

SME Steering Group - Wales

Meeting 11: 11am 7 June 2016, Thornton Science Park, Chester

MINUTES

Attendees

SMEs: Chair: Matt Tuck (MT), Chair Matom Mark Sykes (MS) Beehive Coaching Gwyndaf Williams (GW), Advent PM Ian Faulkner (IF) – Lloyd Morris Electrical	Tier 2s: Peter A McNaughton Doosan Babcock Alistair Smith (AS) Costain
SLCs: Paul Walsh (PW) - Magnox	Support Organisations: Wyn Roberts (WR) Welsh Government Ivan Baldwin (IB) Britain Energy Coast Business Cluster - Guest NDA: Juliet Frost (JF) Pippa Kelly (PK) Charles Frankland (CF)
Apologies: Ron Gorham – NDA, Andrew Samuel (AS) Mon Maintenance, Lee McLaughlin – Costain, Cheryl Whitaker - Welsh Government, John Jones - Beaumaris Instruments Company, Catherine Grindlay - Campbell Grindlay Engineering, Chris Gilliard - NI Batteries, Andrew New – Magnox	

1. Introductions and Apologies

Following the last meeting there was interest in and progress on the idea of a Business Clustering, to be discussed later. The National SME Steering Group was also held in London and will be included in the NDA update.

2. Update from NDA – Juliet Frost

Slides were presented and will be circulated to the group. JF has focused on getting factual information to support the anecdotal comments regarding SME usage across the country and in particular for this meeting, Wales.

JF asked for input from the meeting into possible causes/reasons for the data demonstrated. Initial slide looks at the NDA Estate as a whole with both direct (40%) and indirect (60%) SME spend. JF benchmarked the percentage against other government departments and it does not show any major differences.

When the detail was then broken down further, differences between the SLCs are more varied. Possible explanations was proposed whether this reflected the difficulty of working on site? Example given that barriers such as getting staff on site at SL considerably more difficult than at Magnox. Further comparison was made between different Suppliers but within a similar 'category' illustrating the different methods of management of a contract. This gives the NDA/SLCs the opportunity to discuss this with the supplier. Further investigation by 'deep-diving' to find out the route cause on one of these large suppliers comparing by SLC. Examples of possible causes for fluctuations could be down to reduced income requiring more 'in-house' work to reduce costs or potentially the lifecycle of the project (ie higher self-fulfilling at the start of a project or design phase but possibly more outsourcing at a later stage) and also the geographical nature of the sites – Magnox being more spread and therefore possibly more likely to use local suppliers.

Questions were raised over whether spend is cyclical ie greater spend at the end of the financial year to complete budgets. Since the latest spending review, the funding has been allocated for the next 4 years and the NDA Estate has greater stability of funding than many other Governments so this should not be an issue in the next few years. Further slides and work will be looking at the maturity of the SMEs working on the Estate and how they develop, grow and how diverse their clients are (are they reliant on the NDA Estate).

All the analysis being performed will be used to demonstrate and support the NDA SME Action plan and influence both the SLC and Tier2 performance. Key focus will continue to be to reduce the barriers to working on site and improve communications and help to develop SMEs.

SME Steering Group - Wales

Meeting 11: 11am 7 June 2016, Thornton Science Park, Chester

Concern raised by one Tier2 that delays on security clearances creates major barriers to working on site. MT stated that this has been acknowledged within the NDA and discussions at a senior level should be addressing this issue.

Action : update group further either direct or at the next meeting – NDA

NDA view of Magnox Update from Charles Frankland, NDA

Magnox contract had been intended to be complete within 12 months (Aug 2015) however due to recognised increases in the Radioactive Waste Inventory following detailed review by the PBO, the process has taken longer than anticipated but should now be a more robust figure and this has been accepted by the NDA. The target cost should therefore relate more to the actual costs. It is hoped that the process is nearing completion and there will no doubt be a necessary increase in funding but must be sustainable.

