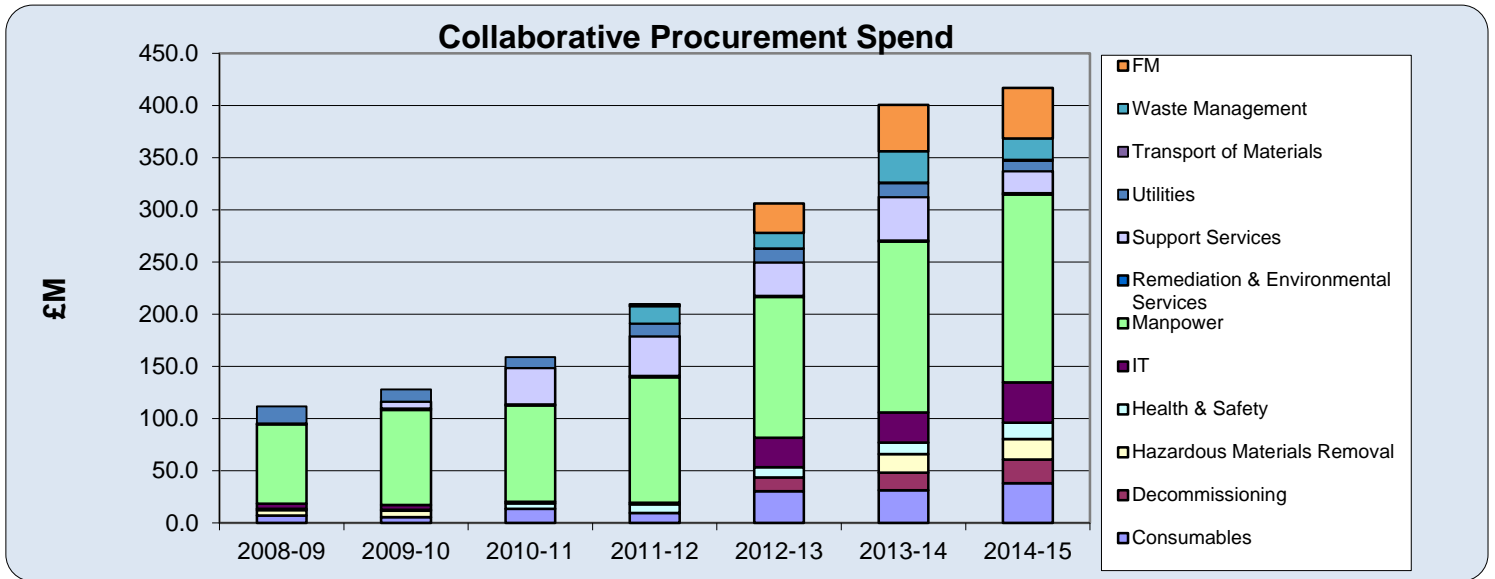


Fig 8. Collaborative Procurement Spend from 2008

Collaborative procurement focuses on aggregating demand, standardising procurement requirements, procuring, managing contracts and delivering benefits collaboratively with the objective to add value to the NDA estate, within an approved programme of cross-SLC procurements.

The Collaborative procurement initiative was established by the SLCs and NDA in 2008/09. The initiative initially focused on aggregating demand in commodities and medium complexity services across the estate. Over time this has developed to include more strategic procurements. This continues to be in line with Government objectives for making savings and efficiencies through Collaborative Procurement. The NDA estate seeks to use Pan Government agreements where they provide the best value for money.

Fig 8 shows that there is a continued growth in Collaborative Procurement with an increase from £401m in 13/14 to £417m in 14/15, with 27% of this spend is with Crown Commercial Services frameworks. The programme also recorded over £65m of savings in the year.

