

## National SME Steering Group meeting

17<sup>th</sup> July 2013 10:00 – 14:00, NDA Office, Hinton House, Warrington,

### MINUTES

#### Attendees

- David Batters, Chair, NDA
- Mark Beirne, North Region
- Kurt Canfield, Cumbria Region Critical
- Sam Dancy, NDA
- Neil Foreman, South Region
- David Gigg, Office of the Crown Representative for SMEs
- Ron Gorham, NDA
- Pippa Kelly, NDA
- Peter Murphy, Scottish Region
- Wyn Roberts, Head of Energy & Environment, North Wales, Welsh Government
- Elizabeth Stark, Head of Industries & Entrepreneurship Policy, Scottish Government
- Matt Tuck, Welsh Region
- Peter Walkden, Shared Services Alliance (SSA) Chair representing the SLCs

#### 1. Welcome and Introductions – David Batters

David Batters welcomed everyone to the meeting which was the first National SME Steering Group Meeting bringing together the 5 Regional Groups.

#### 2. Concept, roles and responsibilities of the Group

- Acknowledged that it was important for members to avoid a conflict of interest as they were representing all SME's not just their own companies.
- Important to have the 3 governments represented in same room along with SLC representation.
- Regional groups have identified their own initiatives to support SMEs following their initial meetings which they will take forward
- Common areas of concern to be brought to the National Steering Group. Different methods of tackling each area raised may be - 'Lead and Learn', 'Just do it' or Government take the lead.
- Frequency of National Steering Group – it was agreed every 6 months with the exception being to have the next before the NDA Estates Supply Chain Event on 13<sup>th</sup> November.
- Noted that although Tier 2's are not on the on the National Steering Group, they are represented by the chairs of each region. There was no obvious Tier 2's representative for the National Group, but the option for inviting Tier 2's to join the meeting was left open.

#### 3. Feedback from Regional Groups

Five regional Groups: Scotland, Wales, Cumbria, North and South. Each group should have 5-6 SME representatives, an SLC Commercial Director, 2 Tier 2 representative, NDA rep and Business Support organisations where available.

##### a) Introduction by Welsh Group chair : Matt Tuck

Most Nuclear work is focused in North Wales. Chair has so far been unsuccessful in identifying companies in South Wales who were supporting Magnox sites.

SME's in the group are diverse, from operational companies to consultancy.

The first meeting was intended to agree what members wanted to get out of the process, priority outcomes considered were :

- Commercial Issues (probably similar to other regions)
- Planning
- Operations

A document from Energy Island was reviewed by the group which detailed 10 points – key factors that influenced development areas for growth. Training was also highlighted as a particularly significant area requiring consideration, to that end NSAN (National Skills Academy for Nuclear) were considered for future involvement.

The second meeting agreed local objectives and a list of potential National issues. NSAN presentation was very comprehensive and no further action was considered necessary from the Committee in pursuing any training initiatives.

2 main areas for action to be considered by 2 sub-committees

- Set up a communication plan for engaging SME's
- Create a Fact sheet for understanding the Market place

b) Introduction by Cumbrian Group chair : Kurt Canfield

Initial meeting committee consisted of a range of SME's from engineering companies to consultancy. Some of the members of the committee have changed since and there is a possibility to bring more SME's on board.

The topics covered were very varied and were rationalised as follows :

1. Commercial - this included simplifying PQQ's, bid constrictions, caveats on Turn Over vs Contract value.
2. Training and resources - need more promotion on the value of training.
3. Identifying SME's - What is an SME, how to define. Criteria development, should be inclusive not exclusive. What is available on Cumbrian doorstep. Possibility to work further with University of Cumbria. This is the focus of a sub group.
4. Exporting skills out of Cumbria - what can Cumbrian companies do to export their skills out of the county.

