Nuclear Decommissioning Authority

Supply Chain Statistics

Analysis and Summary of Findings

Financial Year 2015 to 2016

Contents

Executive Summary

In 2015/16 the Site Licence Companies (SLCs) spent approximately £1.76bn in the supply chain – this was total external spend including for example Regulators, Local Authorities and trading within the NDA Estate.

This report gives an indication of supply chain trends.

Key findings for 2015/16 are:

- £15.7bn has been spent externally by SLCs since NDA's creation in 2005
- A 1.8% decrease in spend from 2014/15
- On average across the NDA estate, contracts placed via competitive tender action equated to 88% by value and 59% by number
- The proportion of external spend vs internal spend has decreased by 2% from 2014/15
- 56% of spend was with 20 suppliers
- Spend with the 'Top Tier 2' suppliers for decommissioning, construction, design services and engineering services organisations was £789m an increase of £50m on 2014/15
- Collaborative Procurement spend has increased by 1% to 24% of total spend, with 28% of spend via Crown Commercial Services frameworks
- Spend (direct and indirect) with Small and Medium Enterprises was £358m.

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
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 SLC's external spend activity, in order that a global picture of the NDA supply chain can be presented, and comparisons made to previous years.

The report provides information on all external spend at the Tier 2 level - direct suppliers to the SLCs (Tier 1's) (including Regulators, Local Authorities and trading within the NDA Estate) unless otherwise stated, the Collaborative Procurement programme across the NDA and a summary of SME spend data.

All figures are based on actual expenditure, invoices paid.

Various changes have been made to the NDA Estate since 2005 and this is reflected in the historical data – see Notes section for details. In 2015/16 RSRL merged with Magnox Ltd and historic data has been aligned and combined to show statistics for Magnox Ltd as a whole to allow better comparisons to be made.

This report therefore covers Sellafield Ltd, Magnox Ltd, DSRL and LLWR.

Spend in the supply chain 15/16

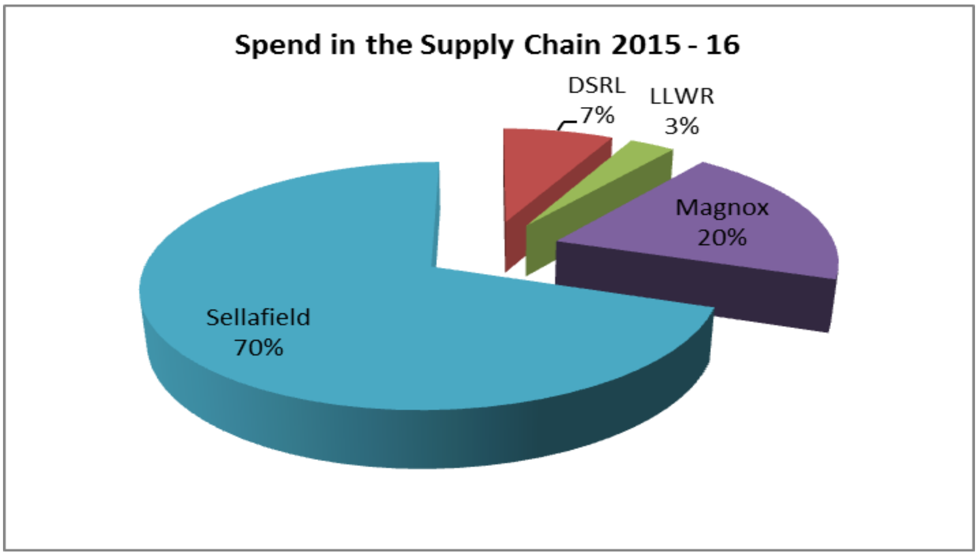

Fig 1a. Breakdown of total supply chain spend 15/16 by SLC

Total SLC external spend for 15/16 was **£1,755,304,190 (actual expenditure)**

This was a decrease in spend from 14/15 of £33m (1.8%), but even taking into account sites going into care and maintenance, expenditure is expected to remain around this level in the next 3-4 years.

