

NDA ESTATE SME STEERING GROUP – SOUTH

Meeting 5: 19th June 2014

Aquila Nuclear Engineering Ltd, Tywford

Present:

SMEs: Chair: Neil Foreman (NF) – Centronic Brian McConnell – Hydrock	Tier 2s: John Bloodworth (JB) – KDC, Dave Barker (DB) - Aquila Nuclear Engineering
	Support Organisations: None
SLCs: Helen Perthen (RSRL)	NDA: Sam Dancy (SD)
Apologies: Wes Harford – AM Sensors, Mark Liddiard – HR Wallingford, Steve Spencer – Priory Construction, Dave Dougan – Baker Dougan, John Mason – Antech Inc, Mike O’Neill – Interserve, Ron Gorham – NDA, Shaun Palfrey – AWE, Chris Squires - EdF	

Notes:

1 Welcome and Introductions

- Members to the group were welcomed. There were a few last minute cancellations which meant that attendance was light but it was decided to continue with the meeting.
- Shaun Palfrey had changed roles within AWE and they may send a different representative.

2 Update from NDA

Feedback from Steering Groups

- The Northern Region hosted an SME Day on 16 June 2014 as they wanted to better understand which SMEs were within the region, what their issues were and how they could best represent them. They also wanted to encourage new entrants. It was a very successful day with over 60 SMEs attending and a combination of presentations and workshops to enable issues to be raised.
- The Scottish Region had been supporting clarification on insurance requirements and looking at how to make links with North Sea Decommissioning. SD highlighted that some suppliers had had issues with getting an insurance quote from Willis, the NDA broker and NDA were looking into this.
- The Welsh Region were preparing a set of FAQs for SMEs about working within the sector and the Southern Region would input into this – see item 3.
- The Cumbrian Region had held a ‘Cumbrian Excellence’ day, which was again aimed at identifying SMEs within the region. This had been very successful in terms of SME engagement.
- A special meeting had been set up with Sellafield and several of the SME steering group Chairs as issues with working at Sellafield had been raised by all the groups. This was a positive meeting, and the SME Chairs had an action to identify what ‘good’ could look like for Sellafield interactions with SMEs, while Sellafield would look at its SME engagement.

Some improvements had already been made such as the publication of the SME Procurement Plan on the Sellafield website.

- There was then a discussion on whether SMEs preferred to work for SLCs direct, with the general consensus that they did, and the benefits SMEs working direct could bring - better value for money (no prime contractor mark-up), dynamic and innovative solutions. DB highlighted a case study whereby they had saved an SLC significant money by working on a solution via a direct tender rather than tendering via a Tier 2 arrangement.
- The group agreed that there were complicated projects where a Tier 2 was needed to integrate and manage the work where they did add value, but the market were often responding to what had been issued by the SLCs – big packages did not always deliver the best value, but where there were big packages the SLCs could encourage partnering. HP raised the strategies for SGHWR and Dragon reactors at Winfrith as examples – SGHWR was a large project with complex integration requirements so it was considered most appropriate to have either a major Tier 2 or consortium to manage this, while the Dragon project can manage multiple packages and interfaces – it had to be the right strategy for the right project.
- JB gave an example whereby an alliance of contractors had been formed without needing a formal Joint Venture – each contractor in the alliance has a contract with the SLC and the contractor most suited to a particular task takes the lead. The alliance has a formal steering group with the Managing Directors of each company and an Operating Steering Group below that with an operating procedure.

Action 5.1: JB – to consider providing a case study on the alliance

General Updates

- The Mentor scheme was now up and running with 40+ pairs of mentors and mentees.
- The next NDA Estate Supplier Event would be on 6th November 2014 at Event City, Manchester. Registration would be open in mid-July.

3 Presentation of Welsh Groups FAQ work

- NF proposed that the work the Southern group had done on ‘what does good look like’ for a successful SME was included in the Welsh groups FAQs in some format which was agreed with Matt Tuck ((MT) Chair of the Welsh group.
- NF then ran through the outline slides for the FAQs which had been prepared by MT. The group had some comments on the slides which would be fed back, and they also offered to peer review the final draft.

Action 5.2: NF to liaise with MT on final draft FAQs and send to group for comments, arranging a teleconf to discuss if necessary.

Comments on FAQ slides:

- Market shape and entry
 - Tier 2s can be SMEs
 - SMEs can get direct contracts with SLCs
 - Tier 3 – not just SMEs
- Discussion on levels of quality standards needed

- Don't need ISO, but easier if you have it. If you have a management system, why not get it audited?
- Minimum standard should be integrated management system, but it's good to be ISO certificated – depends if on or off site
- Flowdowns
 - SLCs may include contract provisions that are not flowdowns
 - SMEs will look at levels of risk differently
- Intellectual Property
 - Does the FAQ need to be so legalistic? Can it be in plainer English? SD had already had that conversation with the lawyers and they did not want to dilute the wording in any way – they felt it would be understandable to those dealing with IP issues.