General discussion on training and how it can be valued within the tender award process. Concern that many specifications are closing down opportunities because significant experience requested. On some projects this is not sustainable in the long term, it does not allow skills development and is leading to poaching. Experience in Magnox found that once contract has been won it is possible to introduce apprentices but not at tender. Apprentices can use this experience to build their portfolio.

c) Introduction by Scotland Group chair : Peter Murphy

Scotland is in a unique position of the regions as there is no potential for new nuclear build, so Scottish Contractors will have to travel if they are interested in pursuing new nuclear opportunities. There are opportunities to help SME's diversify into the Gas/Oil sector. The Group will look at what is available.

R Gorham has had conversations with Decom North Sea and they would be interested to meet with the Scotland Region group.

Local issues raised included: Insurance, Performance bonds, Liquidated damages etc, all of which were recognised procurement tools but not if they were being used disproportionately where they would act as a blocker for SME's. There was broad support that these were National issues which need National Solutions. Highlands and Islands Enterprise were checking with the Supply Chain as to whether there were general issues with insurance, which will be fed back for consideration.

d) Introduction by South Group chair : Neil Foreman

Lack of attendance from some SME's at first meeting but those who did attend were very engaged and supportive. Not many SME's within the region, so further work may be necessary to maintain the appropriate balance within the group.

No clear sector supporting bodies, such as those that exist in other Regions but if any are identified then consideration will be given to their participation.

Main issues discussed were :

- Supplier qualifications, what are the minimum qualifications a company needs to work in nuclear decommissioning, and what are the consequences of asking for more eg cost vs value for money.
- Over auditing of companies

Next meeting will be scheduled for after the summer break.

e) Introduction by North Group chair : Mark Beirne – Presentation available if required

Group has decided to hold monthly meetings. Main focus has been on innovation and are currently working on production of a 'Better practice guide to Innovation'.

The next meeting will bring innovation case studies together and gather critical success factors and the other Regional Chairs have been invited to contribute examples. Planning to launch the Guide at the NDA Estates Supply Chain Event in November.

The group are also creating an SME map for the Northern region which will give SMEs pointers where to go to depending which part of the Northern region they're in – the map will detail various stakeholders that SMEs may want to contact for areas such as funding & grants, training & skills, Local Enterprise partnerships etc.

The group would also be keen to support the mentoring program as it matures.

Discussion at National meeting on whether SME's are restricted by a lack of funds? There were a number of sources of funds available including National High street banks and the Government's Business Bank, plus potentially private equity investors. Broad agreement that if the business case was strong enough funds were available but the Regional Chairs agreed to raise the matter within their committees and feed back any experiences.

**Action 1. Regional Chairs to feedback to Sam Dancy or Ron Gorham**

Groups must be inclusive rather than exclusive and there is a need to publish information widely. It was agreed that the NDA and SLC's would continue to publish committee news as well as continuing to use the NDA Estates LinkedIn page. The Regional groups would also use whatever other communication routes they considered appropriate.

#### 4. Government Updates

Government Updates - David Gigg

Cabinet Office Procurement plan was formally launched in 2011. Aspiration is to have 25% of procurement to be sourced from SME's. This is an aspiration not a target.

Each Government Dept has set a target and NDA's is 20% covering both direct and indirect spend.

Aspiration is about changing behaviors not about counting numbers better. Emphasis remains on delivering better 'Value for money' throughout a range of areas including innovation and by removing unnecessary barriers and bureaucracy.

The Government is about to publish its 2<sup>nd</sup> year report which shows improvements against the target but with significant work still to do.

The Small Business Research Initiative (SBRI) has been set up by Government to support problem solving by the Supply Chain – particularly focused on SMEs and provides direct development contracts against specific problems to be solved. The Government has set a target to increase the level of expenditure on R&D (via the SBRI) to £200m by 2015. DECC and by inference NDA will have specific objective which will be defined in its formal settlement letter which is currently still in draft. There was a discussion on NDA monies being used for innovation throughout the supply chain – the Technology Strategy Board (TSB) has been used to support this, as well as innovation being applied directly to projects via the Supply Chain.