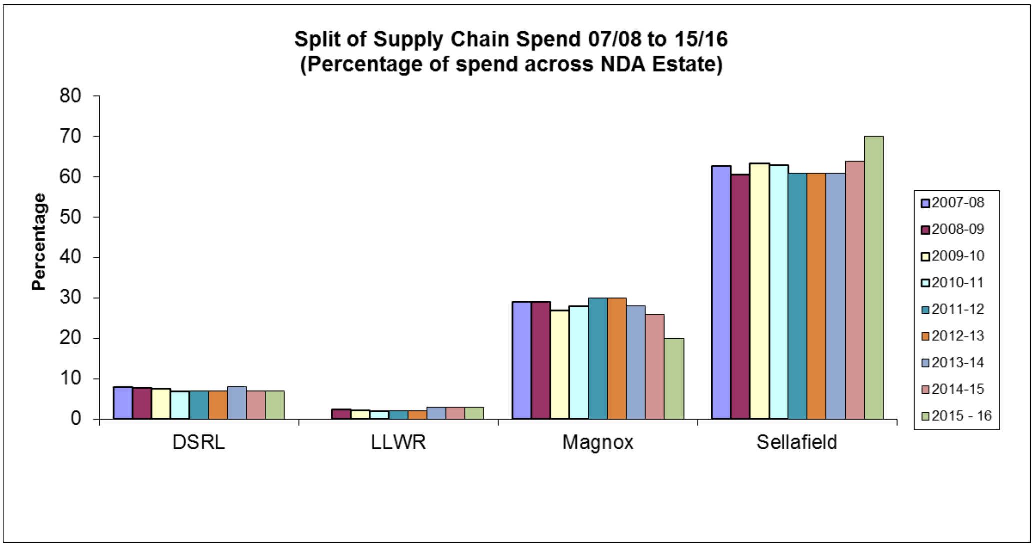

Fig 1b. Breakdown of relative percentages of total supply chain spend 07/08 to 15/16 by SLC

Although the overall spend in the supply chain has decreased, the above graph shows that the relative percentages spent within the SLCs can vary across the years, with Sellafield showing a 6% increase on 14/15 with a corresponding decrease in relative terms for Magnox.

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 - CTA, 2) there is no competition available - CNA. 3) a decision has been made to dispense with competition (with justification) – CDW.

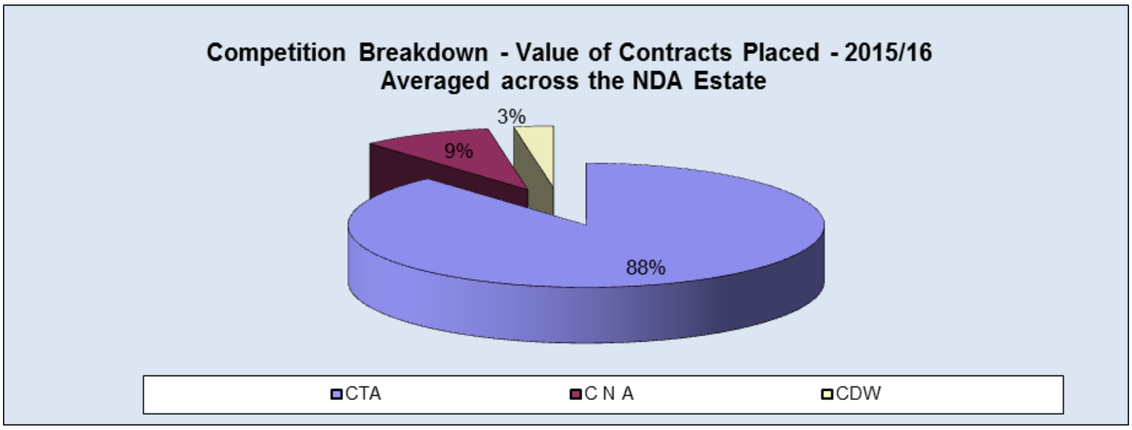

Fig 2a. Breakdown of average value of contracts placed by competition category

The average percentage of contracts placed by competition across the estate was 88% (82% 14/15) by value and 59% (62% 14/15) by number. Although the percentage by value percentage is an overall increase on last year, the number of contracts placed by competition decreased by 3%. 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.

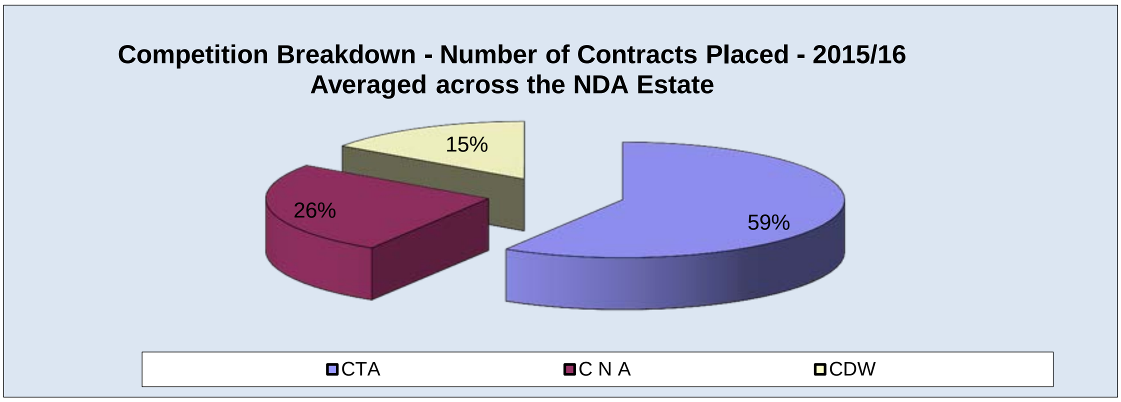

Fig 2b. Breakdown of average number of contracts placed by competitive category

11 year view

By the end of F/Y 15/16 **£15,660,752,948** 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).

