

Supply Chain Development

Draft Strategy
Summary of Consultation Responses
March 2009

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Author	Jonathan Easthope	
Checked By	Sam Dancy	
Approved	Ron Gorham	

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1.0 Introduction

This document summarises the responses to the consultation in 2008 on NDA's proposal to ensure the optimum use of the Supply Chain available to the NDA estate.

The draft NDA Supply Chain Development Strategy was published for consultation in July 2008. The document defined the NDA's role and responsibilities and also contained seven Supply Chain Aspirations. Each of these Aspirations addressed an area in which the NDA could use tactics and strategies to influence the Supply Chain. The Aspirations were supported by a policy statement and included planned actions which described activities the NDA proposed to undertake to further Supply Chain development. Twelve Consultation Questions were also included throughout the document.

Two consultation workshops were held during September 2008 in Birmingham and Kendal to receive views from the Supply Chain. 80 representatives attended the events from companies at different Tiers in the Supply Chain and from other organisations such as Regional Development Agencies. Information was provided through interactive voting and grouped discussion sessions which allowed attendees to state their views on working in the industry.

An Online Questionnaire was set up on the NDA's website for people to fill in which followed the strategy document's Consultation Questions directly. Fourteen of these questionnaires were completed.

The NDA Supply Chain Development Team also received letters of response to the document from various sources. These documents have been taken into consideration in revising the strategy; however we have not sought permission to publish the contents, and so they are not included in this feedback document.

It is important to note that this document has been produced to publish comments received during the consultation period. It does not include any NDA views or responses to the feedback received and organisations supporting businesses.

Reference documents

These related documents are available via www.nda.gov.uk or by contacting enquiries@nda.gov.uk:

Supply Chain Development Strategy March 2009

This document, based on consultation with stakeholders during 2008, aims to ensure the optimum use of the Supply Chain available to the NDA estate.

A Consultation on NDA's Supply Chain Development Strategy

Draft Supply Chain Strategy setting out the way forward for continued development in the decommissioning market. Consultation ended September 2008.

Supply Chain Development Draft Strategy NDA Response to Consultation Results March 2009

This report details how the draft strategy evolved following consultation, and how the detailed principles were derived.

Supply Chain Development Background July 2008

This paper provides a high level analysis of the Supply Chain as it applies to the NDA's Statutory and Business objectives.

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2.0 Data Overview

At the two consultation workshops, sessions were held in which participants could vote electronically on various questions. The results from both the Birmingham and Kendal voting sessions have been combined to give an overall response to each question.

Group discussion sessions were also held, some of which used flip-charts to record the key issues raised. The other discussions recorded views using post-it notes which were colour coded to represent where in the Supply Chain each delegate was.

The online questionnaire followed the twelve Consultation Questions directly, with each response also indicating which part of the industry they were from. It should be noted that where Supply Chain representatives had attended the workshops they did not generally complete the Online Questionnaire.

Responses from the Online Questionnaire were broken down into individual remarks, where appropriate, and combined with the consultation discussion comments. This totalled to over a thousand individual pieces of data, with the 14 online responses providing almost a quarter of the total comments.

For 62% of the comments it has been possible to include which part of the Supply Chain they represent, which adds greater context. These comments have been colour coded as such:

-  Tier 2
-  Tier 3/4
-  Regional Body
-  Trade Industry
-  Other

The distribution of the comments from the various Tiers and organisations is shown in figure (1):

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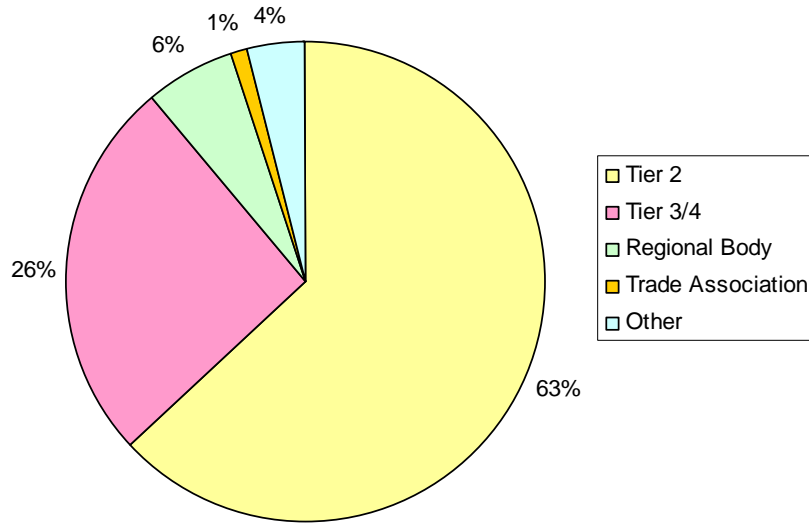


Figure (1)

Where possible each comment was assigned to one of the Aspirations to help compare the views put forward with the content of the draft strategy. The distribution of the comments across the Aspirations is shown below:

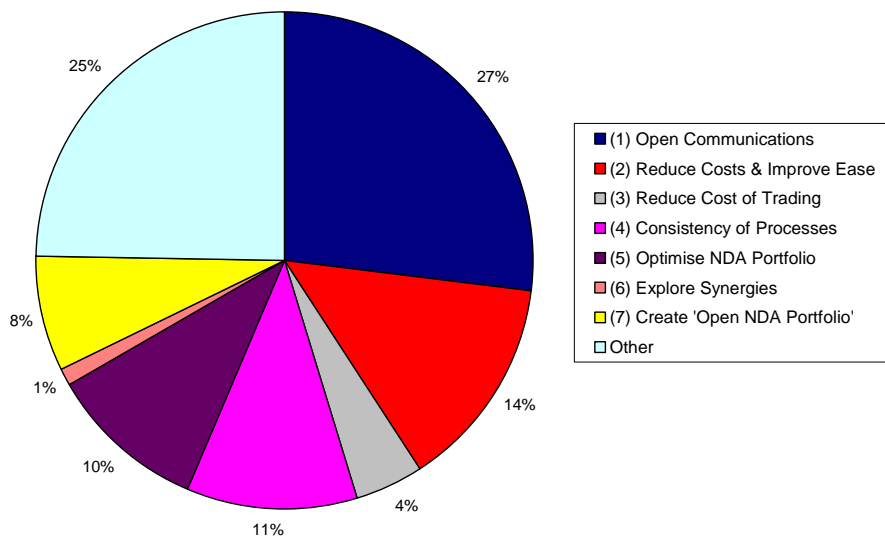


Figure (2)

The 'Other' category contains observations that could not be placed under any of the 7 Aspirations, and highlights areas 'missed' by the strategy.

3.0 Feedback

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3.1 Supply Chain Health

As described in the Supply Chain Development Background, the definition of a 'healthy' Supply Chain depends upon one's perception. A Client will want a Supply Chain with sufficient capacity to achieve its business goals with sufficient bidders for each project to support competition and provide value for money. Contractors will see a healthy Supply Chain as one which supports its business growth opportunities.

How healthy is the Supply Chain locally to SLCs?

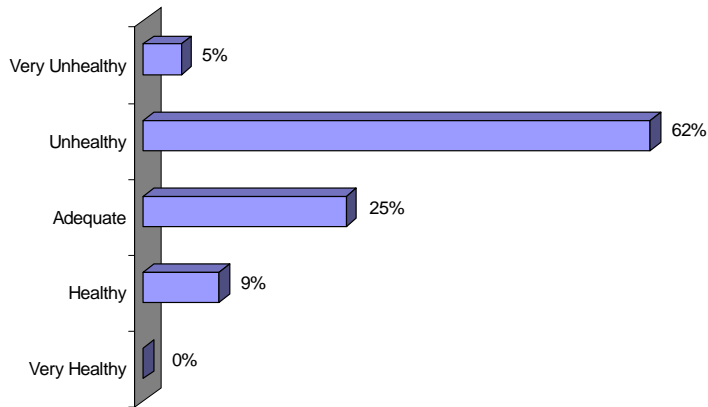


Figure (3)

How healthy is the Supply Chain across the NDA portfolio?

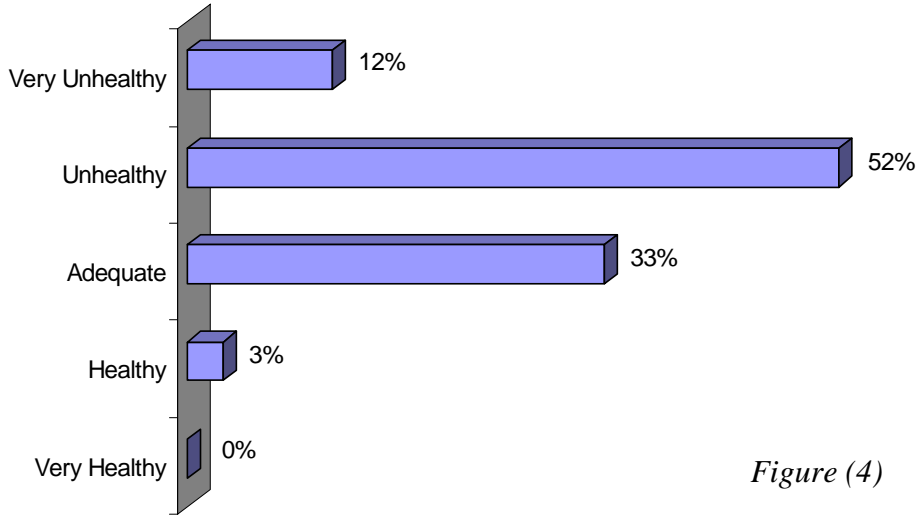


Figure (4)

Online Questionnaire Responses	
Locally to SLCs	Nationally
<ul style="list-style-type: none"> • Very healthy at Sellafield 	<ul style="list-style-type: none"> • Not so healthy at other sites
<ul style="list-style-type: none"> • In is in a state of flux as teaming and PBO emerge • Sellafield: good but declining 	<ul style="list-style-type: none"> • Weak, expertise is the lowest in 30 years • OK: declining around sites where funding is cut
<ul style="list-style-type: none"> • Very unhealthy in the vicinity of Harwell/Winfrith 	<ul style="list-style-type: none"> • UK supply chain health is declining
<ul style="list-style-type: none"> • Reasonably healthy vis-a-vis Sellafield 	<ul style="list-style-type: none"> • Only healthy in the North - dying in the South
<ul style="list-style-type: none"> • Generally adequate subject to funding horizon 	<ul style="list-style-type: none"> • Declining due to inconsistent pipeline
<ul style="list-style-type: none"> • Sellafield - Fragile 	<ul style="list-style-type: none"> • No knowledge outside of Sellafield
<ul style="list-style-type: none"> • Intermittent, the spend is very periodic 	<ul style="list-style-type: none"> • Medium
<ul style="list-style-type: none"> • Medium near Sellafield and poor near Dounreay 	<ul style="list-style-type: none"> • Relatively healthy
<ul style="list-style-type: none"> • Healthy at Sellafield, not as healthy at all other 	
<ul style="list-style-type: none"> • Health continues to decline 	

3.2 Factors impacting the Supply Chain

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Seven factors that affect the development of a healthy Supply Chain were identified in the Supply Chain Background document, following Supply Chain feedback, with behaviour of the Client and the standards applied to procurement processes being described as the main area.