Government are keen to promote the use of the Mystery Shopper service. This was introduced to provide another route for Contractors to raise issues with Public procurement activities. The system is anonymous and since its inception in 2011, 500 complaints have been reported. The results of the complaints are all published and to date the vast majority have been resolved to the satisfaction of the claimant. If there is a formal procurement challenge through the courts, the Mystery Shopper cannot be used.

NDA would prefer that SME's reported poor behavior through either the SME Steering groups, SLC's or the NDA before using the Mystery Shopper system but the decision remains with the complainant. If a complaint is recorded via the Mystery Shopper system then the matter is referred to Ron Gorham (NDA) via the normal channels.

David Gigg highlighted that HMG have Crown Representatives who interface with 50+ key government suppliers. There is an opportunity to explore issues that the group have raised. Cabinet office have not explored these SME issues with Crown Reps/Key suppliers but it is something that can be looked at.

### Government Updates – Wales, Wyn Roberts

The First Minister has ensured that Energy Wales has a high profile. Of the seven zones for Energy, Anglesey and Snowdonia are key for nuclear. The Advanced Manufacturing Sector also supports SME's in the nuclear field. Opportunities at the current Wylfa site are continue with new nuclear sites planned for 2022/23.

Welsh Government very interested in what is happening in this meeting and are currently finalising a specification to further develop its understanding of the capability and capacity of Welsh Companies. They are working with a range of partners to ensure that it continues to influence the existing decommission and Waste agendas plus the New Nuclear Build program.

There is a multi-tiered approach on finance on SME's. The Welsh Government have a growth fund to support SME's with a maximum of £50,000 investment but the companies must be registered in Wales. Also working with TINA, (Technology & Innovation Needs Assessment) for research into Finance and where to source funding.

Also key is promoting Business Parks for new companies, as 90% of businesses in Wales are SME's.

### Government Updates – Scotland, Elisabeth Stark

The Scottish Government retained their Regional Development Agency (Scottish Enterprise and the Highlands and Islands Enterprise) which continues to support businesses including Nuclear specific projects. Six key growth areas including Energy (Oil, Gas and renewables) and construction but no new nuclear build. Supporting new start-up companies with Finance, Grants, Entrepreneurial enterprise with £80m being channeled into these. E-Spark is a private sector led initiative where new entrepreneurs can meet successful companies to learn from their experiences. A question was raised whether Scottish Government would be considering fission as well as fusion policy, and if they could feed back to the group.

## **5. Review of last year's SME Performance – Ron Gorham**

Government has regular SME Champions meetings attended by all Departments and NDA. Ron Gorham is the NDA SME Champion.

In 2011 NDA started work with the supply chain looking at what we had got right, and what improvements were needed, leading to a series of initiatives focused on identifying a range of interventions to support SME's in particular.

- 1 Standardisation of generic PQQ's should start to filter down. We will be looking for feedback via the SME Steering Groups.
- 2 NDA flow down T&C's – these have been simplified. Threshold has been changed so that they now only apply to contracts worth over £150,000 from £50,000 to reduce the burden for SMEs in particular .

- 3 National Supplier event on 13<sup>th</sup> November. We are aiming to have approx 1000 delegates.
  - Innovation zone – Working with the Northern SME committee to showcase Innovative Companies
  - UKTI will bring overseas customers to give SME's the opportunity to discuss potential projects in other countries
  - Supplier Awards –
    - for those suppliers going the 'extra mile'
    - Collaboration between suppliers
    - Innovation by an SME
    - Innovation by a larger company
- 4 Contracts Finder – All the SLC's currently use this portal we need to push Tier 2's to use it too.
- 5 Published SME targets – NDA has two interim milestones leading to our formal 2014/15 target of 20%. Our outturn for the last financial year was just over 13% against the milestone of 15%. The full data at SLC level will be published shortly.