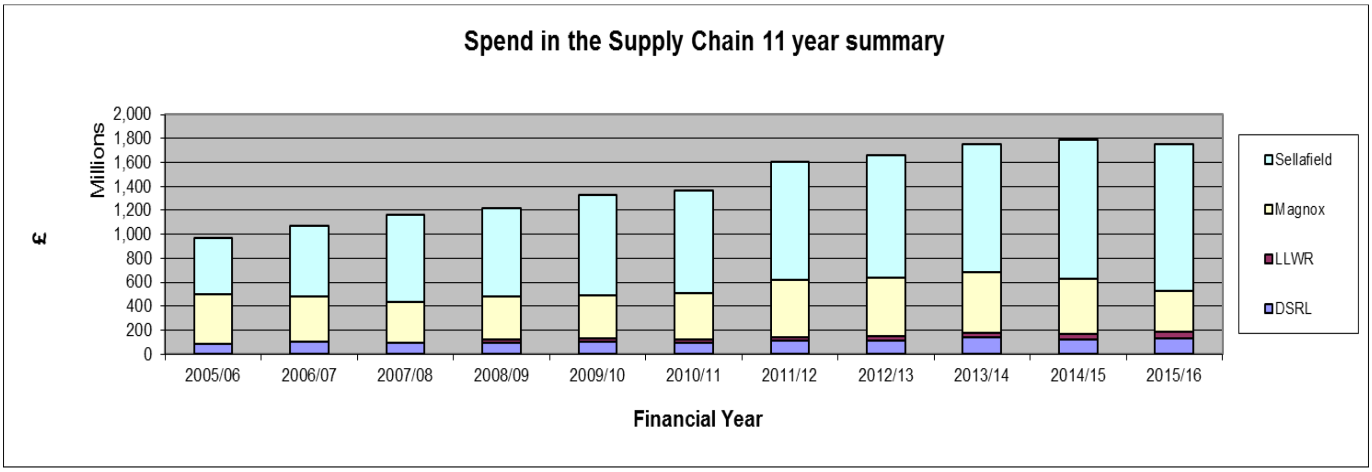

Fig 3. Supply chain spend profile 05/06 to 15/16

Self-performance vs use of the supply chain

In 2015/16 the ASFL for the four SLCs was £2.88Bn (£2.86Bn in 14/15), with 61% spent in the supply chain (63% 14/15). There is a slight increase in internal spend versus supply chain spend in 15/16 which is likely to be due to some services being brought back in-house.

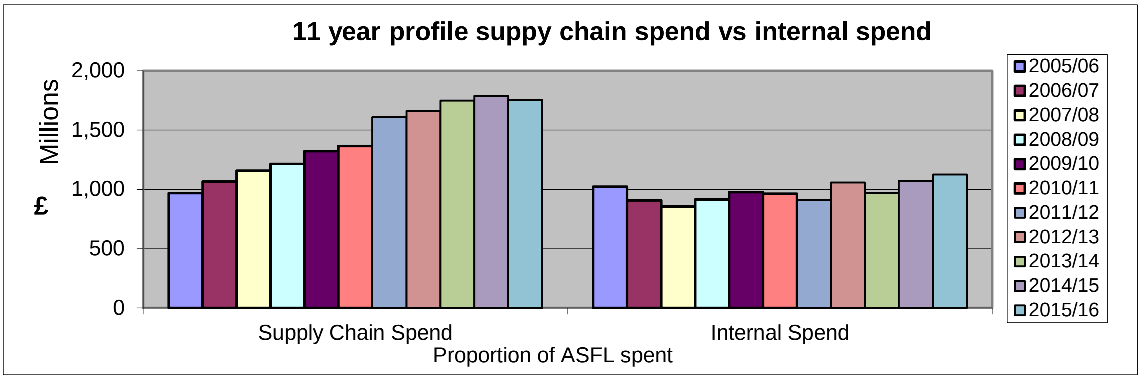

Fig 4. Cross SLC split of ASFL spent internally vs. in the supply chain – FY 05/06 to 15/16. ASFL figure for 15/16 is the year end position