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Which of these factors has the biggest impact on you?

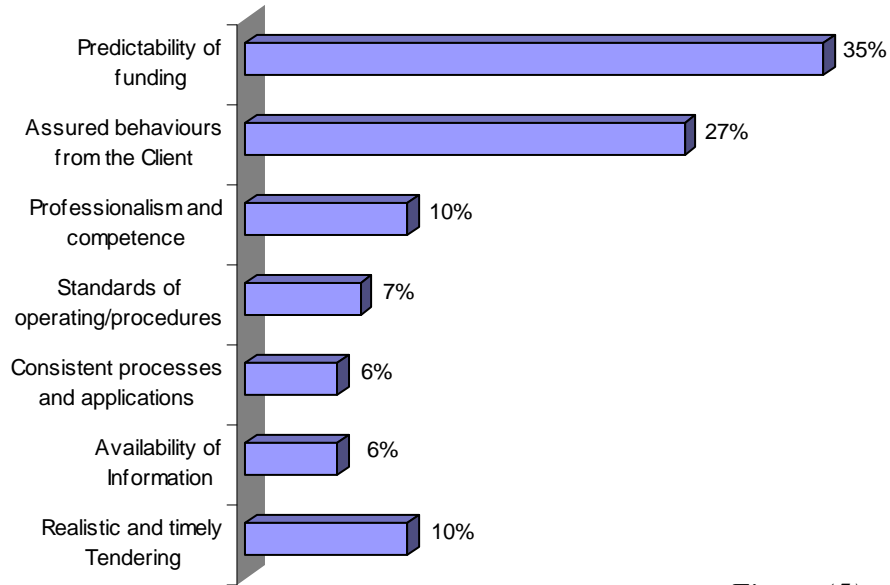


Figure (5)

Which of these factors has the second biggest impact on you?

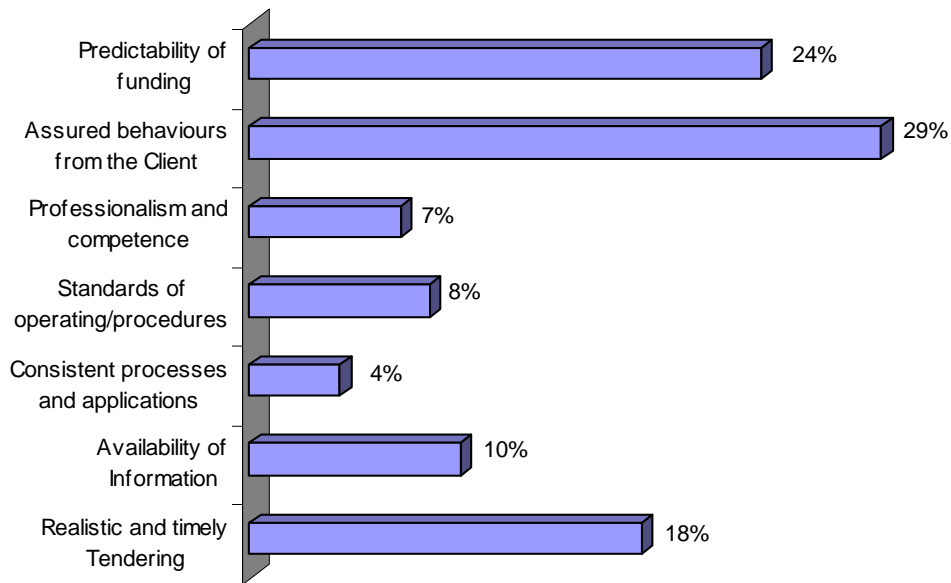


Figure (6)

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Which of these factors has the third biggest impact?

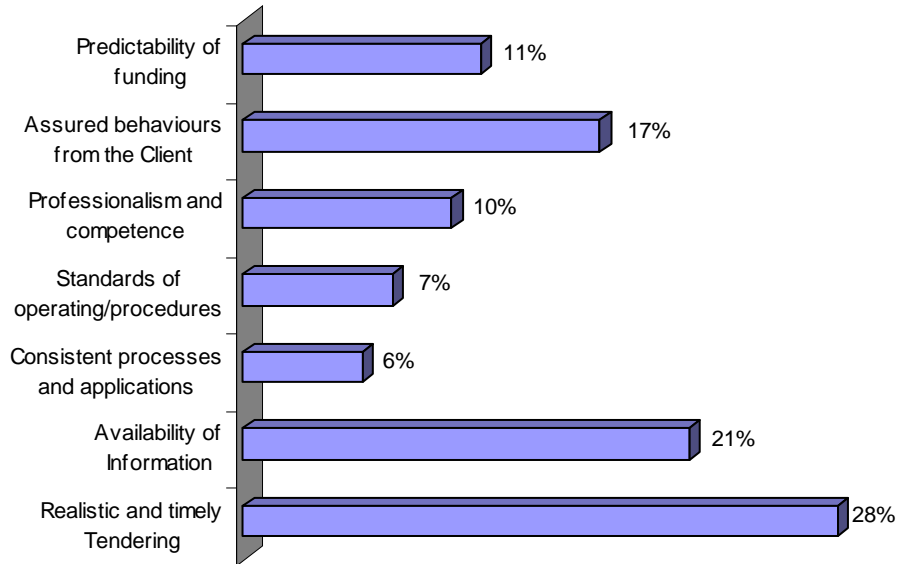


Figure (7)

3.3 The Aspirations and Planned Actions

Seven areas were identified which the NDA could influence and develop in the Supply Chain. The consultation asked the Supply Chain where they thought the NDA was currently on achieving each of these Aspirations and where they should be. To have a consistent interpretation of this, representatives were asked to quantify their opinion by selecting a percentage value. The options started at '10% or less' and increased in intervals of 10% up until 100%.

As well being done interactively at the consultation sessions, the Online Questionnaire also gave people the chance to vote. A couple of the letters of response also included values for each Aspiration. The average values were calculated and have been plotted on figure (8) below; the black line represents 'Where we are now' and the red line represents 'Where should we be'.

At the end of the consultation session only, attendees were asked 'Where should the NDA aspire to be in these areas?' to ascertain whether their views had changed following the discussion of various topics compared with the initial vote. These results are shown with the blue line on figure (8).

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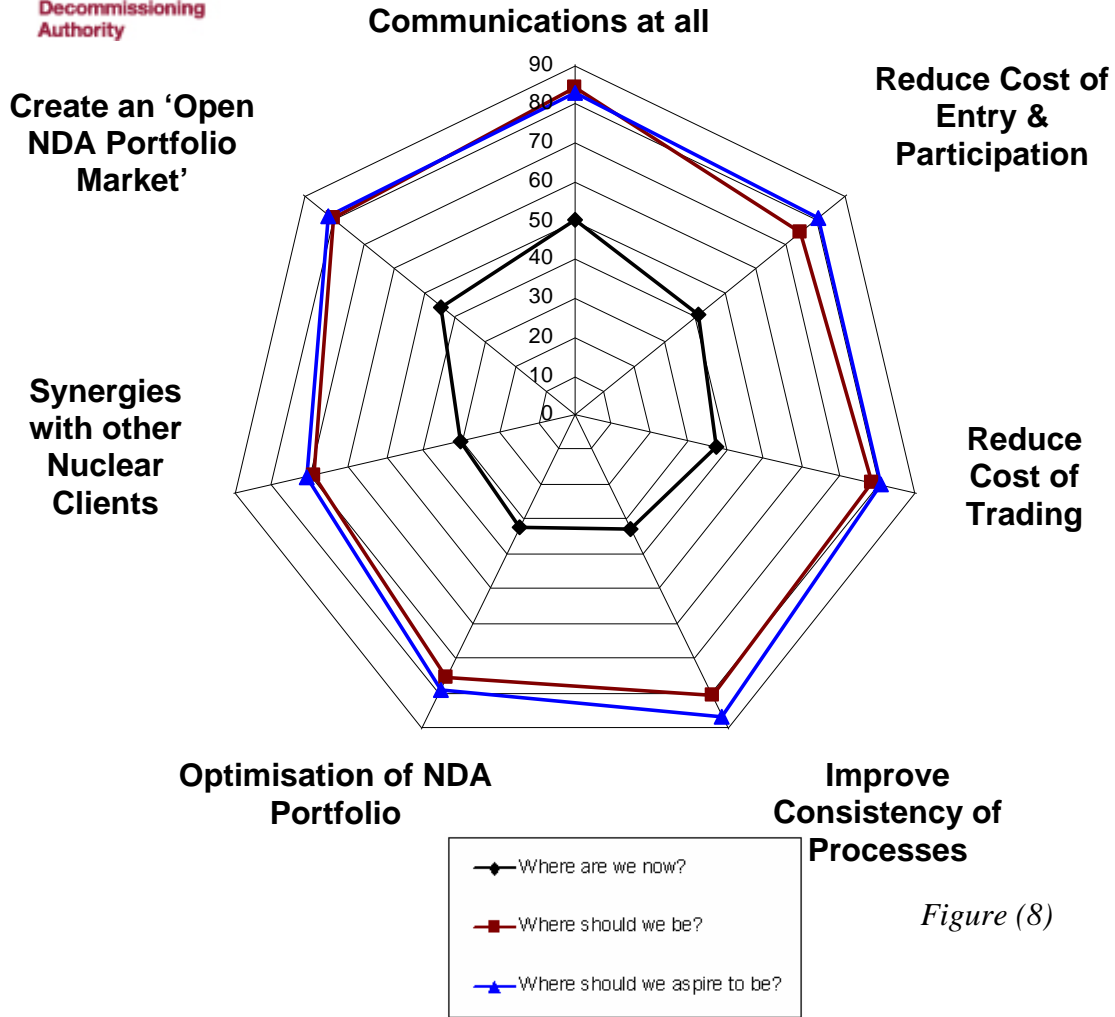


Figure (8)

There was a large spread of results for a 'Communications at all levels – Where are we now?' and 'Reduce Cost of Entry & Participation – Where are we now?'. The results ranged from 10% up to 80% for both, with the standard deviation being particularly large for 'Communications at all levels'. The other Aspirations received more consistent responses.

The Online Questionnaire also offered the opportunity for representatives to provide a comment on each Aspiration.

What do you consider the current Aspirational positions to be for the NDA portfolio?