Once the consolidation process is complete, NDA anticipate more work should be flowing out to the supply chain. Magnox are required, through a direct incentive from the NDA, to not only complete the work in the most cost efficient way but also to achieve the SME spend target from Government.

Following from the National SME Steering Group meeting, MT would like to have a further discussion on the Socio Economics plan from NDA and asked if Karen Dickens, NDA Socio Economic Manager to join the next meeting to discuss the balance across the UK.

3. Update from Magnox – Paul Walsh

The recent reorganisation has resulted in a reduction in headcount and Magnox recognise that during this phase many of the contact points suppliers will have had in the past will be changing and communication will improve with newly established dedicated points of contact. The new Lifetime Plan is being developed and will be used to build our procurement strategies. The procurement function is being completely transformed to delivery under a new 'category' structure. Three of the eight new Category procurement plans will be completed by end of June. The resulting procurement plans will be ready for publication by the end of the financial year but updates will be published within the next few weeks. Much more detail will be available in the presentation to be given by Andrew New in the afternoon presentations of the NDA Supply Chain Event in November.

At Wylfa expenditure is likely to reduce relative to past years due to the end of power generation. The timescale for de-fuelling is the next 3 years however much of this scope is likely to be completed by Magnox personnel. However some project work continues such as Costain and Doosan working on directional drilling at sea off Wylfa but looking forward most work will be on asset management and lower value work.

Recent work has been completed very successfully by 2 SMEs who competed against a large number of Tier2s from UK and abroad. PW feels it would be beneficial to invite the companies to present their experience to the group.

Action : MT/PW to invite Mona Lifting and Bico to the next meeting.

In Trawsfynydd most of the work being offered at the moment is through existing frameworks. Whilst it is appropriate in these cases this will not be the 'default' procurement option in future under the new Category Management approach.

SME Steering Group - Wales

Meeting 11: 11am 7 June 2016, Thornton Science Park, Chester

4. Britain's Energy Coast Business Cluster (BEC BC) – Ivan Baldwin

MT Following the last meeting it was recognised that with Energy Island no longer being active, there was a need for a form of business cluster. BEC Business Cluster were invited to present how and why their group was set up, the advantages and potential pitfalls to avoid.

Firstly IB explained the difference between Britains Energy Coast, which has now changed to become essentially a Property Management company and the BEC Business Cluster which are not related. The BEC BC was set up 12 years ago as the West Cumbria Business Cluster and is made up of volunteer members. The initial impetus was the vulnerability felt by the smaller companies in the region when competing against large Tier2s within frameworks. The purpose was to look at working together collaboratively and whilst still embracing the local SMEs it has grown to include local and national Tier2 companies and SLCs and BAe.

The Board consists of 8 members elected on a 3 year basis with Ivan taking over as chair from Sean Balmer who was the Commercial Director of NDA. The group is not restricted to Cumbrian businesses but is open to anyone who wants to work in Cumbria. The group is divided into different sub groups – most relevant to this group is the Nuclear group. Each monthly meeting is focused around a speaker on 1 topic such as Nuclear, diversity, socio economic and attracts approx. 200 members.

The BC is a limited company with no funding from either Government or LEP's which allows them freedom to set the Agenda and have open and honest conversations. There are Bi-annual Business awards for and nominees are often from smaller companies. Training or targeted events are often run by members such as leadership and resilience run by business psychologists. One of the great benefits found by members is the opportunity to network with members from SLCs, through Tier2s to micro SMEs.

Nugen have joined the group and have already engaged with 3 local companies through the cluster.

The cluster have just employed their first full time member of staff, John Grainger who will be the Stakeholder Relations Director. The cluster has reciprocal relationships with other similar groups allowing a member to join both and share information and would be happy to do the same with any group potentially set up in Wales.

All funding comes through the membership fees - £1200 for a large company down to £120 for a micro SME. The group does not intend to make profits, and the funds cover the costs.