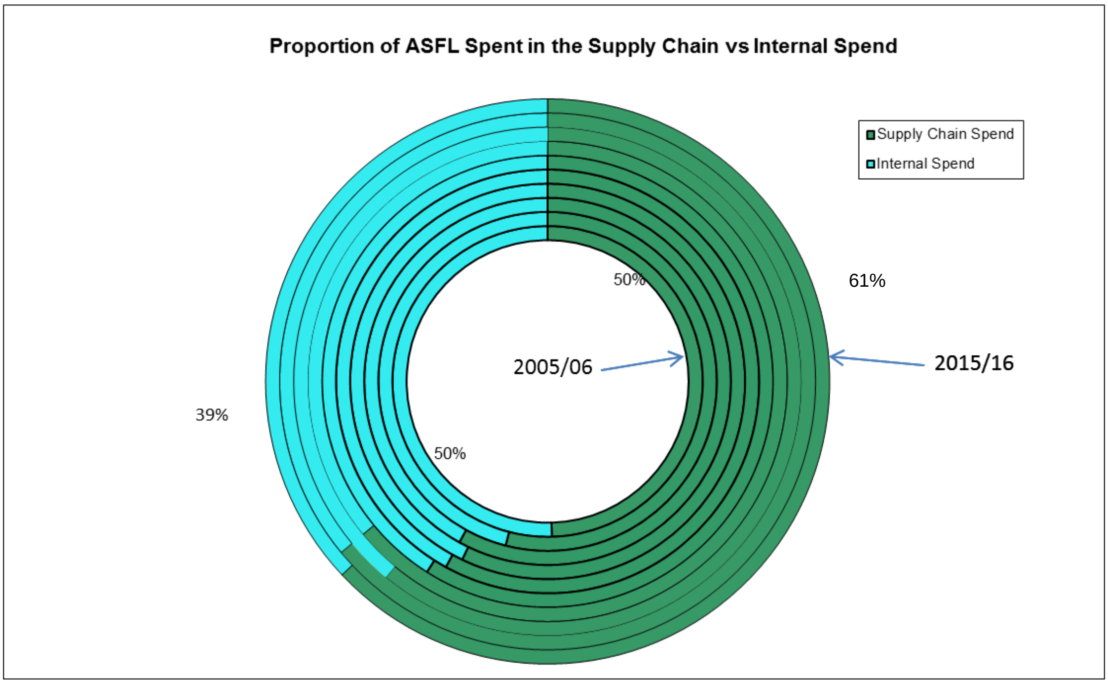

Fig 5. % split of total SLC ASFL spent internally vs in the supply chain

Fig 5 shows the combined SLC's proportionate use of the supply chain. In 15/16, supply chain spend (61%) remains greater than internal spend (39%), although with a 2% decrease on last year. 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 15/16 broken down by SLC, with the comparison for previous years from 09/10:

SLC	**% of ASFL spent in the supply chain**						
	09/10	**10/11**	**11/12**	**12/13**	**13/14**	**14/15**	**15/16**
DSRL	65	67	73	68	76	68	69
LLWR	66	85	79	85	81	76	79
Magnox	55	57	65	63	68	63	54
Sellafield	58	58	63	59	61	61	62
Overall	58	59	64	61	64	63	61

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, and an indication of the overall level of spend for each Top 20 supplier. Looking at the individual SLC 'Top 20' suppliers, spend with these companies was £1.2bn for the year with 62 suppliers (note: some Top 20 'suppliers' include Regulators and Councils and other SLCs).

Key:

£100M - £150M		£15-£20M	
£50-100M		£10-15M	
£35-50M		£5-10M	
£25-35M		£1-5M	
£20-25M		<£1M	

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

N – new to Top 20, R – re-entering Top 20 from the last five years. * = Regulator, statutory body, SLC or NDA Subsidiary

14/15 Position		Contractor	Category	Total Value	DSRL	LLWR	Magnox	Sell
↑	1	Cavendish Nuclear	4 - Design Services/support		5		3	2
↑	2	Nuvia	3 - Decommissioning		3	12	2	4
N	3	AMA Nuclear Ltd (JV Areva, Mace & Atkins for Silos Direct-encapsulation Plant (SDP) project)	5 - Engineering					1
↓	4	Capita Resourcing	11 - Manpower			10	1	16
↑	5	Civil Nuclear Constabulary*	15 - Support Services		1		12	13
↑	6	Atos IT services UK Ltd	9 - IT			5	9	11
↑	7	Morgan Sindall Arup	1 - Construction					3
↓	8	AXIOM (Amec, Jacobs, Mott McDonald, Assystem)	4 - Design Services/support					5
↑	9	SMF Delivery Team (Silo Maintenance Facility: JV Cavendish Nuclear & Balfour Beatty	1 - Construction					6