Aspiration	Comment
(1) Communications at all levels	<ul style="list-style-type: none"> Sometimes we are not aware of requirements as they are "hidden" in a much larger contract bundle There is lots of communication, but it still appears to me to mostly, particularly at senior levels, to be done and worked with insiders. Reasonable. I understand communication with my organisation to date to be limited Inconsistent in terms of quality, quantity and accuracy

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	<ul style="list-style-type: none"> • All the SLCs need to communicate much better about what opportunities are coming up and on how the review of EoI's and tenders is progressing. • The Annual Procurement Plans are pretty useless as it is incredibly difficult from the titles given to work out what's happening
(2) Reduce Cost & Improve Ease of Participation & Entry	<ul style="list-style-type: none"> • The Flowdown terms and other requirements do make it expensive in bid preparation • It just hasn't happen, currently the processes and tenders are close to 1.5x USDOE. • The cost to support the large number of contract staff from USA organisations is actually reducing spend on recovering, processing and decommissioning the known hazards. • As I see it there is limited cost to entry at this stage, apart from retaining a SQEP capability. • Access for companies with the right capabilities and determination is acceptable. However the sector still remains inefficient in capturing the required data, with the need to provide similar data in various forms for successive opportunities. • The pressure to reduce the overall supply chain and the increased level of the framework contracts with the associated tender process actually increases the cost of entry for a large number of companies
(3) Reduce Cost of Trading	<ul style="list-style-type: none"> • One mustn't always seek to reduce cost at the risk of quality or future obsolescence • I think there is a long way to go, all governments world wide are struggling, it is an issue of leadership and political willingness to do not over CONTROL and be controlled by the insiders. I believe the NDA is just barely learning what Partnering can bring • Still too much of the budget being spent on re-evaluation, studies, assessments much of which has been undertaken before. • High tendering and prospect pursuit costs relative to contracts placed. • Inappropriate transfer of risk through SLC's issuing reference designs which they expect the supply chain to take responsibility for.
(4) Consistency of processes and applications	<ul style="list-style-type: none"> • I think this is progressing • It is better then most think, aside from budget/funds the NDA has been pretty consistent. The bigger question is it the correct path and consistency, I see it as still evolving, some of the direction the NDA is travelling will not optimise the performance • Separating the evaluation of the technical from the financial elements of ITT's has, and will continue to, reduce the effective evaluation of the overall offer/cost. • It is too easy for a large supplier to price low to win a contract • Would seem to be consistency within SLCs but non consistency pan-SLCs • Very little consistency across the NDA's portfolio
(5) Optimise the NDA portfolio	<ul style="list-style-type: none"> • Certainly from a BNFL point of view, it is now a done deal, and it will help, however large portions of historical knowledge, even though fully paid for by the Gov, and generally created by

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	<p>Gov companies, it has been allow to be turned into IPR, which e</p> <ul style="list-style-type: none"> • Inefficiencies with reprocessing at Sellafield are well documented • The NDA needs to take more of a lead on technology selection as the current portfolio structure is driven by in year funding and performance objectives, where as optimum technology solutions will impact the long term decommissioning costs.
(6) Explore synergies with other Clients	<ul style="list-style-type: none"> • I question how much of this can be done, it is hard enough to focus and do the job right, much less focus across huge government organisations. I would say enhance Lesson Learned and Communications, maybe some rotation across elements, and focus on Policy • Synergies with the likes of new nuclear build and defence and are limited due to the different Client base (i.e. SLC vs. British Energy). Certainly could be improved • The inclusion of the Long Term Repository within the NDA's portfolio should provide the right focus to drive the required synergies, however there is very little evidence of this at present. • Also the lack of progress with 'Shared Services' within the NDA
(7) Create an 'open' NDA portfolio	<p>We are aware of most major work throughout the NDA Portfolio</p> <p>This is yet to be demonstrated, it is at tier 2 that life after BNFL/UKAEA will happen, currently it is at best sluggish. Inconsistent means of communicating opportunities hinders market entry</p> <p>Generally the NDA provides good access to information, however key information on the likelihood of projects preceding is not shared, hence the number of tender exercises completed with the project aborted soon after submission.</p>

Where should the Aspirational positions be for the NDA portfolio – should they be 100%, or are some more important than others?

Aspiration	Comment
(1) Communications at all levels	<ul style="list-style-type: none"> • I think better open communications will ultimately bring the best solution • Overall, being perfect will not happen and will consume to much resource, for all Areas • Think this has to be 100% • Consistency in quantity, quality and accuracy • We fully support the view that communications across the NDA portfolio should be consistent and timely, with early sight of procurement opportunities and information on the work packages under larger opportunities.

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<p>(2) Reduce Cost & Improve Ease of Participation & Entry</p>	<ul style="list-style-type: none"> • Knowledge of UK regulations, prior knowledge of the hazards/materials to be dealt with are of high importance and can reduce cost in the long term. UK suppliers should be challenged to price competitively • Perhaps less critical for large scale organisations • Acceptable at present, providing the consistency and efficiency of pre-qualification is addressed.
<p>(3) Reduce the Cost of Trading</p>	<ul style="list-style-type: none"> • See earlier comment with regards to quality and short-termism • More use of low cost pre-selection of tenderers with corresponding lower numbers of tenders submitted per opportunity. • Adoption of alternative contract models such as ECI, Early Contractor Involvement, and behaviour based contracts for the high value
<p>(4) Consistency of Processes and Applications</p>	<ul style="list-style-type: none"> • Consistent tendering processes would increase efficiency. Similarly, a pre-qualification process could be used to establish a number of framework suppliers save having to provide immense amounts of documentation at tender stage. • This is the NDA's biggest opportunity to reduce costs incurred internally within its portfolio and with the supply chain on pursuing work • We strongly support this ambition and encourage the streamlining of processes, particularly the avoiding of multiple iterations in funding approval by creating a one-stop process and the delegation of increased funding levels to the SLCs.
<p>(5) Optimise the DNA portfolio</p>	<ul style="list-style-type: none"> • The NDA needs to find a way to bring long term benefits to be considered and incentivised within the current annual target driven environment. This may require the NDA to show more leadership/champion initiatives that will bring long term benefits • We believe that open competition on a level playing field coupled with enhancing the ability of contractors to work on multiple sites will result in the appropriate level of “churn” in the market
<p>(6) Explore synergies with other Clients</p>	<ul style="list-style-type: none"> • A pan-nuclear pre-qualification process or similar, perhaps instigated by NIA, could reap significant rewards. Appreciate that this may not be possible due to public/private sector involvement. • Don't run before you can walk.
<p>(7) Create an ‘open’ NDA portfolio</p>	<ul style="list-style-type: none"> • This is fundamental to an open and accessible decommissioning sector • Procurement plans are consistent with the respective site's NTWP • We fully support this ambition.

It was important to receive feedback on whether the seven key areas identified are appropriate and if any areas had been missed. A discussion on this took place at the Kendal consultation with the key points recorded on a flip-chart.

The 7 Aspirations - Have we got the right ones?

Kendal
<ul style="list-style-type: none"> • Missing – working with supply chain longer term <ul style="list-style-type: none"> ◦ Car industry works with whole supply chain and get more efficient

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- Broaden out
 - Skills gap across NDA and supply chain
 - Presentations from National Skills Academy
- Change management firm is doing work with supply chain to work out what suppliers need but doesn't understand technical issues.
- Most OK
 - Cover what's happening now
 - Taking feedback, where's the beef?
 - Reduce cost for NDA in conflict with expanding market?
 - Get away from 'not invented here' and get best practice from others
 - Not just nuclear – wider
 - Accepted were OK
 - Nothing much missed
 - Other clients and best practice
 - No inclusion of value for money
 - Do whole visit the right stuff?
 - Comfort blanket? Is it doing the job?
 - Is it missing something, or what people are doing is open to interpretation?
 - Not delivery
 - Supply chain not being used as intelligent entity – other people deciding so can get scope and bid on price.
 - 6/10
 - Making it cheaper and easier – cost effective
 - Greater value – to taxpayer, not NDA
 - Other business sectors, not just nuclear
 - Open, transparent, ethical
 - Supply chain satisfaction?
 - Annual questionnaire to supply chain?
 - Mostly yes
 - Missing 'Socio-economics'
 - Local supply chain better supported
 - Jars with 'open to all comers'
 - Economics of supply chain
 - Confidence of work streams
 - Funding annualised, shifted
 - Projects moved around

The draft strategy contained 17 Planned Actions to support the Aspirations; with each one briefly stating an activity that the NDA would undertake to aid the development of the Supply Chain. The online questionnaire asked for views on these actions.

Do you have comments regarding the Planned Actions detailed in the draft strategy?

Online Questionnaire

- Overall, I believe the NDA should look very hard at its self, improve its Policy, Leadership, Assurance functions, and shorten up tender cycles, and be sure the "Make vs Buy" Policy is real and as correct as possible.
- Planned action 11 is key.
- PA1, PA2 and PA3 are fundamental for large organisations such as ours. We need a consistent means by which opportunities are communication across all SLCs
- Across all of the actions it would be good to see a more robust stance on the part of NDA

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- Would like to see these planned actions programmed with quarterly reporting on progress, conclusions and policy changes that result
- Planned Action 1 - We would support this action. Procurement plans should be published early enough and frequently enough so that genuine opportunity to compete exists. Adherence to this procurement plans is also key
- Standardised procurement plans - yes but regular update needed
- Single information portal is important
- Supply chain maps - useful but contract structure often decided by bidders prior to contract
- PA1 – excellent idea as this will help all Supply Chain (SC) organisations with their future planning.
- PA2 – standardised communication will enable the SC to efficiently review all material and enable the quick turnaround of all required documents

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Do you have any further Planned Actions for NDA consideration?

Online Questionnaire
<ul style="list-style-type: none"> • Work hard at a Pareto (few critical) analysis, and max the return on the correct few • Where possible place longer term contracts to provide stability to allow investment by the supply chain in infrastructure and resources (e.g. apprentices) • Why not demand that all SLCs use CTM forthwith? • NDA should review how to measure the tendering cost incurred within its portfolio and the supply chain relative to the equivalent value of contract awards to assess the two issues of abortive costs and significant delay in award impact
<ul style="list-style-type: none"> • Help to instil a culture of supply chain collaboration into SLC's. (We wait to see whether this will begin to happen with the PBO at Sellafield.)
<ul style="list-style-type: none"> • Action: Reduction in the number of work packages that are tendered and not placed • Action: Improved compliance by SLCs with the programmes in their invitations to tender for tender assessment and placement

3.4 Valued Aspects

The Supply Chain plays an important part in the NDA's mission for decommissioning and clean-up of the UK's public sector nuclear sites. Therefore it is important to establish what aspects of the industry are valued by Supply Chain companies.

Which aspects of working in the NDA portfolio do you value?

