

National SME Steering Group meeting

1 April 2014 9.30-1.30 Hinton House, Warrington

MINUTES

Attendees

<p>Chair : Ron Gorham, (RG) NDA</p> <p>Government Representatives : David Gigg, Office of the Crown Representative for SMEs Wyn Roberts, Head of Energy & Environment, Welsh Gov. Oonagh Gil, Business Directorate, Scottish Gov.</p>	<p>Regional Chairs : Mark Beirne (MB), North Region Kurt Canfield (KC), Cumbria Region Neil Foreman (NF), South Region Peter Murphy (PM), Scottish Region Matt Tuck (MT), Welsh Region</p>
<p>NDA: Ron Gorham (RG) Sam Dancy (SD) Pippa Kelly (PK)</p>	<p>Apologies : David Batters (DB), NDA Peter Walkden (PW), Shared Services Alliance</p>
<p>Guest Speakers : Mike Tynan (MT) NAMRC Rakesh Burgul (RB) NDA</p>	<p>Kirsty Snape (KS) NDA</p>

1. Welcome

Apologies were received from David Batters the regular Chair of the group and he has asked Ron Gorham to fulfil this position today.

2. Feedback from Regional Groups

a) Cumbrian Group chair : Kurt Canfield

Group has been raising challenges on barriers to work much of which is based around Sellafield (SL) and the size of the frameworks being prohibitive for SME involvement. They were working with the SL Commercial Directors to come to a conclusion over what 'good' looks like in the supply chain to SL.

From the start of the group a key action was to assess the capability of the SME Supply chain in Cumbria. To that end a sub committee was formed called the Cumbria Excellence Committee and the main focus of this group has been to work on a Cumbria Excellence Day, planned for 13th May 2014 at Energus, Lillyhall. The aim being a showcase for all SME's working in the energy sector locally, discover their capabilities, demonstrate areas of excellence as well as understand opportunities in the sector. Stands were being made available for local SME's. The day was being delivered by Britain's Energy Coast (BEC) and CN Group (Local Media and Event company). The hope was to create a list of SME's in the Cumbria region from the day.

Ongoing issues still with Insurance, PQQ's and professional indemnity requests.

Action : PK to reissue details of Excellence Day to committee members.

b) Scotland Group chair : Peter Murphy

There were recent changes to the committee with 3 replacement members and 1 new member at the last meeting in Dounreay. An Insurance update was given by Kirsty Snape, NDA and a presentation by Brian Nixon of Decommissioning North Sea. The Group had a similar issue to other regions in identifying the SME's in Scotland. Ken Linn from Dounreay Site Restoration Ltd (DSRL) reported approx. 400 SME's and the group would like to know where and how they could reach out to them

Additionally there is a concern within the group about the Nuclear Advanced Manufacturing Research Council (NAMRC) Programme 'Sharing in Growth' that is not available to companies outside England, this deepened when it appears that the NIA had produced a questionnaire to assess the readiness of the Supply Chain in the nuclear new build Sector. One of the questions was 'have you participated in Sharing in Growth'? OG updated the group on a meeting that was held by BIS, Scottish Government, HIENT (Highlands and Islands Enterprise) and SE (Scottish Enterprise). It was not clear

why the Sharing and Growth programme was restricted to England and they are still hoping to find out how this could be moved forward.

Action : Clarification on what is offered by NAMRC to be given to all chairs for circulation – MT

The Scottish group have volunteered to review the new release of Contracts Finder based on comparison with the Public Contract Scotland, the Scottish portal for all Public Contracts. Contact on this issue to be via SD.

c) South Group chair : Neil Foreman

The group had been focusing on what would a good company look like who supplies the Nuclear Decomm market. It was then decided that this would fit well within a FAQ guide being produced by the Welsh Group to produce a national document.

The group had a guest member at the last meeting was from AWE who gave a good insight into what can be achieved in an albeit smaller scale with a recorded 24% of spend being with SME's.