Supply Chain Statistics
2015 - 2016

14/15 Position		Contractor	Category	Total Value	DSRL	LLWR	Magnox	Sell
↓	10	National Nuclear Laboratory*	13 - R&D					7
↑	11	Bechtel Cavendish Nuclear Solutions	5 - Engineering					8
→	12	Hertel (UK) Ltd	3 - Decommissioning				7	15
↓	13	Costain	1 - Construction					9
N	14	MW High Tech Projects UK Ltd	5 - Engineering		11			12
↓	15	Carillion Construction Ltd	1 - Construction					10
N	16	Capita Business Services	15 - Support Services		10	8		18
N	17	BEP Delivery Team	5 - Engineering					14
↓	18	Mitie Facility Services	6 - FM			7		19
↓	19	Ansaldo Nuclear Engineering Services	5 - Engineering					17
↓	20	ACTiv Nuclear (Atkins, Carillion, Jacobs)	3 - Decommissioning					20
↑	21	Balfour Beatty Civils	1 - Construction				4	
↓	22	Interserve	6 - FM				5	
↓	23	Doosan Babcock	5 - Engineering				6	
↓	24	GNS Gesellschaft fur Nuklear	18 - Waste Management				8	
↑	25	INS*	16 - Transport		2			
↓	26	Radwise Ltd	8 - Health & Safety				10	
↑	27	Croft Associates	5 - Engineering		4			
↓	28	LLWR*	18 - Waste Management				11	
↓	29	EDF Energy	17 - Utilities		13		16	
↓	30	Direct Rail*	16 - Transport				13	
↓	31	Studsvik Ltd	18 - Waste Management			1		
↑	32	Turner & Townsend	15 - Support Services				14	
↓	33	Office for Nuclear Regulation*	15 - Support Services				15	
↑	34	Graham Construction Ltd	1 - Construction			2		
↓	35	NSG Environmental	5 - Engineering			3		
↑	36	Deborah Services Ltd	7 - Hazardous Materials Removal				17	

Supply Chain Statistics
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14/15 Position		Contractor	Category	Total Value	DSRL	LLWR	Magnox	Sell
R	37	Dawnus Construction	1 - Construction				18	
↑	38	CH2M Hill	11 - Manpower		6			
N	39	Fluor	5 - Engineering				19	
↑	40	Morson International	11 - Manpower		7			
N	41	AMCO	1 - Construction				20	
↓	42	GD Energy Services Nuclear Ltd	3 - Decommissioning		8			
↓	43	CSC Computing	9 - IT		9			
↓	44	AECOM inc Affiliates (ex URS)	15 - Support Services		12			
↓	45	AMEC FW inc affiliates	3 - Decommissioning		15	16		
↑	46	Tradebe Fawley Ltd	18 - Waste Management			4		
↓	47	Jacobs Engineering UK Ltd	11 - Manpower		14			
↓	48	Energy Solutions EU Ltd	11 - Manpower			6		
↓	49	Redhall Nuclear	5 - Engineering		16			
→	50	JGC Engineering & Technical Services Ltd	5 - Engineering		17			
↑	51	W.H. Davis Ltd	5 - Engineering			9		
N	52	Oxford Technologies	5 - Engineering		18			
R	53	Canberra UK Ltd	12 - Plant & Equipment		19			
New	54	The Highland Council*	15 - Support Services		20			
R	55	Thomas Armstrong (Construction) Ltd	1 - Construction			11		
New	56	NG Bailey	15 - Support Services			13		
R	57	Bootle Containers	5 - Engineering			14		
↑	58	Sellafield Ltd*	15 - Support Services			15		
↑	59	Inutec Ltd	18 - Waste Management			17		
↓	60	Augean Plc	18 - Waste Management			18		
↑	61	SITA UK Ltd	18 - Waste Management			19		
R	62	Thurston Group Ltd	1 - Construction			20		

Supply Chain Statistics
2015 - 2016

There has been some churn in the overall Top 20 in the last 12 months compared to 14/15, particularly due to the merger of RSLR with Magnox which reduces the variety of contractors in the Top 20. The majority of changes are therefore at the lower end of the Top 20 supplier list. There is some movement between the relative rankings of the various companies, with Capita changing places with Cavendish Nuclear, who are now at the top of the list. There are also some new entrants to the Top 20, although some of these are re-entering the Top 20 from previous years.

New/re-entrants to the Top 20 are: AMA Nuclear Ltd, MW High Tech Projects UK Ltd, Capita Business Services, BEP Delivery Team, Dawnus Construction, Fluor, AMCO, Oxford Technologies, Canberra UK Ltd, The Highland Council, Thomas Armstrong (Construction) Ltd, NG Bailey, Bootle Containers, Thurston Group Ltd.