Birmingham	Kendal
<ul style="list-style-type: none"> • Timely and consistent procurement process • Clear statement of intent and values • Strategic approach • Consistent approach across sites/national • Long term contract commitments • Ability to compete certain projects • Commercial opportunity • Market longevity • Long term work programme • Ability for SLC to let small contracts direct without competition • Ability to work for other contractors on framework • Aspiration to reduce long term liabilities for tax payer • Visibility going forward • Relationships • Individuals that listen and want to improve current situation • Opportunity to give open and honest feedback on progress • Public PBIs (KPIs) • Improved open communication • Transparency of market and opportunities • Recognised as a key supplier of waste assay systems by most SLCs 	<ul style="list-style-type: none"> • Long term plans • Long term plans and consistent throughput of work • Consistency/long term projects • Positive cashflow • Interesting rewarding work leading to staff retention and development • Business predictability • Revenues/margins that meet aspiration of company • Balanced risk profile • Value for money vs them/us contracting • Long term view • Framework agreements • Opportunity to do loads of work • Frameworks are very valuable • Opportunity to shape strategy • Bring best practice to NDA • Known terms of reference • Commitment to nuclear • 'open' supply chain sector • Regulated industry drives consistency of approach • Core skills, basics plus specialist

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<ul style="list-style-type: none"> • It's the nuclear industry – what we do • Openness • Clear requirements • Single point of contact • The opportunity to bid and win a framework agreement for PBO (UKAEA) in its previous incarnation • Fairness – NO inside deal on preferences • Rewards after breaking cost of entry (at each site) • The effort being made to improve • Complexity of technical challenge • Scope and variety of projects • Profitability • Predictability 	<p>niches</p> <ul style="list-style-type: none"> • Getting paid on time • Prompt payment • Future spend • Potential size of future market • Technical challenge
<ul style="list-style-type: none"> • Consistency of approach • Good selling opportunities or selling due to poor risk management • Availability of information – who is doing what, when • Assured programme of future spending • At Sellafield future programme of funding benefits local community in the Cumbria 'run down' • Communication generally good but often jargon is used : clearer definition • Progressive individuals changing industry • Aspirations of NDA to open the market • Improved public perception of nuclear industry • Potential opportunities for new entrants • Opportunities for smaller companies to partner to deliver projects 	<ul style="list-style-type: none"> • Access to information on local opportunities • Ability to sustain local employment • Consistent funding • Long term work load • Predictability • Local forums for giving SMEs/lower tiers a voice in the process • Consistent funding throughout project • Numbers of agency supplied workers to increase encourage contract working • World interest in industry raises own profile • Interesting projects
<ul style="list-style-type: none"> • Ability to influence SLC whilst maintaining commercial distance 	<ul style="list-style-type: none"> • Long term vision • Consistency • Openness and transparency • Being part of developing industry sector with long term growth potential (UK and global)
<ul style="list-style-type: none"> • Potential reputation building of UK industry • Effective access to key decision makers 	

Online Questionnaire Responses
<ul style="list-style-type: none"> • Working with SLC's to achieve workable, cost effective solutions • Programme and Project Planning and Execution, support improved delivery • more productive progress in the cleanup. • Securing your funding framework • Gaining the support and confidence of stakeholders • Achieving more for less • Maximising commercial value

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<ul style="list-style-type: none"> • Building an effective industry
<ul style="list-style-type: none"> • Driving hazard reduction
<ul style="list-style-type: none"> • Securing the funding framework
<ul style="list-style-type: none"> • Developing integrated waste solution
<ul style="list-style-type: none"> • Building an effective industry
<ul style="list-style-type: none"> • Driving hazard reduction and developing integrated waste solutions.
<ul style="list-style-type: none"> • The opportunity to build long term alliances (50+ years) which, in turn, facilitates sustainable, profitable growth • Building an effective industry
<ul style="list-style-type: none"> • NDA portfolio provides 70% of our business - health of whole NDA supply chain is vital to health of business. • Providing services to the NDA and the majority of the SLCs as well as several Tier 2 suppliers
<ul style="list-style-type: none"> • Size of market
<ul style="list-style-type: none"> • Longevity of work
<ul style="list-style-type: none"> • Long-term involvement in key projects
<ul style="list-style-type: none"> • All of them
<ul style="list-style-type: none"> • Transparency of market and opportunities
<ul style="list-style-type: none"> • I would support all the strategic priorities listed; in addition I believe the NDA mission should include socio economic responsibility

3.5 Positive and Negative Factors

Similar to the Valued Aspects question, it is important to understand what is currently attractive about working in the industry. It is equally important to establish what factors are decreasing the attractiveness of working in the portfolio.

At the consultation workshops, this session produced the largest volume of comments. Approximately 30% of the total comments were provided through this topic of discussion (20% on negative factors and 10% on positive factors).

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Can you identify any factors which positively or negatively impact you in the NDA portfolio Supply Chain?

Positive Factors	
Birmingham	Kendall
<ul style="list-style-type: none"> • Commitment of individuals • Opportunity of tenders • Potential visibility of future workload • Clear prioritisation procedures • Long term nature of project • Size of funding available • Elements well structured such as CTM • Size of projects • Interesting work • Long term contracts • Detailed briefs • Promotion of supply chain collaboration and new entrants • Events like today • Clear process • Technical knowledge in NDA/SLCs is good so it helps when reviewing technical issues • Wish to encourage tier 3 / 4 participation • The work will need to get done at some point • Framework/resource enhancement contracts can reduce long term bidding costs • Potential for long term relationships • Opportunities and diverse range • Valuable projects • NDA is trying • Progressive • Forward thinking in terms of change • Does consult – what about action/implementation? • Sellafield Ltd website and procurement process 	<ul style="list-style-type: none"> • Long term relationship with client/supply chain • Honest/ethical client • Open interaction regarding new ideas ie design 4 decommissioning • Size and duration of projects • Health, safety and environment process • Engage supply chain at earliest opportunity • Able to plan long term business strategy • Early visibility of work areas • Overall value of the portfolio projects currently & in prospect • Genuine attempt to communicate with supply chain • irrespective of levels of success, but this needs to grow • NDA oversight on decisions • Market rates are good • Long term programme • No prequalification procedure at Sellafield • Open discussions with supply chain throughout • Open to newcomers • Most recognise NDA massively dominates nuclear market approx £73bn • Ability to build a business in west Cumbria • Desire to transfer knowledge across SLCs – delivered? • Access to other SLCs • Growing business for other (non NDA) work • New nuclear • International • Defence • Large scale projects – big baseloads

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<ul style="list-style-type: none"> • Potential to establish knowledge network 	<ul style="list-style-type: none"> • Publishing procurement plans and proactive discussions with project managers and procurers
<ul style="list-style-type: none"> • Support to national supply chain development/access 	<ul style="list-style-type: none"> • Lifetime plans define long term strategy
	<ul style="list-style-type: none"> • If can prediction workload and funding • Continued growth • Become recognised as SQEP • Variety of work (size and complexity) • On time payment • Financially sound client • Funding available • Beneficial projects • Good rates • Approachable • £73bn • Establishment of automated procurement • Wide array of large opportunities • Open (now) to new ideas and technologies • Eventually will get paid • For Tier 3, NEC positive • Procurement plans give some visibility • Alignment of strategic priorities of NDA
	<ul style="list-style-type: none"> • Working relationships • Long term relationships • Availability of funding • Broadening of supply chain • Some movement towards interaction with the supply chain eg 3m box
	<ul style="list-style-type: none"> • involvement in R&D • involvement in 'self help' supply chain improvement projects • web site • NDA people are accessible and responsive • Although not perfect, information to the supply

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	<p>chain is BETTER than in most other industries</p> <ul style="list-style-type: none"> • Stability of programmes • More holistic approach, not just engineering
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Positive Factors – Online Questionnaire
<ul style="list-style-type: none"> • Positive is Government backed funding • Work will need to get done at some point • increased use of framework contracts

Negative Factors	
Birmingham	Kendal
<ul style="list-style-type: none"> • Barriers to entry into market • Slowness of tendering process • Information – programme/timeframe • Extended decision making process 9-12 months bid – award • Long time to make decisions • Bureaucratic/processes • Complicated structure • Lack of integration with rest of nuclear community • Annualised funding limits • Silo/plant operations centric and nuclear centric • Lack of information • Great difficulty in relating procurement plans to contract opportunities • Identifying non-OJEU opportunities • Repetition of info • SLC behaviours create excessive unnecessary costs in SC eg excessive reporting, repeated submission of same info • Lack of intelligence • Uncertainty of LTP • Funding stop/starting from one year to another, sudden rush of work towards end of financial year 	<ul style="list-style-type: none"> • Current tendering process • Not yet appear to have taken on mantle of working with non nuclear suppliers – 80% nuclear • Accountability decision making • No long term strategy – annualised funding • Inconsistent apportioning of work across SLCs • Sellafeld driven by short term KPIS – CPI/SPI/Spend profile • Lack of business predictability • Keep to timescales of tenders • Lack of Predict Funding • Availability of information and access to correct/relevant supply chain staff • Work areas are not developed • Socio economic rating is too low • Annualised funding, short term thinking • The NDA (& SLCs) are fishing in the same pond for resources BUT offer much higher T&Cs • PBO competition – stopped/slowed procurement • Not sufficient flow through framework agreements

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<ul style="list-style-type: none"> • Reliability of funding • Long term programme/site changes – none predicted site events resulting in changes • Finding current vacancy for sites • Uneven spread of funding through year – back end loading • Changing programme due to funding reductions • Deadlines often very difficult to achieve • Year by year funding fluctuations and uncertainties • Many stop/starts affecting planning, not least cost to industry • Repeated effort in submitting tenders – SLCs already have detailed info on company. Why submit each time • Contracts withdrawn when bids not in line with expectations – wasted time/money • Impact of tendering time and uncertainty that work will proceed • Technical design of SLC could be outsourced to speed up projects • Great relationships onsite, everyone happy with supply but SLCs forced to 'break this' & re-tender - costly & adds delays • No apparent process for identifying where in supply chain the best technical expertise for a particular project lies • Frameworks – stifle small companies • The value of a PBO framework when SLCs declare independence (UKAEA) • Funding – small companies suffer most when funding is switched on and off • Stopping projects after we have submitted a tender • Stop/start mentality of projects • Recent redirection of funds has had a huge disruption to supply chain • Decision making/funding – hiatus every march/april • SLC decides to 'go' with a project yet NDA has to validate; causes delays sometimes • Long winded process 	<ul style="list-style-type: none"> • Translating plans into actuality takes too long, creating potential cash flow problems • Fit for purpose processes, nuclear design for dog kennel • NDA tension between Herdus/Warrington • Long term funding plans • Lack of scope clarity • Stop/start work • Slippage of dates • Client behaviour • Very poor • Non existent • No time • Cancel meetings at last minute • Reliability of information • Information flow is very poor – no visibility of forward workload • Nuclear supply chain has few realistic alternative options (BE and MOD mostly) • Exclusion from frameworks reduces VFM for NDA and opportunity loss for suppliers • Cost of tendering • Some major problems with SLC make/buy and high use of ASWs • Cost of tendering • T3 is embedded in T1 diverting work back internally • Work keeps going to right (programme) • NEC3 is asymmetric = unfair • Don't like innovation 'not invented here' • NDA flowdown terms don't help T3 down • Site processes are 'incapable' – mismatch between want/reality • Commercial runs projects, not Projects • Cost not value often used • Focus on minimal price rather than optimal value • Procurement plan detail very poor – title, not what required • Poor tender documents, lack of information, no communication
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<ul style="list-style-type: none"> • Delay in decisions • Lack of fleet approach – encouragement to do things the same way (tech solutions) • Change of managers in SLC so projects put on hold • Insufficient technical specification of projects on forward contract list publicised by SLCs • ‘supply chain’ agenda sometimes doesn’t fit a one off bespoke technical design to solve an SLC issue • We need realistic and effective understanding of experience of cost (price) • No work from framework contracts • Lack of visibility of forward looking PBO strategy • Fixed price contracts with ill defined scope • The cost of tendering • Tender evaluation (unclear inconsistent evaluation criteria) • Lack of demographic diversity • Age • Gender • Background (ie non nuclear) • Need prioritisation of funding – with consistency as budget comes up short • RWMD programme ill defined 	<ul style="list-style-type: none"> • Difficult to interpret specific contract opportunities for LTPs • delivering ‘the plan’ even if its shown to be ‘blinkerred’ • lack of technical requirements in LTP – visibility of technical requirements • project stopped funding ‘pulled’ before end • ten month FY (every March – what next?) • changes and uncertainties in funding causing disruption in planned workload and resources
<ul style="list-style-type: none"> • Known at only some sites – developing to other difficult • Programme and project deadlines • An apparent centralised command and control • Programme and project delays • Visibility • Consistency • Complex info • In south east of England the ‘national approach’ may preclude local expertise in other sectors • Confidence of procurement process. View in market that past relationships and contracts will prevail 	<ul style="list-style-type: none"> • Visibility of overall opportunities (local & national) • Withdrawing projects/funding • Limited authority in procurement when funds agreed via LTPs • Monopoly in local area • Failure to recognise national pay rates • Inability to move across SLCs • Failure to recognise and work on skill gap • Bureaucracy • Long payment process detrimental for smaller companies • Unpredictability stop/start funding & projects • Access to information and funding • Only recognised as SQEP locally to a SLC not across SLCs • Inconsistency across the tiers • Lack of information and inconsistencies • Lack of visibility of project progress at T3/4 • Very unrealistic tendering times • Delays in project timing • Technical prevarication • Stop/start work • Deferring projects • Visibility of funding • Changes in funding • Consistency – timetable • Info quantity