NF was particularly interested in concentrating the group's focus on SC21 (Supply Chain for the 21st Century). RG commented Helen Perthen, South Group committee member from Research Sites Restoration Ltd (RSRL), had presented to the Shared Services Alliance (SSA) (consisting of the Site Licence Company (SLC) Commercial Directors), and was under consideration as a tool to use within the NDA Estate. The AWE Commercial Director had also been invited to talk to the SSA and give a pros and cons outline from their experience. NF offered to give the same from a supplier's point of view.

d) North Group chair : Mark Beirne

Similar to other regions, the group has decided to find out how to more effectively reach out to other SME's in the area interested in the Nuclear Decomm. They have also considered the group make up as other SME's have contacted the Chair and members about joining. It was decided that there was the opportunity to extend the group by perhaps 2 more SME's without losing the dynamic of the team. They were also planning to allow other SME's to present to the group.

The group has also been a conduit for industry initiatives with a presentation of the Costain Academy at one meeting, and an approach from Cavendish Nuclear to present their apprentice scheme and perhaps offer the apprentices to SME's and give them experience in a smaller organisation. Another avenue being considered was a 'lean academy'.

The next objective for the group is an SME Day on 16th June in the Manchester area. Through the Chamber of Commerce, LEP's etc the group intended to reach as many (at least 50) SME's in the area who are either in the industry or would like more information on how to get involved. They were hoping to invite guest speakers from SL, NDA and NAMRC and then hold some smaller workshops on subjects such as Explaining the Industry, Barriers and challenges, Innovation and Collaboration.

Following this they would like to put together a guide to collaboration for SME's, to complement the Innovations Guide, for publication at the next Supply Chain event in November 2014.

RG would like to pass on any lessons learnt from this and other initiatives to DG. A cautionary example was given of SME's having been indicated by Tier 2's without their knowledge to gain an advantage when applying for contracts, and the SME never seeing the benefit. DG and RG were very interested to hear further of any aspect of mis-management of the Public Procurement supply chain either direct to the NDA, via the Chairs or to the government using the Mystery Shopper.

Another concern was raised that whilst some SLC's (LLWR) are willing and actively engage collaboration using their lotting strategies, this is not common. RG suggested that the guide may benefit from being divided into two sections : how to encourage SLC's to engage with collaborative groups and secondly how to help SME's to collaborate.

e) Welsh Group chair : Matt Tuck

The Welsh Group had been working on the Frequently Asked Questions which will incorporate the work being done by the Southern group. This should be completed at the next meeting in May. The chair was asked by the Welsh Government to represent the group at the TSB Nuclear event in Cardiff. The presentation was well received and the whole event was successful with an additional 50 new companies coming forward as being interested in working in the sector.

3. NDA Update : Sam Dancy

In terms of the NDA SME Action Plan, the NDA had a target of 17% SME spend (direct and indirect) for 2013/14 and early indications were that this would be met. Plans were well advanced for launching the SME Mentor Scheme with over 40 pairs of mentors and mentees identified. The aim was for 20-25 pairs so this showed a great response from people who wanted to give something back to the industry. The SLCs were working together with the aim of all SLCs being on a single contract and tender management platform by the middle of the year – this would mean suppliers only had to input generic company information once and it should be available to all SLCs. There would also be an automatic upload of opportunities to Contracts Finder.

4. Security across NDA Estate: Rakesh Burgul, Security Manager NDA

RB gave a presentation on security aspects. The main points raised were that although there was no such thing as 100% security, there was no substitute for common sense, but to get security you had to give something up – time, resource, liberty, money and you needed defence in depth. Equally, there was the potential for a ‘security says no’ culture, whereas RB’s approach was for a pragmatic/proportionate approach which helped make the Estate more efficient whilst working within the regulatory requirements. The regulatory requirements that needed to be considered were:

- Physical - Access control, guards, guns, dogs, fences, alarms
- Information & IT - Access control, “Need to know” vs “Need to share”, firewalls
- Cultural - Compliance, Clear Desk policy, screen locking, Challenge, internal incidents
- Personnel - Insider threat, Honesty & Integrity, Reputational damage

RB acknowledged that there was little uniformity between the SLCs which impacted on the supply chain where they needed to access multiple sites and faced different requirements. There was a discussion on the security aspects of working on the sites and with SLCs and the different barriers and issues incurred. If the groups could provide examples then there was potential for these to be considered further for improvement opportunities.