4 SC21 (Supply Chain for the 21st Century)

- A presentation on SC21 had been given to the group at the last meeting, and since then NF and a representative from AWE had given a presentation at the NDA Estate Shared Services Alliance (SSA) which consisted of the NDA and SLC Commercial Directors as well as other organisations who participated in the Estate's Collaborative Procurement programme.
- Collaborative procurements were ongoing, and the SSA strategy identified that added value could be made in the contract management areas, learning from experience, standardisation and asset management
- One work stream of the SSA strategy was key supplier management. Looking at other industries, SC21 came out of Aerospace to bring standardisation on supply chain management, with 600 suppliers signed up to it. In terms of SSA, it had been presented as a framework that the Estate could work within, to increase the level of focus on working with contractors through the supply chain.
- It is already in existence within nuclear with AWE rolling it out, and Rolls Royce also using it. However, it needs to add value for both the NDA Estate and the supply chain and so the views of SMEs within the group were sought.
- Originally within Aerospace, it was initiated to add value in the supply chain and reduce inefficiencies. All the Tier 1s had different key supplier management systems and different supplier development programmes involving similar suppliers. Improvement performance metrics were also all required different management information for quality, time and cost. Therefore one single process for supplier management and development was implemented.
- SC21 provided structured conversations, with supplier development diagnostics and improvement plans, with the aim of having a healthy supply chain. Where top spend, critical suppliers are common across several clients, it can help to work together to solve issues and improve supplier development so all businesses gain.
- NF had implemented SC21 at Centronic after being approached by a client. Centronic are an SME manufacturing kit in a process environment with both catalogue and project products for aerospace, nuclear, and oil & gas. It was an opportunity to show what the company was doing to improve. They identified a champion and trained a team up in the requirements. It had definitely helped to bring them closer to their client, promoting business excellence and improved relationships, as well as manufacturing excellence with its flow down the supply chain.

- The SC21 assessments are not audits, but aimed at creating continuous, sustainable improvement plans, using the EFQM Excellence model. There is a focus on goals, with charters for the improvement projects – in Centronic, these had been built into the 5 year business plan bringing the initiatives under one banner. Implementation does however need full commitment from Board level down.
- The group were invited to offer feedback on what they had heard.
 - The initial response was that it seemed a lot of work for an SME.
 - It was questioned as to whether it took away competitive advantage if you were already a good company with a good system.
 - It was felt that it looked good for customers with long term key suppliers, but was it focussed on manufacturing – has anyone who had provided a service done SC21? NF responded that SC21 tended to be introduced with key suppliers, not the whole supply chain. HP felt that it would most benefit working with suppliers who were deemed critical to a business, and agreed it was not a supply chain wide implementation. HP also considered that the supplier relationship aspects were good and could be applied across sectors.

Action 5.3: All – feedback comments to NF on SC21

5 Case Studies

- HP had an example where contracting with an SME had not worked out, despite the SLC seeking to support them entering the decommissioning market, with the outcome a mutual agreement to exit from the contract. It was thought by the group that this would be a good case study to highlight the issues and learning to try to avoid similar situations.

Action 5.4: HP to provide case study on unsuccessful SME engagement

- There was a discussion on bidding and pricing weighting and its relationship to quality and technical aspects. If pricing is too highly weighted, and there is a sliding scale from lowest price, it can mean that quality aspects have no influence and the award is effectively the lowest price. The weighting has to be appropriate to the work.
- There was also a discussion on ‘alternatives’, as suppliers may see an opportunity to reduce costs or identify cost savings on the technical specification – how can alternative solutions be protected if solutions are shared across all bidders as sometimes happens with technical clarifications. SD highlighted that if the competition was under OJEU then the SLC would need to identify that ‘variants’ would be accepted in the advert to allow alternatives. There should be a way of bidders highlighting that questions were of a commercial nature and request not to be shared.

6 SME Action Plan

- The group felt that they were seeing some differences and improvements in approaches to SME engagement. SD highlighted that the Action Plan would be refreshed and updated.
- The makeup of the group was discussed, and whether other SMEs should be invited so that there was potential for better coverage at meetings. Other groups invited SMEs as guests, and some had increased numbers as they had similar issues.

Action 5.5: SD to put a call out for Southern SMEs to join the group on Linked-In

DATE OF NEXT MEETING: 24TH SEPTEMBER 2014, Centronic offices, Croydon