Leaving the Top 20 are: CNSL, Shepley Engineering, Actus, Erith Contractors Ltd, Geoquip, Scion Technical Services, Cavendish Nuclear Manufacturing Ltd, MM Millar, KDC Contractors, Kaefer C&D Ltd, Priory Construction, Atkins, Profile Security Services, Evolve, D Clough, Environment Agency, Vale of White Horse council, Eden Nuclear & Environment.

Split of supply chain ‘Top 20’ spend

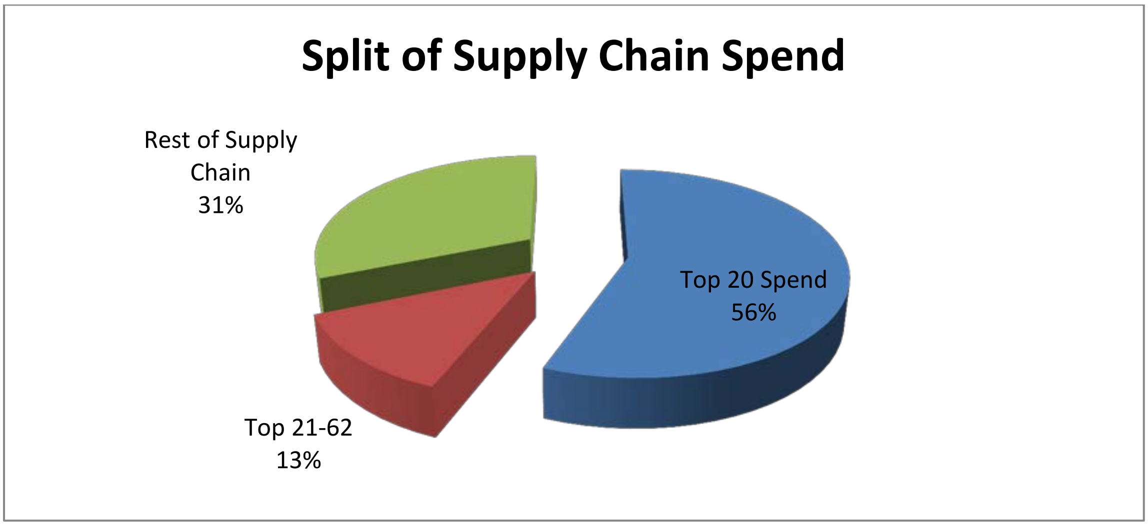

Fig 6. Split of supplier spend for 15/16 – split between the top 20 suppliers, suppliers ranked 21-62 and spend with the remainder of the supply chain.

In 15/16 £983m (£970m in 14/15) was spent with 20 suppliers, equating to 56% of spend in the supply chain (54% in 14/15) and of that, £609m (£681m 14/15) was spent with 10 suppliers.

The figures could be skewed by the large spend at Sellafield so it is worth looking at SLC by SLC Top 20 supplier (62 suppliers) usage:

	% of SLC supply chain spend spent with Top 10/20 Suppliers							
SLC	**08/09**	**09/10**	**10/11**	**11/12**	**12/13**	**13/14**	**14/15**	**15/16**
DSRL	77	44	48	55	75	73	71	73
LLWR	84	80	70	70	76	72	77	78
Magnox	46	45	58	63	63	62	62	68
Sellafield	49	42	61	61	63	66	68	68
Total	**51**	**44**	**59**	**61**	**64**	**66**	**67**	**69**

Note: from 11/12 it is the Top 20 for each SLC whereas it was the Top 10 in 08-09 and a mix in 09-11