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<ul style="list-style-type: none"> • SLC procurement process – now use of early contractor involvement. Difficult to introduce in web base procurement • Fear of past SLC procurement models in other sectors overriding NDA achievements to date • T1/T2 will only use tried and tested suppliers for site work • Facilitate Tier 3 / 4 SME subcontract opportunity to Tier 1 • Focus on high hazard sites • Reliance on proven process → reluctance to try new technology 	<ul style="list-style-type: none"> • Client behaviour • Lack of client intelligence • Resource availability – lack of opportunities • Timeliness of tender assessment • Uncertainty of funding (particularly for Tier 3/4) • Entry routes to new supply chain member without nuclear experience • Perception of ‘closed’ shop for some opportunities • Automated procurement has a lot of repetitious tasks • Expect things not to happen • Lack of project information • Poaching of staff by SLC • Ability to participate cost effectively • ‘re-bidding’ frequency • Total lack of intelligent buying • SLC thinking not open
<ul style="list-style-type: none"> • Ability to establish national supply chain network 	
<ul style="list-style-type: none"> • We need more joined up government thinking and delivery • We need long term funding security to build market confidence 	
<ul style="list-style-type: none"> • We need expression of progress/reducing high hazard challenges • We need to allow for innovation 	<ul style="list-style-type: none"> • Inconsistency of funding impacts on investment by supply chain – human resources • Contracts too short to justify investment • Specifications inconsistent and incomplete • Tendering procedures • Predictability of projects/funding/progress • Complicated tendering/prequalification systems • Lack of engagement with local supply chains (below T2 level) • Difficult tendering process • Speed and consistency of contracts • No accurate figures for contracts per financial year • ‘closed mind’ attitude to new companies entering market • Lack of procurement expertise in SLC • Poor specs
	<ul style="list-style-type: none"> • Cost of tendering

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	<ul style="list-style-type: none"> • Priority of high hazard reduces opportunity for new entrants and new staff in existing supply chain • Tend to micro manage - perception • (NDA) unnecessary interference in SLC procurements
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This session only took place at the Birmingham workshop and it was incorporated in the discussion on negative aspects at the Kendal event.

Can you identify any issues with processes and applications?

Birmingham
<ul style="list-style-type: none"> • Hiatus in March/April • Safety cases too complicated and poorly communicated • Consultation overload • Consultation and stakeholder engagement taken too far – gets in the way of actually delivering • Too much micro-management and control by NDA and BERR • NDA has not adequately integrated and defined the 19 sites • forward planning on tendering process • SLCs should use consultants to deliver projects rather than body shopping • Far too many processes/systems differ from SLC to SLC • Consistency in best practice isn't shared • Allow positive PR by contractors that make a difference • SLCs placing PO for supply of staff and then not using staff to the extent contracted • Getting feedback from candidates CV sent over – NDA and SLC • Incorrect security classification of documents • Not recognising wealth of expertise in UKAEA • Regulatory process – because we have always done it this way • High rate of change in SLC commercial staff leading to need to repeat (educate) previous lessons learned – wasting time • Decision process time and making it • Security clearance • Cost and time delay associated with security clearance process for each site • Culture 'inside' the industry versus 'the outside world' process is used to protect entrenched practice • Open tendering – don't know who else is bidding • Management process driven by historic regulatory compliance – not relevant to current use • Business and operational processes not aligned • Processes and applications: non-generic, old methodology eg use of faxes – non

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- electronic
- Lack of internal training of client staff
 - Regulation: disconnect between supply chain & safety reps
 - Waste of money project cancelled. Offered to sit together – no go. 3 months to write new spec
 - Better technology selection or solution selection (FEL)
 - Use of jargon
 - Better clarity of description
 - Language too complex
 - Too lengthy and time consuming
 - Processes: procurement to be improved to reduce costs to industry

Negative Factors – Online Questionnaire

- We believe that when a work package is bundled with a tier 2 company, we do not always receive the opportunity to bid
- Bids and bid cycles too long and expensive,
- difficult for NDA to assess validity of baselines, contractor claims & priorities for best performance of each SLC
- Investment in new 'public initiatives' and the desire not to compromise competitive legislation has resulted in my private company being cut from dialogue even though we are the major sector provider. Therefore involving local contractors as much as possible
- Constraints on contract size relating to business turnover
- Tier 2 suppliers / consortia who are awarded contracts not adequately involving the UK's small/medium sized businesses
- USA based suppliers believing that UK regulations can be stretched/change
- Location - in the South there is little funding. This is resulting in a steady loss of senior (and graduate) staff from contracting organisations in the south.
- Inconsistency in the way opportunities are communicated, i.e. some via CTM and others in a much more ad hoc fashion
- Accuracy, consistency and track record of delivery of published site procurement plans
- The major issue which continues to negatively affect our trading within the NDA supply chain is that of annualised funding. This continues to impact on our supply chain, who are not always able to immediately man up again when funding does come available.
- Annualised funding. Flexibility needed to deal with predictability of funding is usually passed to the supply chain which puts companies at risk, discourages new entrants and career development and will impact NDA ability to deliver.
- Uncertainties in funding
- The ability to talk to the NDA is very poor, the key players being very reluctant to talk
- the concept of support to strategic alliances for tier 2 and 3 contracts is good, but there is no practical support on how to achieve it
- Going from flat out in March 2008 to no work in April 2008
- Management of NDA budgets
- Stop start mentality to projects
- Difficult to sustain business and to retain skills
- Inefficient use of tax payers money
- Stopping projects after we have submitted a tender

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- Uncertainty, due to ongoing PBO process. Annualised funding of projects continuous to inhibit delivery performance
- Competition is a good thing but there's far too much wasted energy and duplication of effort

3.6 SLC Supply Chain Initiatives

The SLCs all have initiatives in place to aid the development of their own Supply Chains, typically based around improving communications and increased engagement.

Which SLC supply chain initiatives are most useful to you?

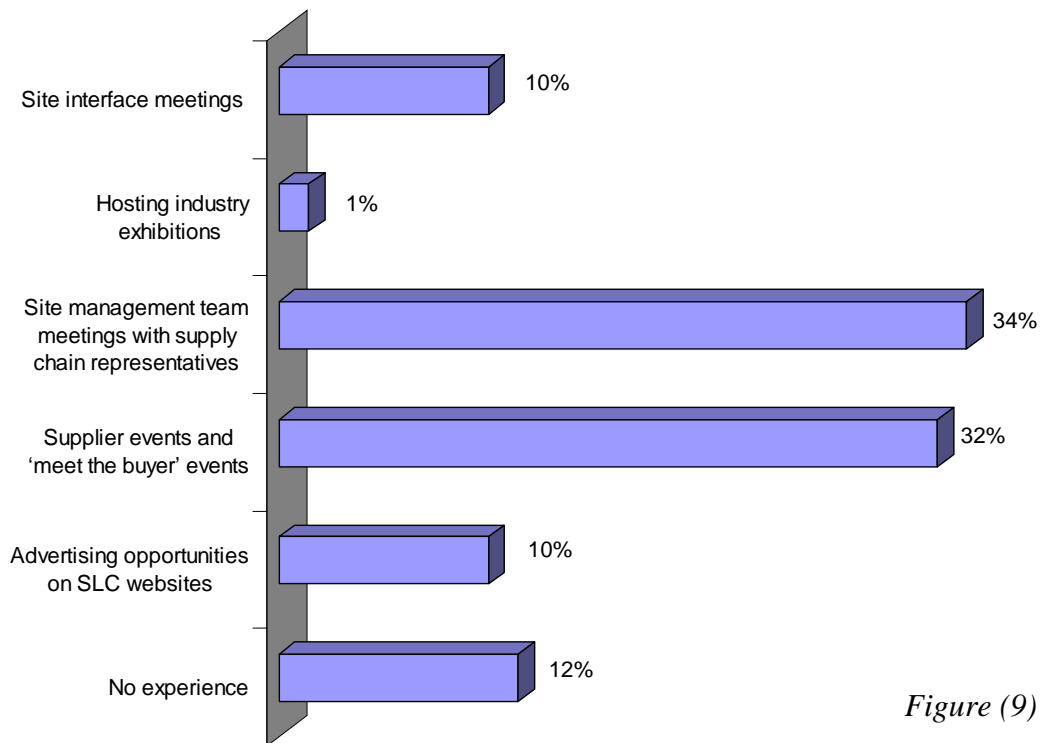


Figure (9)

Which, if any, SLC Supply Chain initiatives are you aware of?

Online Questionnaire
<ul style="list-style-type: none"> • Contracts do seem to be being centred with or managed by companies located in West Cumbria • Most, I have participated in numerous engagements (direct to LMU/NDA, SLC and old DTI), done SLC bids, and SLC Supplier events. Contributed to and met Regional Development Agencies. • We have seen no direct impact of them, so none.

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<ul style="list-style-type: none"> • All of them
<ul style="list-style-type: none"> • All of them.
<ul style="list-style-type: none"> • Sellafield's Contracts working group • NDA's supply chain improvement programme • Trawsfynydd & Wylfa Raising Your Game event • Sellafield's NDMP Supply Chain Forum • Sellafield's meet the buyer events
<ul style="list-style-type: none"> • We have participated in several SLC supply chain initiatives including industry days, supply chain forums, "Meet the Buyer" events and the recent Sellafield Ltd Knowledge Market event.
<ul style="list-style-type: none"> • Supplier Forum, Knowledge Markets, NDMP forum
<ul style="list-style-type: none"> • Meet the Buyer and supplier events; Sellafield Ltd CTM system • Recent Kendal consultation meeting
<ul style="list-style-type: none"> • Supply Chain Meetings with SLCs. Supply Chain Ombudsman at Sellafield. Common flowdown T&Cs. • SL's Ombudsmen is an excellent idea, as it helps to develop and support relationships between SL and the suppliers. This might not be practical for all sites due to the limited supply chain funding at each site, however the lessons learnt from this can be. • There's evidence of progress in all the areas noted in section 3.4 but more needs to be done to make sure these initiatives are delivered

How effective do you think the initiatives are in assisting the Supply Chain?