Action: Chairs to reach into their groups to get examples of good and poor practice on security aspects

5. Insurance Update: Kirsty Snape, Insurance Manager NDA

Initial concerns were that SME’s had encountered increase in premiums and terms as soon as the word nuclear was mentioned. A briefing note has been drafted (available on the NDA website <http://www.nda.gov.uk/publication/nda-sme-briefing-note-contractor-insurance-for-working-on-a-nuclear-site/>) for suppliers to give to their brokers outlining the insurance that is required and what is covered by NDA/SLC’s. This can be used when brokers are preparing a quote. In conjunction with this, the NDA’s brokers (Willis) are prepared to provide a quote for insurance for either annual insurance or for just the nuclear site element. This quote is free of charge but is subject to the same conditions as other insurance quotes – if your company is a bad risk based on previous claims, this will still affect your premium, however, the understanding of the Nuclear Insurance element should give a more relevant quote. Willis contact details are also available.

Guidelines have been prepared to explain what is already covered by the NDA whilst involved in construction on an SLC site. These documents will be available on the NDA website.

There was a discussion on Professional Indemnity levels being requested with in the NDA Estate and the relationship between professional indemnity and value of work. KS believed that this should be decided case by case based on the level of risk. RG feels that there is a conservative approach within the Estate that needs a discussion between KS, Legal departments and Commercial and NDA

to reconsider any blanket approaches being applied. Consideration should also be made to capping risk flow down to the bottom of the chain. DG offered to be involved in any discussions on this and other barriers.

Action : All members to provide PK/KS with any examples of insurance that are a blocker to work and any stories demonstrating good behavior.

A question was raised as to whether NDA/SLC's could take a holistic approach and cover all insurances. KS responded that this would not be possible across the board as responsibility for risk could not be born by the NDA. However, RG commented that this was done by BAA in Terminal 5 construction.

6. Updates from the three Governments

Government Updates – Scotland, Oonagh Gil

Dounreay was recently visited by the Scottish Energy Minister, Fergus Ewing and is very interested in the progress being made. The Energy Skills Investment Plan now includes Nuclear and Decommissioning and sits under the Scottish Energy Advisory group, chaired by the Scottish First Minister. Local Enterprise agencies : Scottish Enterprise and Highlands and Islands are developing the 2nd phase of the Nuclear Supply Chain project to be finalised by May 2014. The project aims to provide 1 to 1 support for companies, introduction to NDA sites, workshops and other opportunities over the next 3 years. Public Contracts Scotland is the portal by which all public procurement contracts are published and the latest published data shows that 82% of public contracts were awarded to SME's and of the £9.7bn public contract spend, 46% went to SME's. Scotland are keen to maintain the use of the portal whilst it is very successful.

Government Updates – Wales, Wyn Roberts

Work has been progressing with the Wales Capability Plan, a response to the requirement to understand what companies, skills and capabilities are within the supply chain, and barriers to entry/progression in the Nuclear sector. A capability report has been commissioned to look across the sectors in Wales. Over 1000 survey interviews have been conducted to date and from those surveyed 12% have worked in the Nuclear Sector, 50% were not interested in working in the sector, but this leaves 400 companies who are not yet working in the industry but would be interested. The challenge now is to discover what is preventing them from moving into this field and what the Welsh Government can do to support them through training etc. The final results should be available in April. For further information or to take part in the survey : www.nuclearcapabilitywales.com
Welsh Government have been working with Horizon who are starting to work with their potential supply chain. A Nuclear Profiling event was held recently in Anglesey and the Welsh Government were involved in introducing potential SME's to the 4 framework companies, AMEC Nuclear, Jacobs, Cavendish and Atkins. 40 local business attended, mostly SME's and were introduced to the Commercial Directors of the 4 companies involved.

£2.3m has been allocated to the Menai Llangefni College to work with Horizon to provide apprenticeship work in construction and advanced engineering. Current apprentices are placed at Magnox.