Supplier categories

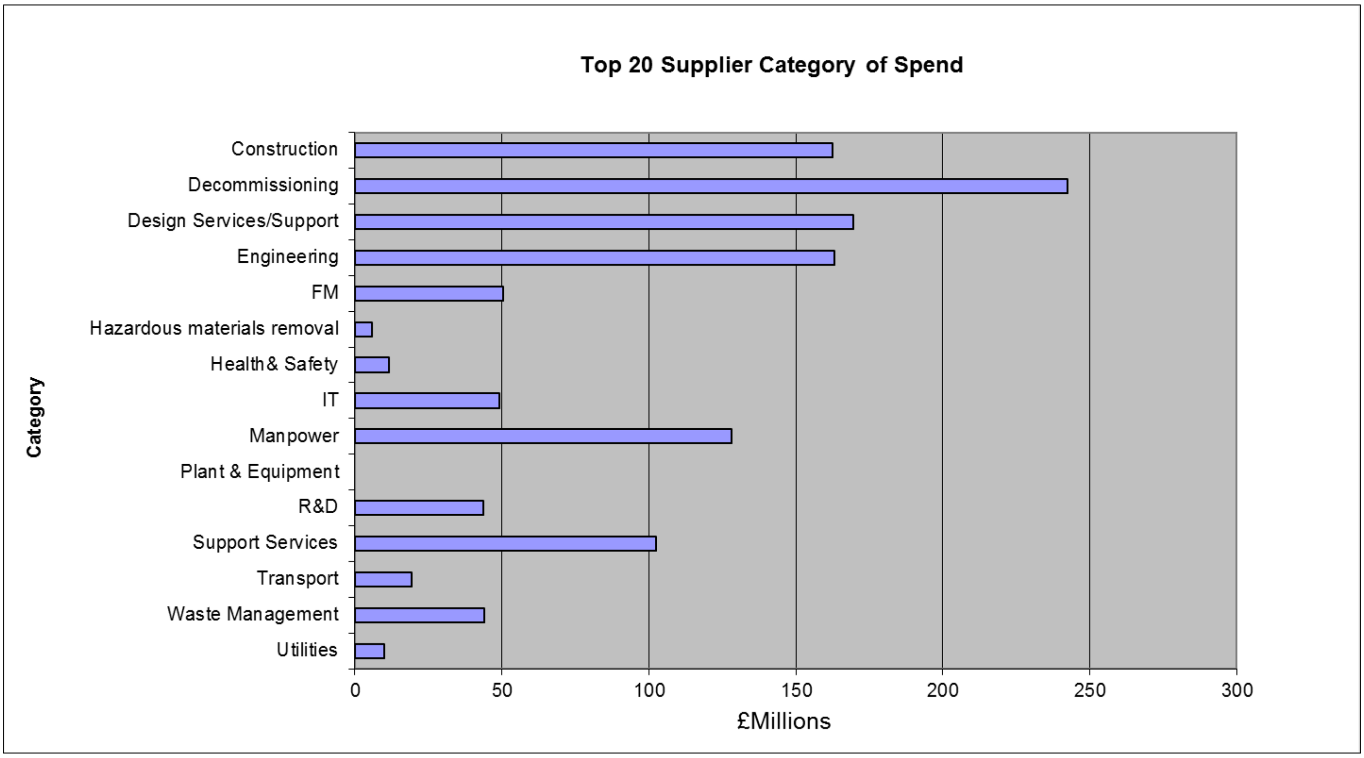

Fig 7. Categorisation of SLC 'top Tier 2' spend suppliers – this categorises the spend with SLC's top suppliers in 15/16 totalling **£1.2bn** - not the entire expenditure for the year.

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 62 suppliers listed in the SLC's 'top Tier 2s' fall into 15 categories.

The largest group are Engineering Services (£258m) followed by Construction (£224m), Decommissioning (169m) and Design Services/Support (£138m). The top four categories show a change from last year in that the Engineering Services and Construction has increased significantly, with a subsequent reduction in Decommissioning and Design/Support Services – this is likely to be due to larger projects being initiated, and starting to move into construction phase.

