

Procurement Improvement Plan

Nuclear Special Interest – Supply Chain Quality Group

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Presentation Content

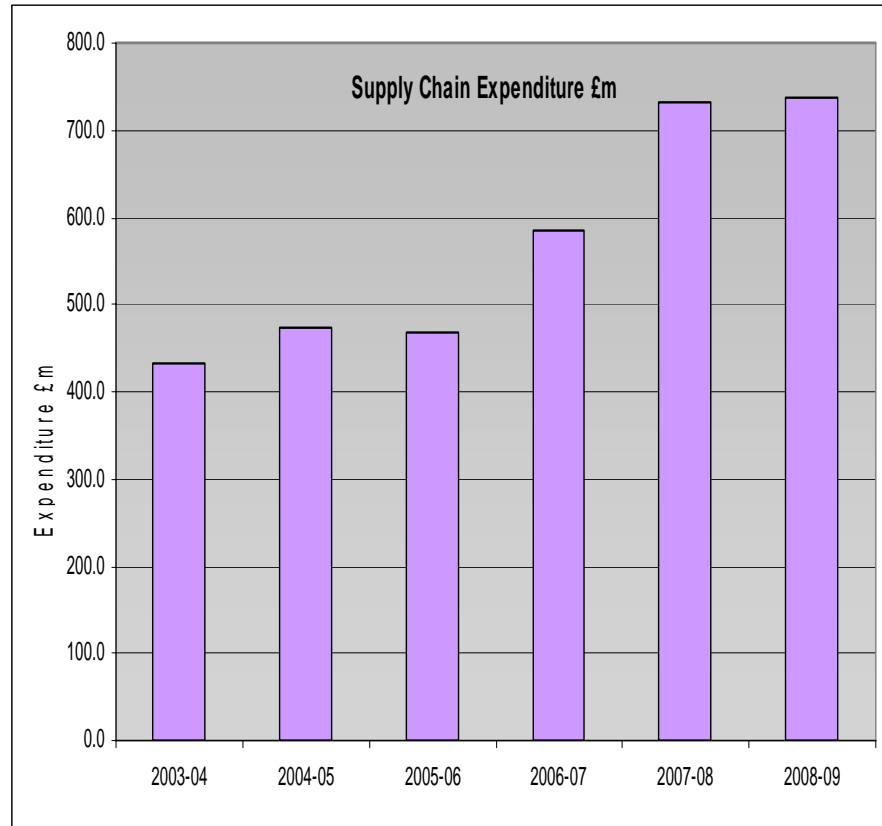
- Supply Chain Goals
- Some Facts & Figures
- Supplier Chain Quality Management
- Continuous Improvement
- Progress
- Contacts/Questions



Supply Chain Goals

- Best in Class Contractor Safety Record
- Continuous Improvement of supply chain quality
- Competitive and vibrant supply chain
- Forecast accuracy and Procurement Planning
- Supply chain help to drive savings, innovation and efficiency
- Focus on COTS to reduce cost and inventory
- Collaborative Relationships
- Supply chain synergies across the NDA estate through aggregation

How Much We Spent and Where



Category	Estimated Annual Expenditure £m	%
Prof Services	£190.6M	25.90%
Construction	£146.8M	19.90%
Services	£95.3M	12.90%
Labour	£92.7M	12.60%
Materials	£54.7M	7.40%
Plant & Equipment	£41.6M	5.60%
Decommissioning & Waste Disposal	£26.0M	3.50%
Business Expenses	£25.4M	3.40%
Research & Development	£25.3M	3.40%
IT	£24.3M	3.30%
Sub Contracting	£12.1M	1.60%
Hired Items	£2.3M	0.30%
Total	£737M	

Sellafield Limited spent 56.2% of annual site budget with the supply chain

Procurement Transactions

- Total Procurement Transactions – 50,000 per annum
- Warehouse Receipts – 20,000 per annum
- Invoices – 50,000 per annum

- Purchase Card 8% of total transactions
- Procurement Purchase Order 12% of total transactions
- Demander Purchase Order 80% of total transactions