What changes would you propose to SLC Supply Chain initiatives?

This was a discussion session using flipcharts to record key points.

Birmingham	Kendal
<p>EFFECTIVENESS</p> <ul style="list-style-type: none"> • Access to decision makers could be better • Communication of commercial intent • NDA aspiration v reality • Too many non descrip frameworks • Sellafield Ombudsman – more awareness, extend to other sites • Sellafield 2x meet buyers <ul style="list-style-type: none"> - Preach by client - Good internal networking • Magnox - Good event; 2months no funding • Inconsistent approach across UK • Sellafield lead funding • →others follow or are driven • Information – plans/values not consistent • Procurement approach <p>OJEU</p>	<p>COMMENTS & ISSUES</p> <ul style="list-style-type: none"> • volume of engagement is there – not quality • Supply chain fragility is happening around us • Events are lip service • Plenty good work going on but unless fundamental change they wont matter • Opportunity to voice feedback to SLC • More one2ones • Disconnect between initiatives and procurement • Technical demanders are never represented at these events • Closed shop impression of new suppliers • Background of arrogance and blockage at SLC

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<p>Open tenders</p> <ul style="list-style-type: none"> • Variations & pre-quals → commercial risk/reward • short list vs contractual & commercial demands • Inconsistent experience/knowledge • Mixed views on consistency over initiatives • Changed priorities • Cost v value = barrier <p>Lifestyle of project restrictions</p> <p>Frameworks</p> <ul style="list-style-type: none"> • No frame • Constraint on further suppliers • Cost of entry <p style="text-align: center;">IMPROVEMENTS</p> <ul style="list-style-type: none"> • Non-Sellafield supplier interactions <ul style="list-style-type: none"> ◦ Meet the buyer etc • Centralisation of core/generic supplier information • Reduce supplier overheads: centralised information/PQ • More efficient induction process on site • Consistency of security systems/ interchangeability • Relevant T&Cs – consultancy work may be carried out off-site • Beginners guide to the industry • NLOP • Who is bidding – Tier 2 stage • Useful ‘meet the x’ days but focussed on useful info + 1-1 meetings • Build confidence in funding • who’s got work, • volume, • need capability, • interact with key contract managers, • clear visibility of ‘actual’ procurement • Procurement approach • Harmonisation (electronic systems) • Appropriate/realistic approach to procurement (risk) • Change attitude to reflect other industries ie oil & gas • Better procurement info 	<ul style="list-style-type: none"> • Supply Chain working group – NDA, SLC, supply chain – we’ve been passing this information back for years • Reducing number of smaller value procurements impacting smaller companies, impacting training • Disconnect between good work at initiatives and lack of work coming out • Previous or 1st NDA view that the market will find itself • View in SLC? Engagement is end of it. Working groups is not enough – need a desire for action delivery • Dysfunctional supply chain: waste – rebidding • Plans not deliverable • Incapable site processes • Greater engagement required • Lack of authority to commit SLCs • Initiatives – window dressing • SLC needs more drive • Get basics right • Sellafield forums <ul style="list-style-type: none"> ◦ Top down ◦ Some closed groups ◦ not open to all ◦ good participation • not applied across all SLCs eg Reactor Sites • need for better awareness for newcomers • procurement Plan <ul style="list-style-type: none"> ◦ titles ◦ not up to date ◦ information not relevant ◦ contacts • exhibitions good for networking – only • Clarify Site Interface Meeting – technical or something else? • Industry exhibitions often external organiser and not opportunity to interface with SLC • Site management meetings useful but not always meet budget holder • Supplier events & MTP - networking with other Supp's. Few opps to meet SLC & info min/low quality • Advertising opps good but need to be timely and consistent
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<ul style="list-style-type: none"> • Consistency • Tenderers – guaranteed funding • Invite supplier innovation and suggestions <p style="text-align: center;">SUGGESTIONS</p> <ul style="list-style-type: none"> • Inter/cross site supplier interaction/tie-up • Lifetime plan →(gap) procurement plan • Consistent, generic info Supply, NDA, SLCs • New entrant signposts • Reality/manage expectations • Competition quick transition + confidence of delivery • Move towards early contractor involvement • Feedback from initiatives 	<ul style="list-style-type: none"> • What we need: <ul style="list-style-type: none"> ○ Forward visibility ○ Networking ○ Technical/strategy <p style="text-align: center;">Initiatives</p> <ul style="list-style-type: none"> • Not common across sites • No central source of comms • Insular attitude still exists • Only experience of Sellafield – do other SLCs do these initiatives? • Didn't know about most of these as not working on site eg site management mtg <p style="text-align: center;">Improvements</p> <ul style="list-style-type: none"> • Knowledge market – now across sites for Decom 08 • Knowledge market – commitment to embrace new ideas/suppliers • Comms by SLCs to wider audience • SLC 'ombudsman' eg Sellafield – good to have point of contact • Need timescales for implementation • hard for newer entrants to break in (communication works best for existing suppliers) <p style="text-align: center;">Positive</p> <ul style="list-style-type: none"> • SLC – ND+MP ¼ events Sellafield <ul style="list-style-type: none"> ○ From the 'horses mouth' of Delivery Director ○ Credible; However very difficult to chase the work and pin it down - mainly via Tier 2 • Meet the buyer event <p style="text-align: center;">Negative</p> <ul style="list-style-type: none"> • Magnox Sites (plus everybody else) have very little if NO supply chain comms events • Too much reliance on grapevine • How do Tier 3/4 know which are the Tier 1s tendering for work • Knowledge detail in larger projects & frameworks would assist <ul style="list-style-type: none"> ○ Could CTM facilitate this? • Difficulty in seeing resource profile
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	for Inv in People. T&C drift up – NDA/PBO/SLC/Tier 1 & NII/EA
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Online Questionnaire
<p>Effectiveness</p> <ul style="list-style-type: none"> • Initiatives can assist but a lot does rely on SLC's & T2 companies and their proc strategy • Not particularly effective due to complexities and slowness of change • Also weakened by priority and budget challenges • They are repetitive and are becoming a cost burden to the supply chain. • SLC attendance has declined considerably. Initially they were effective but less so now • Initiatives aimed at existing suppliers - aspirants well informed, no closer to winning work. • More effective for local organisations in support of socio-economic obligations set by NDA. • Ineffective for national organisations wishing to procure from more than one SLC. • Good for networking, however the information related to future proc activities is typically inaccurate. • Forums are more successful in sharing progress on improvement initiatives and providing opportunities for the Supply Chain • We value the opportunity to share information with the SLCs and other members in the supply chain. We find that the supply chain forums offer a useful overview of the current contracting view of the SLCs and provides sight of the major contracting opportunity • Would be effective if the issues highlighted in 3 were resolved • Useful in giving advance information, but envisaged dates for contracts are usually optimistic • The communication from Sellafield is good. • On a scale of 1 to 10, about 4. • Right direction. Just need to maintain the accuracy of info -> build our business plans & manage resource profile. • There's evidence of progress in areas noted in section 3.4, make sure these initiatives are delivered <p>Changes</p> <ul style="list-style-type: none"> • NDA flowdown terms could / should be modified for Tier three and Tier four contractors • Shorten up bid cycles - try to minimise micro-control, NDA needs to lead, approval systems and processes, but get out of the way, in day to day, month to month decision and approvals. Raise NDA leadership/management competency; minimise make work • Whilst there is a nuclear element to some work, most crosses boundaries with engineering and construction sectors particularly with other high reliability industries, so exploration of these links and possible synergies would be beneficial.

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- Continue with aggregations and the award of framework contracts in order to make it more attractive for small/medium sized UK businesses
- Employ more flexible contracting strategies.
- Not cover everything in Framework agreements - if you are not a framework contractor you have no hope of every getting enough relevant experience to successfully tender a framework contract when it comes to be rebid because there are no opportunities.
- Categorise prospective suppliers based upon size and target initiatives in a proportional manner.
- Better description of forthcoming packages of work, rather than ambiguous titles.
- Measured success or failure of delivery against published procurement plans with explanation, rather just publish a replacement programme with little correlation to those
- In our view, communication of the upcoming events in a more coordinated and consistent way would enhance the supply chain's ability to plan to attend these events and would lead to less duplication and more coherence in the messages from these events.
- The supply chain attendance is good but the demand side is not there.
- Industry days (apart from the 3m3 box procurement which Westlakes Renaissance initiated early dialogue with the supply chain) are held too late in the process
- More support on collaborative bidding and delivery.
- All SLCs know what work they are going to need, at least in the short-term, as well as the major projects in the longer-term.
- All the work packages coming up in the next three months should be listed on the SLCs' web-sites
- We are aware of all of the projects and we believe that these are a positive step forward to improve the existing links with the supply chain and to forge new ones
- The collaborative procurement initiative will become a good efficiency model
- Stronger Socio Economic commitment
- Improve the funding arrangements so these have less impact on the delivery of project work

3.7 Adding Value or Reducing Costs

The draft strategy included an Aspiration on reducing the cost for Contractors to win and manage contracts within the NDA portfolio, with the topics of flowdowns and providing contractor information featured. There was also an Aspiration on reducing the cost of trading with the Supply Chain.

Do you have suggestions for adding value or reducing costs when trading within the NDA portfolio?

This was a discussion session using flip charts to record key points

Birmingham	Kendal
<ul style="list-style-type: none"> • SLC need to join up suppliers eg bits of bids • Repeated info in tenders • T&Cs – renegotiating each time • Clearer scope in procurement plan • Minimise bidding time • Fair distribution in frameworks 	<ul style="list-style-type: none"> • Standard information does not require to be replicated • Qualify companies to technical standards or capabilities – threshold • Standardisation of opportunities (presentation) • Recognise when contracts are 'bought'

