

SME Steering Group - North

Meeting 14 – 27 January 2016, ITS Ltd, Middlesbrough

MINUTES

Attendees

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| SMEs: Chair: Mark Beirne (MB) CWG John Morris (JM) NSG Ltd Stuart Feather (SF) Firma Engineering Alan Longfield (AL) Firma Engineering Paul Read (PR) James Fisher Nuclear Jon Myers (JMy) Abbot Risk Consulting Mark Taylor (MT) ITS Ltd Aidan McManus (AMc) Tenet Dave Boxall (DB) K Home Intl Michael Williams (MW) PDL Solutions | Tier 2s : |
| SLCs: Jonathan Evans (JE) LLWR Chris Moore (CM) NNL - Guest | NDA: Pippa Kelly (PK), Ron Gorham (RG), Juliet Frost (JF) |
| Apologies: Taylor-Jayne Fox NIS, Sam Dancy NDA, Derek Waugh Jacobs (road closures) Charlotte McLaren - Atos, Gill Jakeman - Atos, Martin Booth WITT UK Group | |

1 Welcome and Introductions

Juliet Frost was introduced to the group as a new Supply Chain Manager for NDA and Ron & Juliet gave their apologies that they would need to leave the meeting early to catch the flight back south. Sadly no Tier 2 members were available for the meeting due to other commitment and last minute road closures on A66!

2 NDA Update – RG

The final outcome of the Comprehensive Spending Review (CSR) has been received and the NDA feel they have had the best settlement that could have been expected with a total of £11bn for the rest of the parliament but including a target reduction/savings of £1bn over the same period. Each of the SLCs should have received their own settlements and are in the process of confirming how this will be used on each site. Most major projects should be continuing as planned and the savings are intended to be made by doing things better within both NDA, SLCs and the supply chain and not by forcing cost reductions on suppliers.

Magnox have been giving more information on the plans for all 12 sites under the new PBO and announcements have been made of the changes to a more structured Category Management procurement across all sites should ensure savings and better coordination of the Supply Chain. A revised Procurement Plan should be published by April 2016 reflecting this change in direction. At the same time Magnox have been restructuring the internal departments within the commercial division and this goes some way to explain the lack of forward communication over the last year. Andrew New, Head of Procurement at Magnox, is aware that communication needs to be revitalised and has requested any suggestions or examples of good Supply Chain communication – even from other industries – be forwarded to him. He is planning a regular newsletter and improvements to the website giving the opportunity to access key contacts for major procurements.

SL are also in a period of reprioritising due to the results of the CSR and also the move to become a Wholly Owned Subsidiary of the NDA in April 2016. A new Chair for Sellafield, Tony Fountain has been announced, he is not new to the industry and was at one time the CEO of the NDA. Paul Foster is confirmed as Managing Director and has made it clear that SL will be making some dramatic changes to move forwards in this new era. This should include demonstrable changes to the relationships with the Supply Chain. The Strategic Partner has not yet been chosen but companies have been in technical dialogue

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with SL last year and the process will continue through February but no formal contracts can be let until the new SL Board has taken up its position in April.

The Government has announced a new SME spend target for the current Parliament of 33% and have agreed with NDA that our SME target would be 31% by 2019 (figures are produced retrospectively) This will mean that the target will be between 21.5-23% for this year, 23.5-25% for 2016/17, 25.5-29% for 2017/18 and finally 29-31% for 2018/19. The targets are challenging and will require some radical changes at SLC and Tier 2 levels.

Consultation will be finishing shortly on the NDA Strategy for the next 4 years and would like feedback from members of the public and interested parties. Please go to the NDA website to read the draft document and comment by 16th Feb. Also under review is the NDA SME Action plan which will in future be the basis of all SLC plans, with local variations. Again the current Action Plan is available on the NDA website. The SME Steering Groups continue to be vital part of the Action Plan but new ideas or approaches will be welcomed. Please respond to the NDA Supply Chain team with any proposals/comments by mid February.

Action : Read and comment on NDA Draft Strategy Document – All by 16th Feb

Action : Read and make suggestions to NDA Supply Chain team on the SME Action Plan – All by 16th Feb

During this update there was discussion amongst the group over the historic issues within SLCs where there is not sufficient continuity of leadership (PBO model) and continuation of historical practices do not make best use of the advantages of SMEs to support the challenge from Government and produce the best value for money for the tax payer. Examples cited were make vs buy, cost of staffing at SL and reluctance to change the socio economic model, overzealous flow down of quality standards etc.

3 Presentation from NNL – Chris Moore, Strategy and Commercial Director

Chris gave a presentation outlining the position of NNL regarding the Government, whilst a Government owned company it does not get any funding from Government, all revenues are commercially raised through work for national and international customers. NNL are not subject to a formal SME target but are keen to follow the lead of Government in this regard where possible.