Performance Measures 2008/09

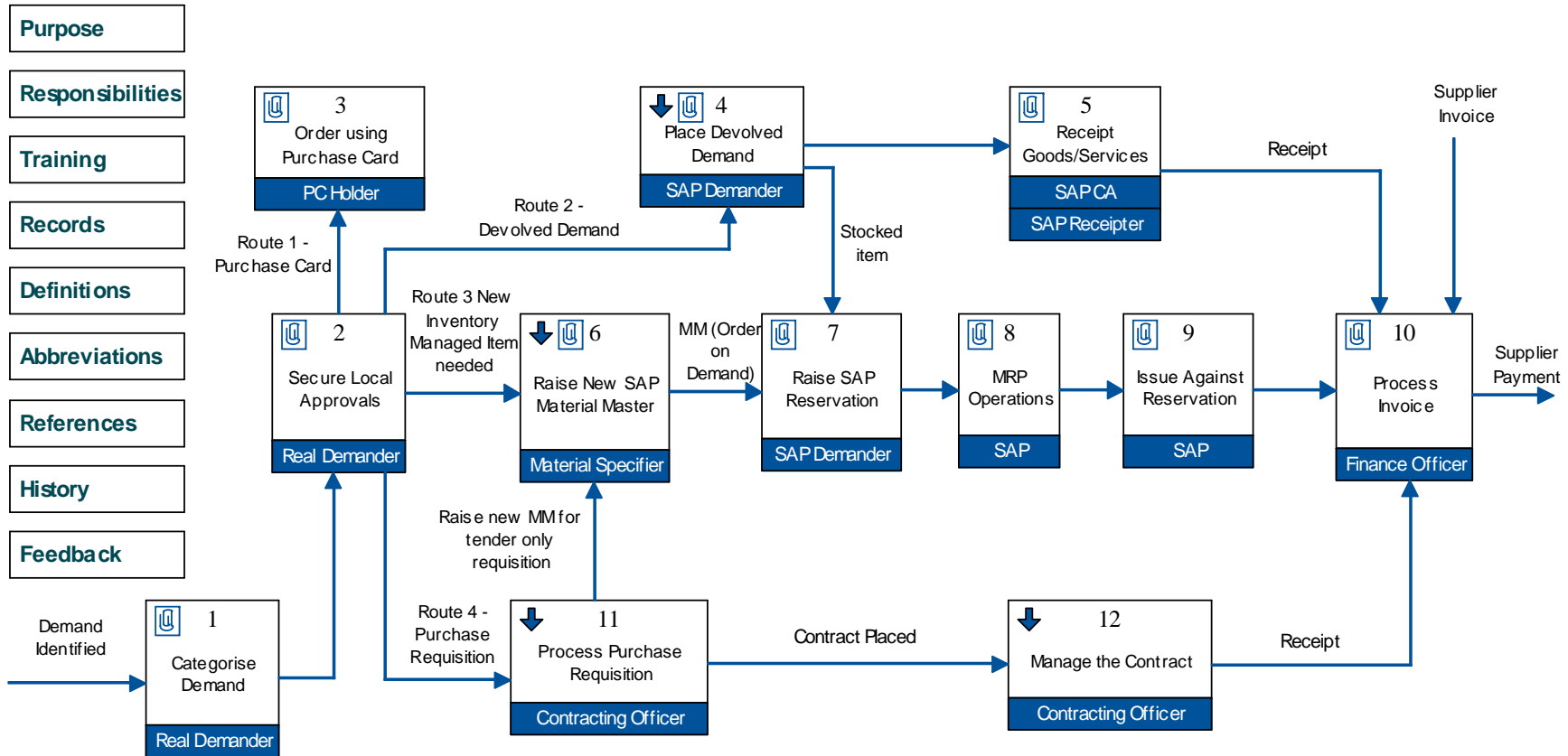
Key Objectives	Target	Actual
Competitive Awards % by value	75%	90%
Value of Subcontract Spend In year	£690m	£733m
Adherence to PALT	95%	97%
Cost Reduction against plan	7.50%	10.12%
Subcontract Consolidation (No. of significant Tier 2 Contracts)	Less than 500	398
Shared Services Collaborative Procurements	10	10
On Line Auctions	6	6
SCRIA Projects Complete	6	7



Quality Procedure for buying goods & services

- Procedure reference SSP 9.02.
- Combines the activities for the procurement of goods & services into one place.
- To assist the Plant Demander in complying with necessary requirements.
- Identifies responsibilities.
- Draws on Procurement Procedures & specifications

The procurement process flow map



Problem Statement

As part of the Sellafield BIP & overall continuous Improvement the following areas were identified for further development:

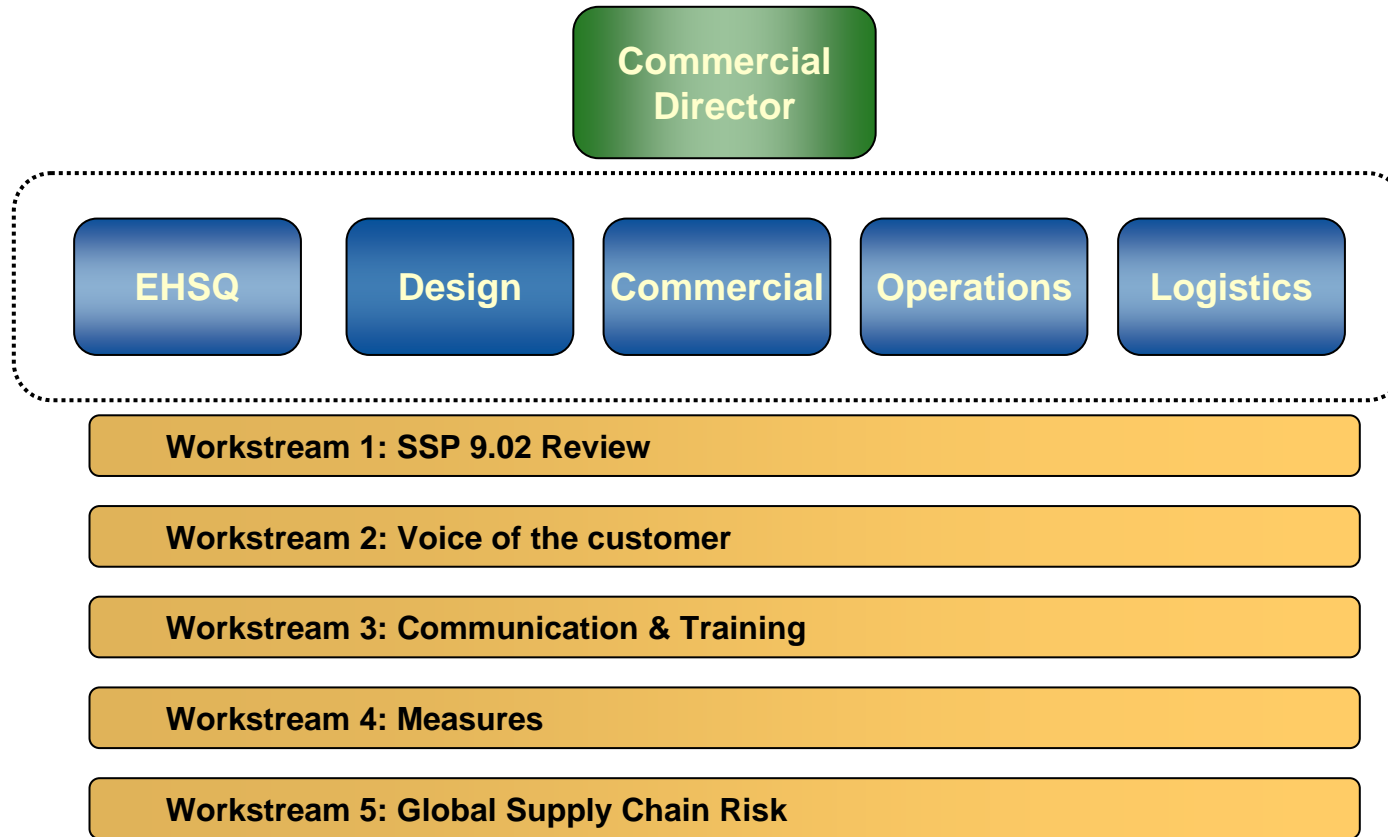
- Clarity of processes
- Awareness & SQEP of Process Users
- Improvements to End to End process Measures

Improvement Aims

An Acquisition process that better supports business delivery and is:

- User friendly and easily accessible
- Has safety and quality fully integrated
- Key user roles clearly defined with responsibilities understood
- Fully trained individuals in all key roles based on a competency matrix
- Measures in place to track performance and to act as an enabler for future process efficiency improvements

Project Governance



Key Work streams

Work has been focussed on the most significant and key work streams:

- **Stakeholder Analysis and Communication**
- **Delivery of Training modules**
- **Improvements in control measures for the Acquisition processes**
- **Arrangements to mitigate the Global Supply Chain risk**
- **Quality at Source**

Progress on Key Work Streams

Stakeholder Analysis and Communications

- Stakeholder analysis completed
- Draft Communications plan in place to be presented to Steering group for approval in May
- Feed into the training strategy