**Action 2. NDA to Publish the 12/13 performance data on its web site**

All SLC's have submitted plans for how they will meet the SME challenge and identifying the blockers to engagement. Working in conjunction with Cabinet Office on collecting data from the Tier 2 community and how to improve its robustness, whilst also not increasing the administrative burden on the Supply Chain. NDA does not request spend data from suppliers below Tier 2s level to ensure that we all concentrate on the behavioral challenge.

**Action 3. NDA to bring all SLC plans together for discussion at the next meeting.**

Costain have a Construction Academy which supports SME's and there is a possibility of exploring whether they could broaden this approach to non-construction and perhaps involve other Tier 2's.

## 6. Common Items

The following were identified as commercial issues that impacted SME's across the Estate.

- Liquidated Damages
- Retentions
- Parent Company Guarantees
- Insurance Level Requirements increasing

There was a discussion about these four items and the fact that there was an issue with proportionality and that they needed to be applied appropriately, and where relevant. It was questioned whether this was an SLC issue or whether it was flow down by the Tier 2's.

*Action.* NDA proposed that the SLC Commercial Directors via the SSA consider these issues and bring back a series of proposed actions or recommendations to the next meeting.

### Payment Terms

Problems associated with some unacceptably long payment terms within the supply chain at Tier 2 and below and the late payment of invoices for work properly completed continued. It was thought that the SLC payment terms were acceptable and these should be flowed down through the tiers from the head contract.

**Action 4. NDA will to consider whether to include payment within 30 days within the flowdown conditions.**

*Secretarial note.* NDA has decided to action this and discussions have started with the SLC's to bring about its speedy introduction.

### Intellectual Property

NDA have revised its Intellectual Property to allow more flexibility on ownership of developed IP. The policy has been issued to the SLC's for implementation. The Wesh Group have already volunteered to review the NDA's supplier brief to help ensure it meets the needs of SMEs.

### 'Staff Poaching' & spiraling salaries

It is acknowledged that some SLC frameworks have created resourcing issues, particularly in Cumbria.

NDA were considering putting Anti-poaching wording into the supply chain charter and there may be a need to contractualise anti-poaching in flow down clauses. It is necessary to broaden the skills base so that we are not all fishing in the same pond. It was queried whether it was also due to commercial models where a resource pool was required rather than a solutions based contract.

### Lack of Engagement or Early Engagement

Early contract engagement should be improving across the Estate and feedback from the group will be sought next meeting.

### Tier 2's/Principal contractors – Culture & Behaviour needs a step change

John Clarke brought together the top Tier 2 and SLC (CEO's meetings) to raise awareness of the SME Agenda. The next meeting is being scheduled for November..

## **7. Guest Speaker - Presentation by Christine Lennon, National Graduate Programme Manager, Nuclear Graduates**

The Nuclear Graduates scheme was established in 2008 by the NDA. The group recruits, employs, develops and delivers graduates on behalf of sponsors. It was designed to develop graduates in the technical, political and commercial challenges of the nuclear industry. Sponsors state specific requirements and Nuclear Graduates recruits against their set criteria. Technical and behaviour training is given in partnership with the University of Manchester and the Open University. The scheme is available to any client irrespective of size as long as they can fund the 2 years.

SME's can also use a graduate on placement as long as the job is relevant to the student, with a proper job role and within the appropriate time frame. For SME's to approach the Nuclear Graduates for a placement they need a job profile with SMART objectives and of interest to the graduate.

It was questioned whether could be a 'speed dating' format for graduates to meet with SME's

Action Christine Lennon to consider developing a simple template that might be used to support the placement option.

## **8. AOB**

There was a discussion on paying expenses for the group. Government operates an SME panel where the attendees are not paid T&S.

**Action 5 NDA will consider this proposal further.**

## **9. Process Review from Chair**

What went well?

General response was that the information and presentations from the Government offices was very interesting – until now members were unaware of what is happening at this level.

NDA have offered to update the SME Regional committees on regular basis with interaction between NDA and Government .

It was agreed that Warrington was a good location for the meeting and that the right points were covered on the Agenda.

The Chair thanked everyone for their support, passion and drive.