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<ul style="list-style-type: none"> • Pulled jobs – wasted time/money • Knowing bid winners (if Tier 3 / 4) • Acknowledgement of supply chain • Early engagement • Learning from experience • Better planning between SLCs/supply chain • Remove duplication • Have we got best solution • PQQ – standard route to bid • Design/tender risk • Non nuclear experience • Tender timescale & verification • 2 stage procedure • Achilles etc • Pub watch – if OK for one should be OK for all • Submit background once • - Approved once → across sites ↓ tiers • Flowdown T&C: NEC. Diff once, no instant break • CT-15 approval • Induction • Simpler tender process • Faster tender process • Consistent tender process • Clearer definitions of T1/T2 etc • Avoid repeated supply of company info, and in different formats • Single national system • Reduce supplier overheads: centralised information/PQQ • Audit repetition • More efficient induction process on site • Consistency of security systems/interchangeability • Relevant T&C – consultancy work may be carried out off-site • Beginners guide to the industry • NLOP • Who is bidding – 2 tier stage • Intelligent use of frameworks • Rationalisation of frameworks • Sight of competitive closeness • PBO can self perform – will that ease, or limit entry? • All NDA portfolio – who to talk to – T1 & T2 	<ul style="list-style-type: none"> • Standardised procurement plans • Standardised ‘passport’ to access all sites • Remove barriers to ‘new blood’ working on contracts due to lack of experience • Open tendering v prequals – no right answer? • Barriers for smaller ‘nuclear’ element companies – fixed rate costs • Location – flexible approach • Process/procedures – streamline • Visibility of bidders • Appropriate, practical, T&Cs which would encourage main bidders to bring in new companies • Is innovation (risk) suitably rewarded – this needs encouragement • Contractors who are successful once do not do the same job again! Loss of ongoing knowledge • Reduce costs – tenders same suppliers costs for £5k job or £100k job • Stop/start projects • Detailed and specific requirements • Cost of tendering • Ring-fence non security sensitive projects – flexible resourcing • Passport • Trust SLC to manage once annual budget is set • Visibility of lower value contracts • EOI by lower tiers on CTM do not seem to be passed on to Tier 2 bidders • Improve client behaviour – not invented here mentality, access to best practice • Bottom up approach – new entrants able to notify/inform SLC of areas of interest • Avoid multiple retendering • Reduce costs for EOI, PQQ, tender • Re-use information • Standardised PQQs • Don’t bundle everything! Leave some opps for lower tiers
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<ul style="list-style-type: none"> • Sellafield Ombudsman – good practice 	<ul style="list-style-type: none"> • Monitor Tier 2 activity - make contract criteria to utilise lower tiers + incentivise good Tier 2s • Better use of technology • CTM/auto prompts (focussed) • What do other industries do • Use of existing info <ul style="list-style-type: none"> ◦ Company data • CVs • Ability to work within sites • New entrants education • Early engagement – ND&MP Pilot • Diversity of process across sites • Look at grouping work under single contracts • Turns SMEs off, therefore losing good quality, right first time ability • Contract T&C • Risk profile/ability to take on • Lack of teamwork and IT capability • Intelligent/effective early engagement/better information • Tier 3 have to know which Tier 2 is bidding • Experience of working on site • Listen to contractors experience at front end
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Online Questionnaire

- Let the Tier three or four suppliers be more involved at the earliest stage. Also reduce the terms and conditions for smaller companies
- Be sure you know what you want here, there are clear area when size and volume should improve cost, but it will be at odds with viable, aggressive performers, which for may areas will always be unique, and made up of appropriate teams, in a competitive ma
- Increase skill and capability of SLC procurement teams. A significant amount of time and money is spent 'educating' & 'informing' procurement personnel of services currently being supplied under contract.
- NDA need to interact with the private sector to supplement their funding. To do this there needs to be a rethink on the procurement strategy.
- The NDA seem overrun with administrators who do not deliver any real value, and focus their attention on creating a pleasant working environment for NDA staff. Significantly reducing the number of NDA staff who do not add value would reduce the NDA's costs
- Standardisation of management systems across the NDA estate. E.g. required to produce documentation in one format for Magnox but a different version of Sellafield or Dounreay
- Common prequalification data base
- Early contractor involvement
- More use of frameworks
- Code of practice for your portfolio on the allocation and transfer of risk to bring consistency to the sector
- Review the consistency and application of Flowdown
- The use of framework agreements minimises the costs of trading to suppliers due to the fact that business information is only submitted at the time of the framework agreement tender and is subsequently not required for individual projects awarded underneath
- Standardised procurement plans that are regularly updated
- Upgrade in quality of ITT's
- Pre tender conferences useful (eg 3m box)
- Work closely with the supply chain on procurement plan regarding the packaging of activities
- Collaborative bidding needs some work. You are asking disparate organisations to come together with a common value system, common delivery and a single price. This is a good but costly exercise, often done badly, at great cost to the companies
- Be more sensible in selecting terms and conditions. It is very frustrating to receive T&Cs that relate to site work when the scope of work is consultancy without any site visits, but it is still necessary to read the entirety of the T&Cs, which takes time
- NDA template for tenders
- Utilise CTM more – Annual registration of companies accounts and standard information
- Provide as much detail as possible in the procurement plans, possibly allowing key word searches

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3.8 Portfolio Mobility

The ability for contractors to work on more than one site is believed to be key to achieving an open market. Greater mobility could increase competition for tenders and reduce the number of contractors that are dependent on single sites.

How easy is it to work across the NDA portfolio?

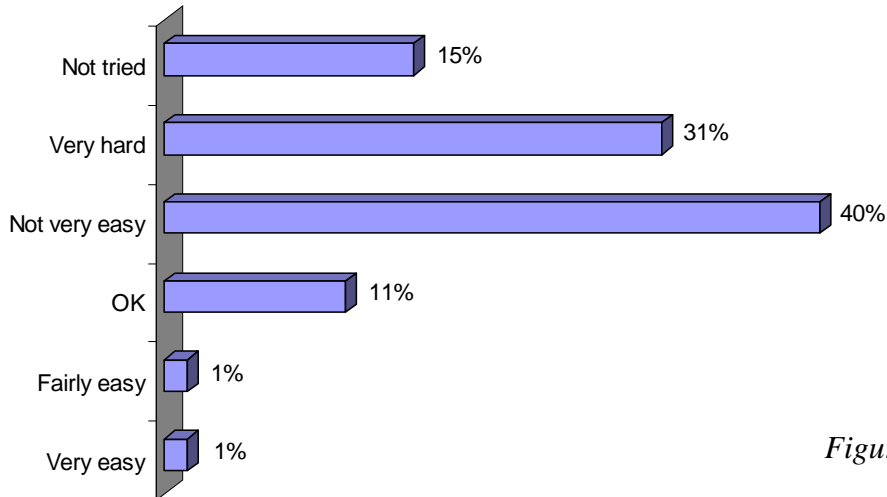


Figure (10)

3.9 Procurement Plans

Procurement Plans are essential for Supply Chain companies to plan their business activities. Making these plans easily available and as standardised as possible across the portfolio was an important part of the Aspiration on Communications. This topic was discussed at the Consultations, focussing on what information needs to be included in them.

What headings would you like to see included on Procurement Plans?

This was a discussion session using flipcharts used to record key points

Birmingham	Kendal
<ul style="list-style-type: none"> • Clear contract description (real world) • Breakdown into work segments • Contacts • Procurement • Technical • Value • Key dates in procurement process • Framework or single contract basis • Pre-qual? 	<ul style="list-style-type: none"> • Contacts • Issue date • Common format across SLCs • Descriptions in full NOT acronyms • Direct links to CTM system for all sites • Access to other interested bidders • Description of project – title not sufficient • More detailed breakdown of all projects - more descriptive • Project description with more words – categories/key words

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<ul style="list-style-type: none"> • Something to provide info for potential Tier 3 specialists • Secured funding • Clear description of scope of works • Procurement lead/contact • Affect sites/geography • Bid/execution plan, bus/des/ops • Project banding for >£500k • Identify subcontract type/framework/sole source • Type of contract – fixed fee etc • Prequalification/sole source • How is information obtained and cascaded to various tiers • Search/availability of info • Tier 1 – some certainty • Tier 2/3/4 – no certainty • Wish list • Prioritisation/confidence • Ranking/probability of success • ODA/compete for all tiers • Individual • How are lumps broken down • Headings fine • Smaller packages/consultancies • Where are they? • Confidence in data presented • Eg timescales • Better definition of project/scope • Prioritisation <ul style="list-style-type: none"> - Will happen - Might happen - Engineers dream • Technical contact • Who will explain the work • Spend profile and total • Update with winner • NDA website page blank • Type of contract <ul style="list-style-type: none"> - Existing framework - T&M - Fixed • Consistency of spend brackets • Accessibility • Keep live and highlight changes 	<ul style="list-style-type: none"> • Brief description of skill set/services needed – eg Downreay plan • Technical contact • Who initiated inclusion on plan • Contact details – telephone/email • Clearly defined and appropriate contacts (SPC) • Technical lead/project manager • Probability of go • Sanctioned v non sanctioned spend • Status traffic light • Benchmarked outputs and targets during project • Set SLC in wider context • Local v national demand for same product/supply • Consistency between SLCs • NDA internal + external plan please • Where are lower value opportunities? • Shared service procurement plan and contacts? • Fixed, target, reimbursable type • Scope or description required • More updates/feedback on progress • Links to detailed info • Vague initial enquiry docs • Sort capability • Work activity sub categories (coded) to allow all levels to identify opportunities • List of Tier 2 contractors tendering for major contracts • Detailed scope • Honesty • Client does not know the scope but expects to be assisted in developing scope. in small cases state this + don't expect fixed price • Clear indication of resources required • Need more detail on scope, especially novelty factors, eg specialist steel, specialist resource, enviro conditions • Description • Resource indication • Disciplines – safety case, environmental • Hyperlink to LTP scope • P/Manager – tech detail
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<ul style="list-style-type: none"> • Differentiate between services/commodities • Encourage • Guidance 	<ul style="list-style-type: none"> • Dates – realistic, published regularly (weekly) • Meaningful description of work \cong UKAEA website • Focus on the services & deliverables • Status in ‘fell gate’ process • Simple bar chart of ‘whole project’ • Consistency • Link to scope • Technical contact • Keep up to date – status • Magnox list better – existing subcontractor • Contact detail - email
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3.10 Best Practice

It is seen as an important role for the NDA to identify and promote Best Practice in the industry. The Supply Chain representatives were asked to provide examples of Best Practice from within and outside the NDA portfolio.

Can you identify areas of Best Practice a) across SLCs b) from other industries

At Birmingham this topic was addressed with a post-it session, whereas a flip-chart was used at Kendal to record key points from discussions.

Birmingham	Kendal
<ul style="list-style-type: none"> • set up project teams with SLC/T1/T2&3 people co-located together working on 1or2 large projects • Nissan Supplier development – go into suppliers to help them improve • Aerospace design-lead supply • Going in right direction – best practice – benchmark contractual conditions • Incentivise both parties to work together • Process & applications – not always clear for decision authority • Automotive industry • Partnerships • Long term arrangements • AUTOMTOIVE Functional specs • Innovation • British Energy Technical Support Alliance (TSA) • Serco, Frazier Nash, Amec, Atkins 	<p>Best Practice from SLCs</p> <ul style="list-style-type: none"> • Listen to NDA supply chain (action from today) • Sellafield innovation forum • Look at history – Calder Hall <ul style="list-style-type: none"> - Faster - Cheaper - No technology • Concept & reality of APPs is good (public sector driven) • Ombudsman – single point of contact • Technology transfer forums (west Cumbria supply chain) • Tier 1 procurement – requirements in M&O contract (Alistair Laird – NDA put this one in) • Winfrith (UKAEA) – challenge established approaches to standard solutions eg shielding

