

# Supply Chain Development

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Strategy  
May 2009

### 1.0 Introduction

This document, based on consultation with stakeholders during 2008, aims to ensure the optimum use of the Supply Chain available to the NDA estate to enable a safe, affordable, cost effective, innovative and dynamic market for clean up and decommissioning.

A vibrant, efficient and competitive Supply Chain is vital for the delivery of the NDA's mission. The optimum operation of the Supply Chain will deliver value for money, affordability and deliverability as it should identify risks and opportunities when engaging with the Supply Chain, and help to eliminate duplication of costs for both the NDA estate and the Supply Chain.

NDA has obligations under the Energy Act to promote competition for the services it requires to deliver its mission, and to meet its objectives. The M&O contracts NDA has with the SLCs incentivise efficiency and promote inter-SLC working, but NDA is uniquely positioned to take a strategic view of Supply Chain issues across the estate, encouraging consistency and best practice. It should however be recognised that implementation should sit with the SLCs and be fit for purpose for the various types of procurements required.

NDA is also in a position to link with other Nuclear Clients, or those with requirements that have appropriate synergies, to look at further improvements and developments across the wider Supply Chain.

In addition, there are Supply Chain development obligations expected by Government, particularly with regard to enabling Small and Medium Enterprises to bid for work which need to be addressed.

#### Reference documents

These related documents are available via [www.nda.gov.uk](http://www.nda.gov.uk) or by contacting [enquiries@nda.gov.uk](mailto:enquiries@nda.gov.uk):

##### **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 Draft Strategy Summary of Consultation Responses March 2009**

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.

##### **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.

### 2.0 Supply Chain Development Strategic Objective

To ensure the optimum use of the Supply Chain available to the NDA estate to enable a safe, affordable, cost effective, innovative and dynamic market for clean up and decommissioning.

### 3.0 Supply Chain Development Principles

The delivery of an appropriate Supply Chain Development strategy provides an important enabler within which NDA's performance and wider strategies are delivered. NDA has defined a set of related principles to underpin activities undertaken by NDA, its subsidiaries, and its delivery partners.

Whilst some of the principles are aspirational in nature, some are already in the process of being implemented, and others will lead to specific programmes of work being defined to secure their delivery.

The principles are as follows:

**Open, transparent, timely and consistent communications at all levels – NDA will:**

- Encourage open, transparent, timely and consistent communications at all levels of the Supply Chain, to ensure access to high quality data to enable improved business planning by all parties;
- Ensure the provision of easily available Supply Chain Information, including NDA and SLC Procurement Plans and tendering opportunities via web-sites;
- Assist Small and Medium Enterprises (SMEs) and Tier 3/4 Suppliers by requiring the NDA estate to provide information on:
  - smaller packages of work (as a minimum £50k - £100k) in Procurement Plans,
  - details of work packages within larger projects to assist in the identification of potential subcontracting opportunities.
  - suppliers who have won work, particularly for larger projects and frameworks,
  - tendering opportunities to Regional Development Agencies for use within their Supply Chain networks,
  - where possible, bidders for major procurements; and
  - encourage Tier 2 Suppliers to advertise subcontracting opportunities;
  - ensure appropriate policies and procedures which support this group of suppliers.
- Ensure the appropriate application of Supply Chain Management to manage Customer and Supplier performance including Key Supplier Management of strategic/critical suppliers across the NDA estate;

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- Support initiatives that promote inter-action and communications across the Supply Chain ie Supplier Days, Knowledge Markets, Meet the Buyer; and by
- Promoting the use of the web-based Supplier Network (currently accessed via the Sellafield Ltd website) by all tiers of the Supply Chain to aid communications on Supplier capabilities; and
- Ensure that there are routes for Suppliers to raise issues and complaints;
- Publish annual statistics regarding the value of work sub-contracted by each SLC, the percentage of Tier 2 contracts that are let competitively and other relevant data to increase transparency;
- Provide procurement/supply chain information to other Government Departments and Agencies to support wider market initiatives; and
- Promote the NDA portfolio and the work and achievements of SLCs and Suppliers at all levels of the Supply Chain:
  - at conferences regionally, nationally and internationally held by professional bodies (eg ICEM, BNES, CIPS), Trade Association or other nuclear players,
  - at conferences outside of the nuclear market to gain interest from other sectors whose Supply Chains may have synergies with the requirements of the NDA estate
  - by contributing to Professional Journals and Trade Association news letters.