5. Update from Welsh Government – Wyn Roberts

Following the election on 5th May, Mr Ken Skates MP has become the new head of Economy and Infrastructure, under which Nuclear Decommissioning sits, however discussions are still being held over whether this will remain the situation. The department are preparing Welsh Nuclear Development Business Case to request funding to support business development in the supply chain. The Welsh Gov have been in discussion with NAMRC over Fit 4 Nuclear and 20 new companies are being supported through the programme this year. There are plans to increase this in the future but perhaps on an enhanced scale through the Civil Nuclear Sharing in Growth programme run by Rolls Royce and NAMRC.

On new build, the department is creating a Business Readiness model which will have 8 modules in collaboration with the North Wales Ambition Forum and Horizon Nuclear Power. The introductory course is for those who have not yet worked in Nuclear and is a pre-cursor to any involvement with Fit-4-N.

Mike Tynan, Chief Executive of NAMRC, and the department visited Cantabria Business Cluster in Santander to look at how the regional government supports the focus towards working with ENSA. Cantabria have 3 Academic Research Institutions as part of the cluster and they provide a research facility for members bidding for work. The initial motivation was, like the BEC BC,

SME Steering Group - Wales

Meeting 11: 11am 7 June 2016, Thornton Science Park, Chester

fear of losing business to larger international firms. They are now successful enough to have started looking internationally and are interested in collaborating potentially with Wales. Whilst this model is not necessarily exactly transferrable to a Welsh group, they offered similar advice and ideas as the BEC BC. For a Welsh group to succeed it would need to be led and focused on business in the long term, however the Welsh Government are prepared to consider how to help enable such a group to set up on the proviso that it is not reliant on continued support.

The department are planning a meeting in mid Wales on Friday 8th July and already have approx. 40 companies who are already involved in either the Fit 4 N programme or other schemes to attend. Welsh Steering Group members have also been invited. Initial meeting will be SMEs but there will be no doubt a request for the bit players involved.

IB suggested that essential for the cluster succeed is to have all key players (SLCs, Tier2 and SME) companies involved. MT asked PW if Magnox would be willing to join, PW was unable to commit as this would have to be discussed internally but could see the benefits.

Another consideration would be whether the group should be Nuclear focused or reach beyond and the consensus was that a broader outlook gives benefits in particular when work is not forthcoming, for example the Somerset Larder, set up to support the new build at Hinkley Point C, has continued to grow outside new build in the absence of work at Horizon.

On another point, the Welsh Government are looking into the possibility of Small Modular Reactors for longer term power generation. DECC are currently undertaking a competition to identify suitable technology with research funds available, 38 companies have so far expressed an interest.

6. National SME Steering Group Meeting

During the meeting it was clear that many of the issues previously expressed as barriers to SMEs are still of concern. These consist of IP, particularly background IP, flow downs still not clearly enacted, insurance and risk.

Karen Dickens presented the NDA Socio Economic Strategy for the medium and long term and will be invited to the next meeting. Cyber security was also raised as a concern and the group have asked for a copy of the presentation given at the Northern SG meeting by Matthew Collantine of the NDA.

Action : Send copy of presentation to all members of the SME Steering Groups – PK

Mentor scheme will be running the Mentor Workshop and mentee webinar shortly. Less Mentors this year than mentees and although matching is now taking place any new Mentors always welcome – all sizes of companies can be a Mentor but Mentees are restricted to SMEs. New SME representative on the Crown Commercial Services – name to be announced after the Referendum.

7. AOB

NDA Supply Chain Event 2016 on 3rd Nov, registration will be opening shortly, small charge for furnished stands, shell scheme is still free of charge and no charge for delegates. New details for fringe events and meeting rooms available for hire. Please remember to join the LinkedIn group of delegates to start your networking early.

In the past there was support for ISO as a member of the Federation of Small Businesses. MT announced that Juliet Frost will be leaving NDA from 24th June and thanked her for her work.

Next meeting proposed to be held in Llandudno Junction or Llandrillo College WR to advise on possible dates in Oct – PK to send doodle