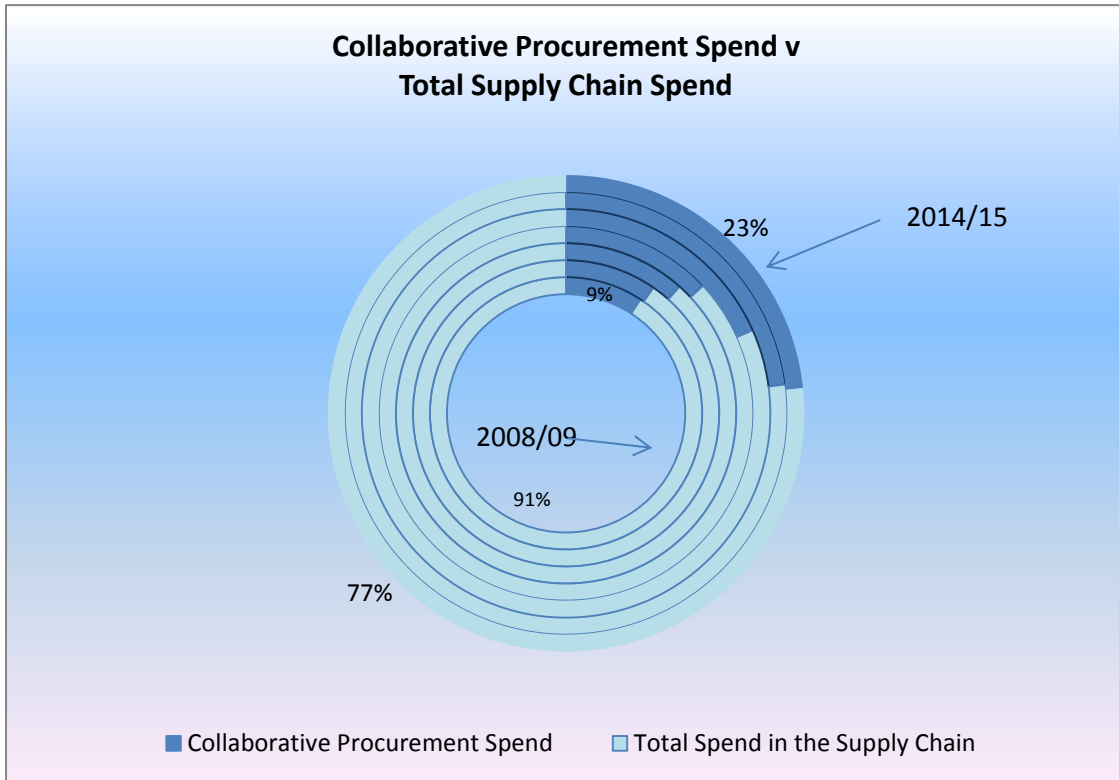


Fig 9. Collaborative Procurement Spend v Total Supply Chain Spend

Fig 9 shows that Collaborative Procurement spend continues to form a significant proportion of total supply chain spend each.

Spend with SMEs

In 11/12 SLCs started to report direct spend with SMEs as part of the NDA Estate's initiatives to support SMEs within the supply chain.

Linked to this, the NDA Estate has an Action Plan to support SMEs, containing targets for spend with SMEs (both directly by SLCs and indirectly with Tier 2s). The target for 14/15 was 20%, and this was achieved with a reported percentage of 21%.

We continue to develop reporting in this area, particularly with indirect Tier 2 SME spend. We have increased the number of Tier 2s reporting data from 22 to 39 which captures a significant proportion of Supply Chain spend. We have had good cooperation from the Tier 2 community to supply their SME spend data and we have a more comprehensive view of SME spend within the NDA Estate. It should be noted that although monitoring the spend data is important as it gives an indicator of SME interaction, it is more important to build upon behaviours that support this section of the supply chain.

	Total Supply chain spend - £	SME spend - £	%
DSRL	121,310,000	23,210,000	19
LLWR	50,700,000	13,810,000	27
Magnox	408,000,000	59,000,000	14
RSRL	51,903,162	6,540,000	13
Sellafield	1,156,397,085	106,150,000	9
Total	1,788,310,247	208,710,000	12
Indirect T2*		162,680,213	
Total	1,788,310,247	371,390,213	21

* Reported Indirect Tier 2 spend is from those 'Top Spend' suppliers who have been requested to provide SME spend data and have done so (39 in total). Magnox and Sellafield have estimated additional indirect SME spend against other Tier 2 suppliers not monitored centrally by NDA equaling to an additional 10-15% indirect spend.