### **Optimise Supply Chain processes - NDA will:**

Provide leadership and support for initiatives to improve the ease of entry and participation into the NDA portfolio, improve the consistency of processes and applications, and decrease the risk of inappropriate contraction of the market, and foster a learning culture across our estate in order to secure appropriate continuous improvement by:

- Actively participating in networks which share best practice and support development of consistent processes impacting on the Supply Chain across the NDA estate with the aim to:
  - establish appropriate make/buy processes and contracting strategies
  - increase consistency of tendering process across the NDA estate
  - reduce the cost and time of bidding for tenders
  - ensure the requirements for bidding are appropriate to the size and complexity of the task
  - avoid delays, cancellations and stop/start of projects by optimising procurement planning and streamlining approval routes
  - reduce need to re-bid work
  - increase consistency of terms and conditions used across the NDA estate, and seek to simplify where possible

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- increase standardisation of generic contractor information requirements and reduce repeat requests for generic contractor information across the NDA estate
- reduce costs for Suppliers working on Sites ie impact of site access requirements and site procedures, consider flexible working
- with networks being internal within the NDA estate, across all representatives of the Supply Chain or cross industry networks; and
- Benchmarking Supply Chain processes to identify best practice and improvement opportunities.
- Undertake such activities as are necessary to assure itself that appropriate standards of procurement and Supply Chain management are being achieved and sustained across the estate and act appropriately should appropriate standards fail to be met

### Optimise Supply Chain relationships – NDA will:

Provide appropriate support to better align objectives across all the tiers of the Supply Chain and to make the NDA portfolio a market of choice for Suppliers promoting a collaborative approach with all parties with:

- open, transparent and fair procurement practices which reduce barriers to entry into the NDA portfolio;
- the use of Early Contractor Involvement on appropriate projects to develop realisable specifications, encourage innovation<sup>1</sup> and reduce costs;
- the use of partnering arrangements when appropriate, both between NDA/SLCs and vertically through the Supply Chain and within the lower tiers of the Supply Chain, using the PAS 11000 'Collaborative Business Relationships' framework specification or similar as a basis for such arrangements;
- responsible (including socio-economic/ethical and/or sustainable) procurement policies across the NDA estate, including where appropriate, the use of prequalification/tender assessment criteria, specification requirements and whole life costing principles to support these policies<sup>2</sup>;
- adoption of a standard supplier positioning model across the NDA estate to aid SLCs and NDA in recognising the strategic importance of individual or collective Suppliers and develop supply chain maps to identify Suppliers below Tier 2 who are key suppliers and/or dependent suppliers
- establishment of statistics for each SLC/Site on the socio-economic impacts of their use of the Supply Chain
- creation of a 'Supply Chain Charter' that respects all Tiers of the Supply Chain and encourage adoption by all, to help create better alignment of objectives between the various levels of the Supply Chain; and

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<sup>1</sup> Links to NDA R&D Strategy

<sup>2</sup> Links to NDA Socio-Economic Policy

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- encouragement of initiatives that:
  - continuously improve HSSE standards of Suppliers<sup>3</sup> when working at sites
  - support the NDA skills strategy<sup>4</sup> within the Supply Chain
  - reduce the dependency of individual Suppliers on specific SLCs or sites.

### **Explore synergies with other Nuclear Clients and other Industries – NDA will:**

Explore synergies with other Nuclear Clients and seek to coordinate:

- Supply Chain development programmes recognising the inter-linkages between Supply Chains across the sector;
- sharing of information and best practice;
- common working practices that reduce costs across the industry, avoiding duplication of activities and sharing resources; and
- explore synergies with other industries to help to promote cross fertilization of best practice and initiatives from other industries and markets.

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<sup>3</sup> Links to NDA HSSE Strategy

<sup>4</sup> Links to NDA Skills Strategy