Delivery of Training Modules

- Training strategy completed
- Endorsement planned for Q1
- Commence active engagement in training, competency and Awareness requirements

Global Supply Chain Risk

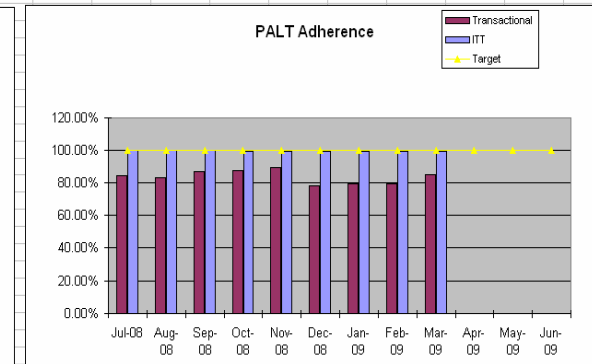
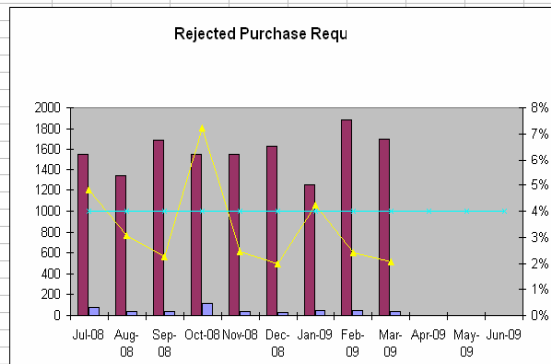
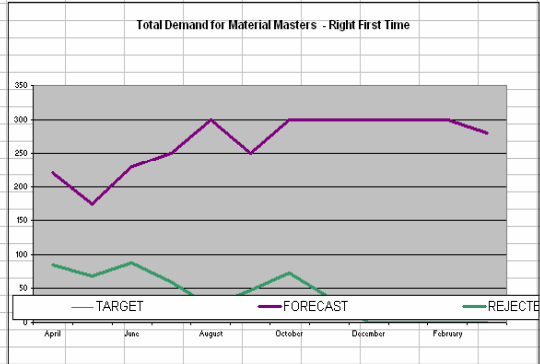
- See later presentation

Progress on Key work streams (cont..)

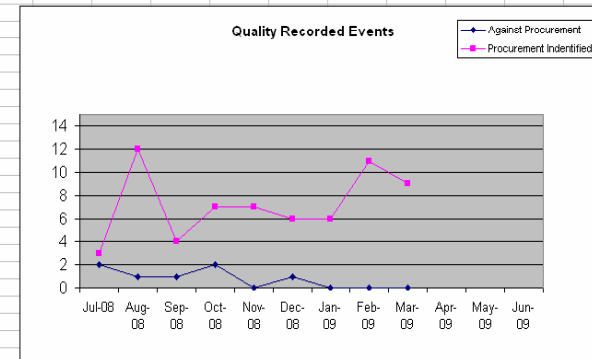
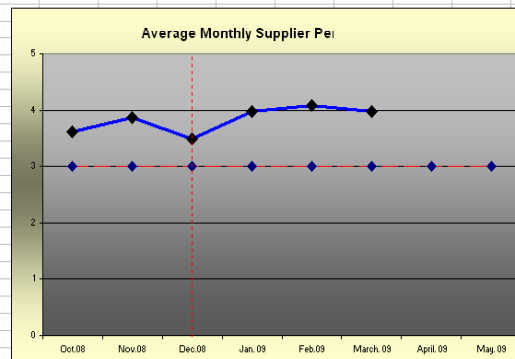
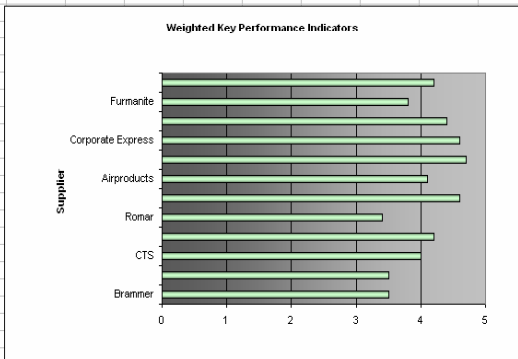
- **Improvements in control measures for the Acquisition processes**
 - Introduced new dashboard for acquisition processes
 - Demander information, Transaction process data, Supplier quality data all incorporated.
 - Events & feedback information monitored (ATLAS information)
 - System piloted and now operational
 - Regular review - now considering measures for the front end process