It was suggested that the Welsh Government consider the results of the capability report in line with the nuclear supply chain programs developed by Scotland and Cumbria as they were based on similar reports.

Government Updates - David Gigg

2012/2013 statistics show 19.9% of Central Gov spend (total of £44bn) are with SME's, and are on track to meet the 25% by the end of the current parliament. Wider public sector is worth £230bn p.a. but is much more varied as it includes local government spend which is already 45-50% local SME's. Lord Young, the PM's Enterprise Advisor, produced a report last year and since then the Cabinet Office have focused on reforms on PQQ's, 30 day payment terms, all public contracts published on Contracts Finder, and reporting on all new spend with SME's. Three main areas of focus continue to be Mystery Shopper but with a change to being more proactive and contacting companies to uncover areas of the Supply Chain that are not working as they should.

Contracts Finder is being redeveloped, and they are currently collecting views on the current system and what needs changing to improve functionality. The new system is due for release at the end of 2014. Finally Solutions Exchange (<http://solutions-exchange.cabinetoffice.gov.uk/>) is a new web based service for public sector organisations to offer business challenges to the market before the contract stage, to form a basis for discussion and offer smaller companies to pitch business proposals to Government. This should be a two way dialogue.

7. Introduction to NAMRC and support for SME's – Mike Tynan

<http://namrc.co.uk/wp-content/uploads/2014/04/Tynan-presentation-April14.pptx>

Sharing and Growth program

OG was unable to join the conversation at this point but PM raised the queries from Scotland. MT confirmed that a meeting was held between Scottish Gov and BIS to see if there was any opportunity for Scottish companies to participate, and was still subject to discussion.

Fit for Nuclear

Plans in future to modify the system to make it relevant to all Nuclear sectors as the focus had been on New Build.

NAMRC Consultancy

Consultancy is available through the NAMRC. Improvements are being made to the website and they will be changing the membership structure to make it more accessible. There were concerns that consultancy results shared with other members and not exclusive to the contractor.

8. AOB

Local/National Socio Economic Plans

A question was raised as to what the requirement was for local (and National) provision for work in current (NDA) and new build Nuclear work? DG explained that this fell under the BIS Agenda and is not within the Cabinet Office which is focused on the European Procurement rules and value for money. This is one of the founding reasons for promoting SME's as an opportunity to realise better value. HMG are unable (by regulation) force the use of local or national labour or companies, however the developers of the three potential new build schemes are themselves making a commitment to a socio economic plan with targets for local content.

Next Meeting

The Committee agreed that to ensure the maximum benefit from the meetings they should be held every 6 months but over 2 days, starting late on day 1, dinner followed by a full 5 hours on day 2.

There was a request for more emphasis on planning and looking forward and less retrospective views.

Action : PK to plan next meeting for 6 months with overnight based in Warrington.

Terms of Reference

There was a recommendation to adopt the change in Terms of Reference as presented by the Cumbrian group to allow Chairs to remain in post for 3 years and a further year as an SME committee member with the rest of the committee to be changed by 25% every 2 years.

Action : PK to email all Chairs and committee members for agreement to the change.

Identifying SMEs

There was a discussion on the difficulty of the groups to identify SMEs. If the SLCs and Tier 2s provided spend data, then it was queried whether they could be asked for their SME lists as a starting point.

Action : NDA to consider asking a sample of the Tier 2's who provided SME data, to provide the company names of the SME's in order to capture those working in the industry, not as a check on the data.

Concerns over access to SL work

All chairs agreed that the issue of access to work, whether direct or via Tier 2's, is a constant subject of discussion in the Steering Group meetings. RG agreed to take this issue out of this forum and organize a separate meeting with Sellafield to tackle the issues raised.

Action : PK/RG to organize a meeting between NDA, SL and SME Chairs at as senior level as possible.

Supply Chain Event

Next Supply Chain Event is proposed to be on 6th November with the potential for UKTI presentations on an adjoining day. It would be the same venue with a promise to ensure that climate will be more comfortable.