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<ul style="list-style-type: none"> • Non adversarial contracting • Flexible Health Physics resource <ul style="list-style-type: none"> - Dounreay ✓ - Sellafield x • Clearly define (graphically) <ul style="list-style-type: none"> - Scope - Schedule - Prioritisation • Early contractor involvement • Multi site frameworks • Correct use of CTM • Shared experience • Single point of contact for commercial issues across SLCs • Pan-industry and SLC working groups and steering committees to share best practice • Site induction: Magnox common process being implemented • Inspection work (road infrastructure) Sellafield • Highways Agency • Water industry • Sweden/Denmark/Holland 	<ul style="list-style-type: none"> • DSRL local engagement (detriment to wider industry?) • Civil service culture - negative • Perceived to be flamboyant in their spending – practice what they preach • UKAEA tender notification • Frameworks intend to be best practice eg Marks and Spencers, Bovis, but fall short • SLCs support to supply chain projects such as NWSC project • UKAEA Harwell – gets budget from anywhere and remediates site <p>Best Practice from Other Industries</p> <ul style="list-style-type: none"> • BP talk to suppliers regularly • look for best practice - DOW • Water Ind. - AMP programme – 5 year strategic/major relationships • Oil/Petrochem: cost plus tendering = transparent • Esso/Eon: budget ownership by contractor, pain/gain share commercial agreements • Public Sector Agencies: <ul style="list-style-type: none"> - Highways Agencies: early contractor engagement - learning from collective issues (NOT Network Rail) • MOD - Use of capability objectives in tendering generates innovation • Automotive - smaller suppliers? • Water Industry: <ul style="list-style-type: none"> - cost control tools at programme level – visibility of issues - integrated alliance working - Reduce man to man marking - programme management tools and approaches – focus on delivery and risk management • BE - Concept viability • Recommendation: waste process – don't do at each -t move to one site where tech exists • Ford Dagenham - 'new engine' project • Oil & Gas
<ul style="list-style-type: none"> • Competitive dialogue process – OGC instigated • ODA – compete for procurement system (all tiers use one system) • Network Rail – new product/process/service process (allows quicker implementation of innovations) • Single repository contract portal eg ODA 'compete for...' • Disaggregate major contracts →competition →innovation • National Composites Network – link technology transfer • OGC (government + public sector) • Oil & Gas 	
<ul style="list-style-type: none"> • PAS 11000 – collaborative relationship management framework 	

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	<ul style="list-style-type: none"> • BE - Non SLC driven companies • Oil & Gas - Business understands what its drivers are ie oil & gas and push is key • Firebuy: National Procure. for the Fire Services - apply risk process to SC for all aspects involving all (next phase will involve suppliers as well) • BP: link supply chain rewards to their objectives • BNFL: 'it's old partnering' jobs eg Capenhurst alliance, WIF • Look at Shell Academy in the Hague • BP: deliver on procurement plan and contract delivery • BP/Shell/Total - fast moving projects from enquiry to completion • Oil & Gas/Automotive - long term development/stability of supply chain • EMAP Glenigan - Tender information along similar lines to construction sector
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3.11 Strategic Supplier Management

With 37% of the spend at Tier 2 being spent with 20 companies in 2007/08, it may be appropriate for the NDA to have direct communications with key suppliers. This interface could allow problems to be identified and provide an opportunity for standardisation of processes.

Should the NDA communicate directly with the top 10 suppliers?

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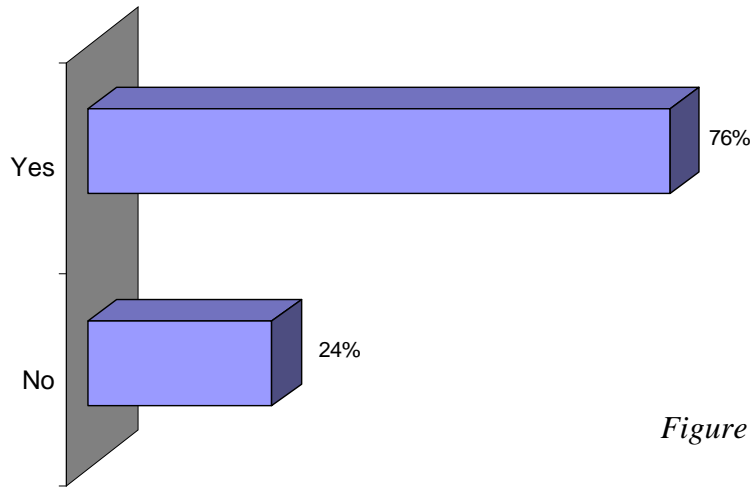


Figure (11)

3.12 NDA Forums

In order to engage with the Supply Chain at different levels, the NDA have set-up three initiatives:

Aspiring PBO forum: This forum enables a two-way discussion between the NDA and aspiring companies and contractors looking to manage SLCs.

Supply Chain Improvements Project: SCIP was set-up to address issues raised by the Supply Chain (via NIA) and improve the attractiveness and health of the market.

National Forum for Tier 3/4 and Small & Medium Enterprises (SMEs): This forum provides the opportunity for engagement between the NDA and organisations representing the lower tiers of the Supply Chain.

Should the NDA continue with the existing forums to build on work already done and aid the alignment of objectives?

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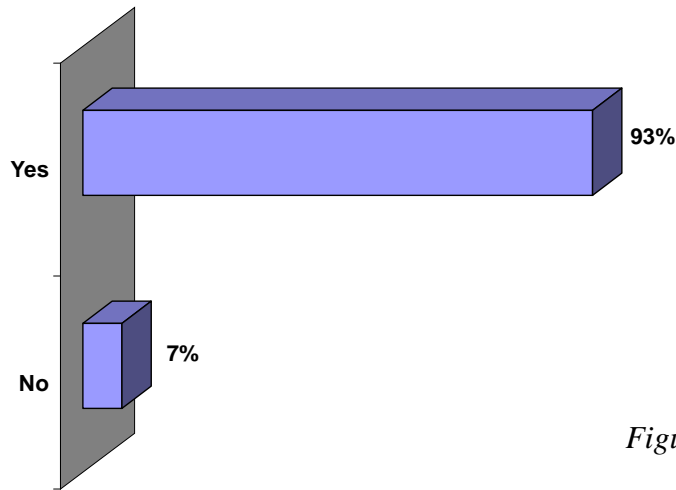


Figure (12)

The alignment of objectives between the various levels of the Supply Chain has been improved through the existing forums. To improve this further and get a cross fertilisation of ideas from other market sectors it was suggested in the draft document that a forum of Industry Bodies/Trade Associations is set-up.

Should the NDA set up a forum of Industry Bodies/Trade Associations?

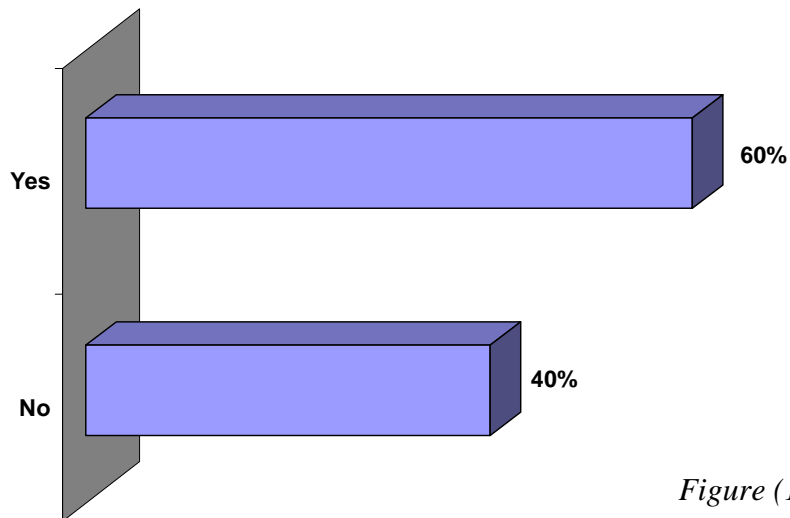


Figure (13)

The Supply Chain Development Strategy has 'Explore synergies with other Nuclear Clients' as an Aspiration. The aim of this is to establish common working practices through setting up a 'Clients Forum' which could eventually lead to reducing costs across the industry.

Should the NDA set-up a Clients Forum with other Nuclear Clients?

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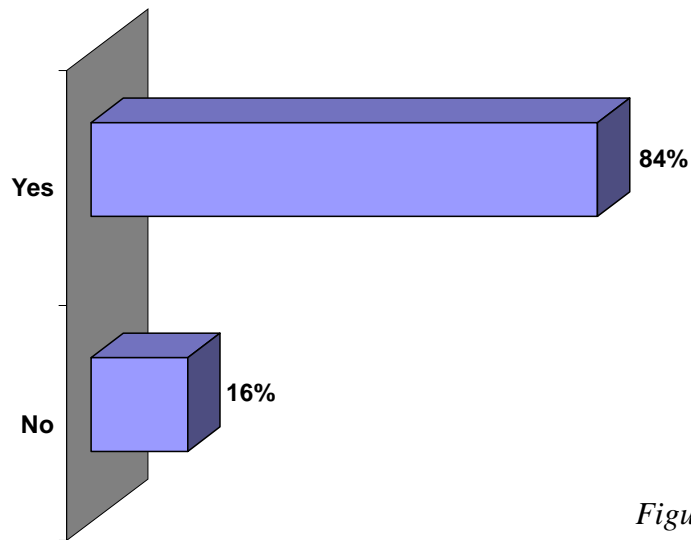


Figure (14)

3.13 Other Comments

The Online Questionnaire provided the opportunity to add and further comments at the end.

Are there other comments you wish to make?

Online Questionnaire

- Overall the NDA has made been part of dramatic change, it was a little to optimistic in the LMU period and now too controlling without substance. Synergy, Partnering and Leading, being the advocate for accomplishment, not just cost or controls is next.
- At recent conferences and events the NDA have made much of the fact that they are learning how things have been done elsewhere (including America), and invite keynote speakers from big American contractors.
- Commendable that NDA are seeking views on this which will hopefully manifest as changes.
- Funding should be committed for the Project not just for the next FY
- More clarity of timescales for project approvals through SLC, NDA and BERR
- NDA to consider appointing a portfolio Ombudsman
- NDA to take greater lead on longer term issue
- In our experience, the health of the supply chain varies depending on the area of work and the SLC which that work is for. Whilst we are generally able to generate sufficient interest in work which we are looking to subcontract
- The planned actions cannot be argued with. However the supply chain environment is currently not set up to allow these actions to be undertaken easily
- Supply chain activity is fundamentally intertwined with socio economics around sites.
- There should be more certainty about funding over the longer term. Many of the major projects will extend over many years and suffer if short-term funding constraints affect them.
- I am not convinced that the areas used to base the current and Aspirational positions are correct.
- The fundamental issue to address is the funding profile and how this is managed by the NDA. In other industries the supply chain does not seem to suffer in the same way that the nuclear industry does. We need to take a long term view of projects.

Finally we asked whether the consultation workshops met expectations.

Has the workshop met your expectations?

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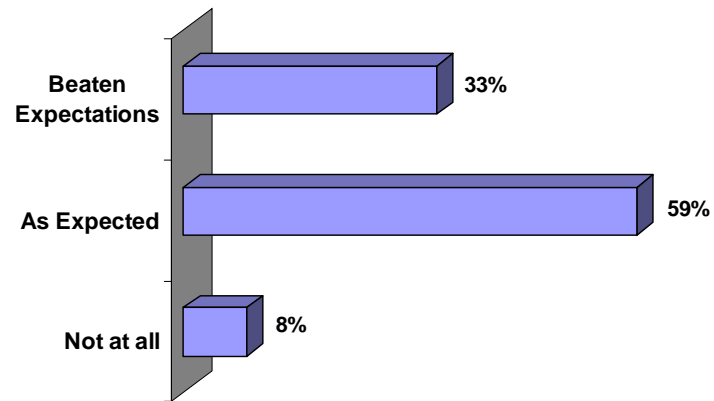


Figure (15)

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