Procurement Process Dash Board - illustrative

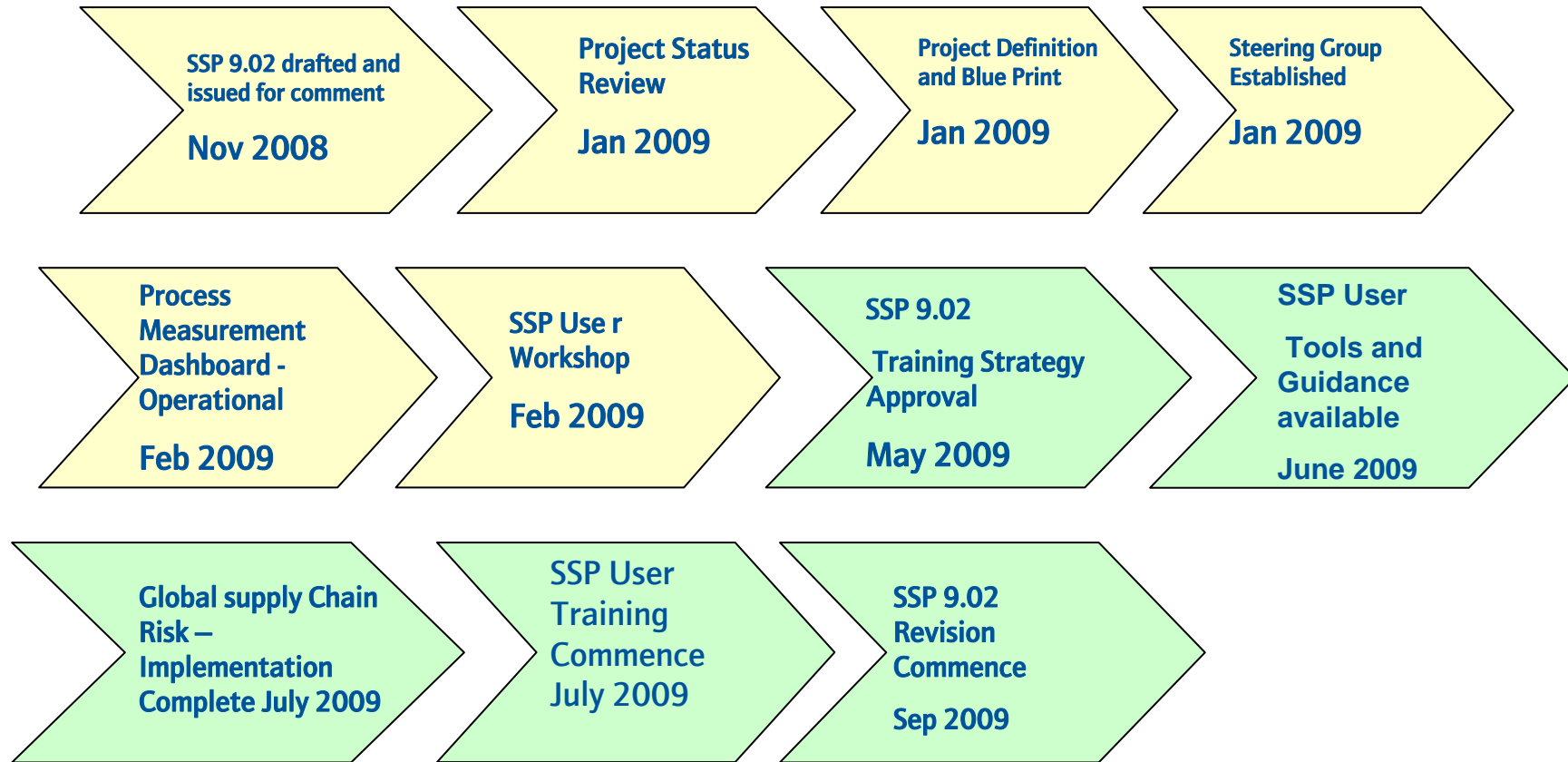
DEMAND



SUPPLIER DELIVERY & QUALITY PERFORMANCE



Improvement Key Milestones



Improvement Issues/Risks

- Scale of programme and change management requirements
- Integration of programmes
- The right resources to deliver improvements
- Engagement of Key Stakeholders

Further Contacts

Procurement Team contact details are available @

<http://sellafieldsites.co.uk/page/suppliers>

Questions?