Collaborative Procurement

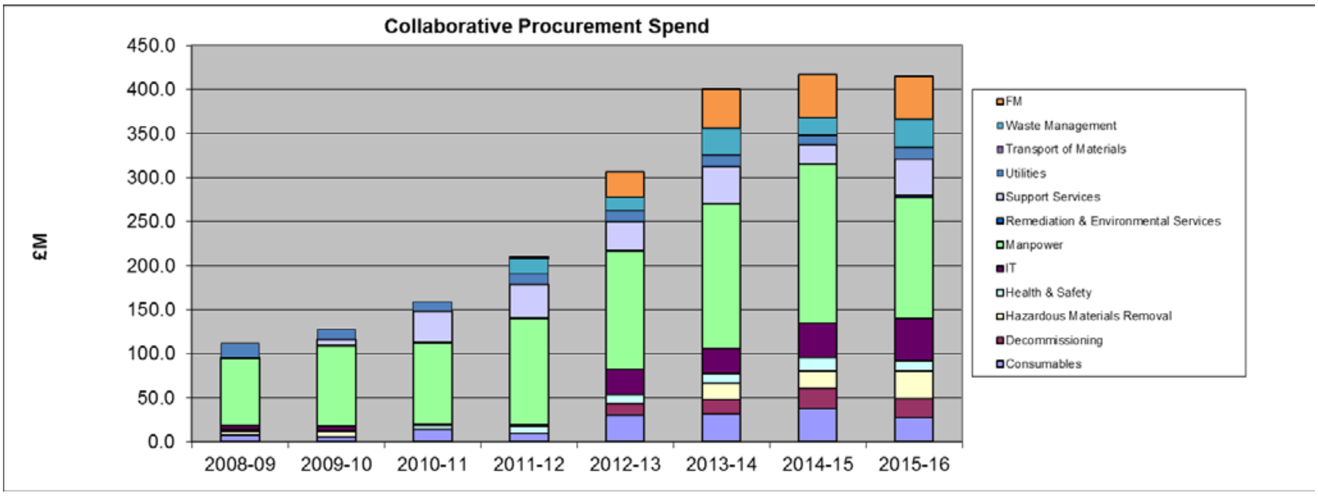

Fig 8. Collaborative Procurement Spend from 2008

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 slight reduction in Collaborative Procurement spend with an decrease from £417m in 14/15 to £415m in 15/16, however this is also a reflection in the overall reduction in supply chain spend. Of the £415m, 28% was against Crown Commercial Services frameworks. The programme also recorded over £87m of savings in the year (£64m 14/15).

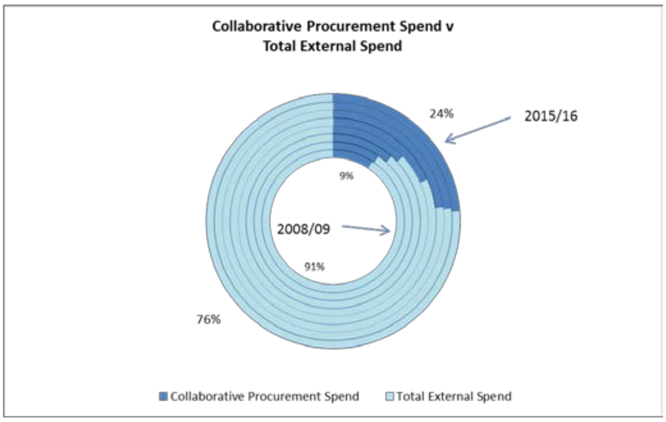

Fig 9. Collaborative Procurement Spend v Total Supply Chain Spend

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

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 15/16 was a range of 21.5 – 23%, and the lower end of this was achieved with a reported percentage of 22.2% for the SLCs.

Reporting in this area, particularly with indirect Tier 2 SME spend continues to be developed, with agreement from Cabinet Office that we can apply the average Tier 2 SME spend to the direct spend where we do not directly capture SME data. We also assess SME spend against total supply chain spend which excludes spend with Regulators, Local Authorities, other members of the NDA Estate to avoid double counting across government, rather than against total external spend. We have increased the number of Tier 2s reporting data from 39 to 49 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 therefore 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	102,370,000	29,910,000	29.2
LLWR	51,107,000	10,100,000	19.8
Magnox	310,800,000	39,200,000	12.6
Sellafield	1,146,085,093	71,860,000	6.3
Total	1,610,362,093	151,070,000	9.4
Indirect T2*		207,146,636	12.9
Total	1,610,362,093	358,216,636	22.2

* Reported Indirect Tier 2 spend is from those 'Top Spend' suppliers who have been requested to provide SME spend data and have done so (49 in total). The indirect data includes a calculation of SME spend from suppliers not monitored centrally by NDA equating to an additional 14% indirect spend based on the average Tier 2 spend that is monitored (this compares to the 10 – 15% of SME spend that Sellafield and Magnox have traditionally estimated on unrecorded spend).

Top 20 SMEs

Top 20 SMEs across the NDA Estate by SLC direct spend 2015-16

1	Cumbrian Nuclear Solutions Ltd*
2	Croft Associates Ltd
3	Graham Engineering Ltd
4	NSG Environmental Ltd
5	Romar Innovate Limited
6	Lansdowne Chemicals plc
7	Radwise Ltd
8	Thomas Graham & Sons
9	JGC Engineering & Technical
10	W.H. Davis Ltd
11	DBD Ltd
12	Blargoans Ltd
13	Reays Coaches Ltd
14	React Engineering Ltd
15	Bootle Containers Ltd
16	John Gunn & Sons Ltd
17	Scientific Laboratory Supplies
18	MechaTech Systems Ltd
19	Outperform UK Ltd
20	P C Richardson & Co (Middlesbrough) Ltd

The NDA Estate use the EU definition of an SME based on staff headcount, turnover or balance sheet and whether an organisation is part of a larger group. The definition can be found on the European Commission website at:

http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

* CNSL comprises a partnership of companies, both large and small, however its ownership makeup meets the SME criteria.

Notes

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.

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 future years.

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.

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.

During 2010 Magnox North and Magnox South became a single company Magnox Ltd, while in 2015/16 RSRL was also incorporated into Magnox Ltd and data is therefore aligned to show statistics for Magnox Ltd as a whole.

Historic ASFL figures

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