Chris ran through a presentation, that will be circulated to the group only, that gave details of the proposal to create a Joint Research and Innovation Centre (JRIC) with the Chinese Nuclear equivalent – Chinese National Nuclear Corporation. The Centre will be jointly funded with £25m promised by the Chancellor last year, a sum which will be matched by the Chinese. It is not expected that Chinese staff will be housed in NNL existing offices/labs but a site found specifically for the purpose, away from existing nuclear sites.

4 LLWR Update – Jonathan Evans

LLWR are now past the midpoint of their current contract with NDA due to finish in 2018 and most of the targets are on track to be complete within this timescale. Some Strategic Role challenges have been to improve the infrastructure, security enhancements for the sites, PCM (Plutonium Contaminated Material) decommissioning programme, increase in waste from the former including issues with water ingress, future developments on the Drigg site, alternative methods of waste handling on behalf of the NDA, and transforming and developing the business.

LLWR are also planning a pilot 'dynamic' Business Services Marketplace to be available for procurements that would be better served by an alternative to the Framework structure.

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The model for this has been developed by the Government and is in place within the NHS. The system will allow companies to pre-register on the system (part of the current CTM online programme) and complete an initial PQQ. Following this, any opportunities within the Business Services suite of procurements (Legal, HR, financial, contract management, environmental services, training etc) can be put through the system for tender by any company registered on the system. As this is Government recognised method to go to market it allows LLWR to access companies that may not already be registered on the major Government Frameworks therefore allowing the possibility to use more local and SME companies and give LLWR a greater opportunity for realising value for money for the Estate. LLWR are holding an initial pre-market engagement day on 3rd February at Energus to engage with possible clients for the system and to explain more fully how this will work in practice. The plan is to have the system up and running by April 2016.

JE also announced that he will be seconded into a new role as the Head of the SSA (Shared Services Alliance) along with Chris Stanger (LLWR). The group is a collaborative procurement arrangement between the NDA, Site Licence holders, NNL and Springfields. Until now all work has been completed by members of the group within their current roles, however the scope and workload is increasing and it has been agreed that a specific team should run the procurements and developments for the group. Currently there are 56 live contracts covering Energy, office supplies, IT, facilities and Health Physics with approx. £500m spent per year through these frameworks – making approx. 20/25% of the Estate's expenditure. This has resulted in approximately £250m savings across the Estate but it is estimated that more synergies and savings could be made with a dedicated team. The plan is to have 10-15 people working on 3 key themes :

- Collaborative Procurement – continuing to look at savings but also to look at streamlining and integrating processes where possible.
- Delivering SSA – Professional Services, Facilities Management, Technology & IT
- Supply Chain Management – Key Suppliers, mobility of the supply chain and promoting common approaches

Final approval for the new SSA group is looked for in April. A new Head of Procurement will be found to replace JE in LLWR.

JE would like to stay involved with the SME Steering Group – North and will be in discussion with NDA over the possibility of changing the LLWR representative.

Action : JE will check with Chris Stanger whether he received any examples of good contracts following the request at the last meeting

5 Chair Succession

Further to the discussion at the last meeting, MB invited offers to take over the Chair of the group to give the opportunity to bring a refresh to the group. Both Aidan McManus and Mark Taylor offered and it was decided that Mark would take the Chair role and Aidan the Deputy so that they can both bring experience and energy to the group.

6 Future focus for the Group

Following the successful production of 2 booklets, an SME day and an SME Survey, the group discussed what should be the key area of focus for the year ahead. In considering some of the barriers for SMEs and also how to help the NDA and SLCs achieve the £1bn cost reduction, it was suggested that it would be worth revisiting the work started on excessive Quality Standard requests last year. Firma had an example of work being completed through Oxford Technologies where they were encouraged to work on a prototype, therefore removing much of the constraints and once this was successful, the

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quality standards were imposed, giving more freedom to work on a project, make swift changes and reduce the time and cost of the initial work. The group decided to pull together a document giving possible examples of where SLCs had different ways of working – and possibly including other similarly safety conscious industries and how the additional quality standards required particularly at SL can increase cost and time without adding benefit. The aim is to raise awareness of this additional burden on both the Supply Chain and SLCs. Group to work together to produce a document to pass to JE for presentation to the SLCs via the SSA.

Action : any additional examples/case studies of excessive Quality Standards or alternative good practice from other industries to be forwarded into the group and shared via Email for JMy & MT to collate.

7 National SME Steering Group meeting

MB asked for any issues to be raised at the next National SME Steering Group meeting (planned for April). MT had an example of a PQQ received through the Builders Profile for Jacobs/Morgan Sindall/Balfour Beatty. It was not through the SLCs system and was an example of how bad PQQ's are still being issued to the Supply Chain through the Tier 2s and should be more coordinated with the SLCs. It took ITS 2 people 4 weeks to prepare the submission.

Next meeting proposed for Abbot Risk in Manchester early April – PK to send doodle for dates