# PROGRAMME + PROJECT PARTNERS

Multi-Project Procurements



PROGRAMME +
PROJECT PARTNERS









### Agenda

- Welcome, Safety Share and Introduction
- Purpose and Outcome of Today's Session
- MPP Approach
- MPP Implementation
- MPP Contract & Commercial Model
- Macro Market Engagement Feedback
- Support on Social Impact
- Q&A, Comments and Feedback
- Wrap Up & Close



## Welcome, Safety Share and Introduction

**Eldon Garnett** PPP Executive Head of Lot 3



## Asbestos at home – Safety Share

AIB interior window panel

19 AIB exterior window panel

AlB around boilers, storage

heaters and warm air

and locations of asbestos materials. A detailed survey

AIB = Asbestos insulating board

heating systems

AIB behind fire



#### **Usually licensed**

- Pipe lagging
- 2 Loose fill insulation
- AIB airing cupboard and/or sprayed insulation coating on boiler and hot water tank
- AIB soffits

Normally non-licensed (If work that causes significant break up may require notification)

- Asbestos cement water tank
- 6 Toilet seat and cistern
- Vinyl floor tiles

- 8 Textured decorative coating on walls and ceilings eg Artex
- Roofing felt
- 10 Asbetos cement panels
- 111 Asbetos cement soffits
- 12 Asbetos cement roof
- 13 Asbetos cement gutters and downpipes

#### If short duration non-licensed otherwise licensed

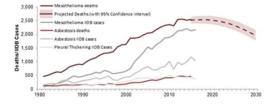
- AIB ceiling tiles
- 15 AIB bath panel
- 16 AIB behind fuse box



















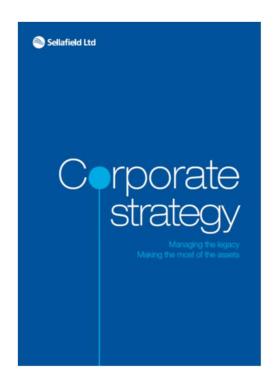
PROGRAMME +

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#### Sellafield Ltd

- Highest hazard facility in Europe
- Annual spend of £2.2bn (publicly funded)
- Subsidiary of the Nuclear Decommissioning Authority (NDA), a Non Departmental Public Body of UK HMG
- Largest inventory of untreated nuclear waste in the world







#### A reminder - who are the PPP Partners?



#### Lot 1 **Integration Partner**

"provides project management and related services to integrate the delivery of Major Projects"

#### Lot 2 **Design & Engineering** Partner

"provides design and engineering services to deliver the design of Major Projects"

#### Lot 3 **Civils Construction** Partner

"a management contractor for the execution of the construction works through the integration and placement of trade packs on projects with a civils bias"

#### Lot 4 **Process Construction** Partner

"a management contractor for the execution of the construction works through the integration and placement of trade packs on projects with a process bias"

#### 5th Partner-Sellafield Ltd Resources

"deployment of Sellafield resource into ADTs on a Most Appropriate Athlete basis"













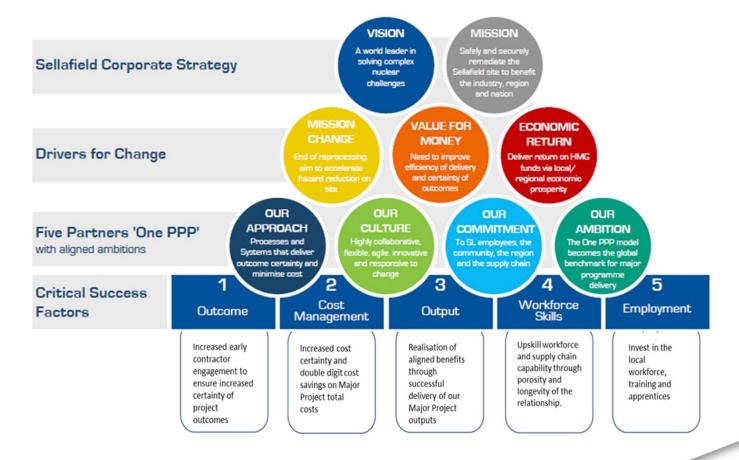








#### PPP's contribution to the Sellafield vision





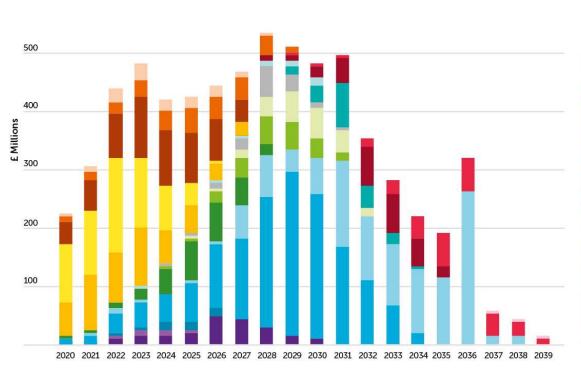
PROJECT PARTNERS



KBR Jacobs



## The Major Projects that underpin our future - £7Bn over 20 years



600



#### 2020 Project List

- Lightly Shielded Store (LSS)
- Box Encapsulation Plant Product Store (BEPPS 2)
- Replacement Analytical Project (RAP)
- SPRS Retreatment Plant (SRP)
- SIXEP Continuity Plant (SCP)
- Engineered Drum Store (EDS 4/5)
- Pile Fuel Cladding Silo Waste Treatment Plant (PFCS Waste Treatment Plant)
- SPRS Retreatment Plant 3 (SRP 3)
- Lightly Shielded Store (LSS 2)
- Box Encapsulation Plant Product Store (BEPPS)
- Waste Treatment Complex 2 (WTC 2)
- Vitrified Product Store Replacement (VPS)
- Box Encapsulation Plant Product Store 3 (BEPPS 3)
- SPRS Retreatment Plant 2 (SRP 2)
- BUFT capability/Enterprise Fuel Study (EFS)
- SIXEP Waste Management (SWM)
- LLW sort/segregate (LLW & Sub LLW Treatment)
- Interim Storage Facility (ISF 2)
- First Generation Magnox Storage Pond Sludge Handling & Export (SHEP)













## Purpose and Outcome

Tony Bondin
PPP Head of Supply Chain



### Purpose and Outcome

The purpose of this session is therefore to provide an update to supply chain companies on the progress to date and plans for the establishment of PPP, Multi Project Procurements (MPP)

By the end of the update you should have an understanding of:-

- The principles behind MPP's and why they are considered critical to the longer term success of PPP
- The benefits expected to be delivered via MPP's
- How MPP's will be procured and when.
- How and what opportunities MPP's will provide to yourselves
- How we plan to engage and the opportunity for yourselves to provide input and feedback that will help shape the way MPP's are developed



## MPP Approach

Tony Bondin
PPP Head of Supply Chain



### MPP Approach

- A list of Multi-Project Procurements (MPPs) identified by the Supply Chain Team through analysis of the PPP Procurement Plan.
- Development of an MPP commercial model focussed primarily on the MPPs that can contribute to achieving the five PPP Critical Success Factors (CSFs) and Business Case objectives.
- MPPs broadly categorised by two types of commercial model:
  - Key Delivery Partners (KDPs)
  - Goods, Works or Services Agreements



### Key Delivery Partners

- Innovative creation of long term delivery partners to support the PPP Lot Partners
- Move away from traditional cost and margin based contracting
  - Aligns with Project 13 and outcome based approach
  - Profit for performance against predefined outcomes and objectives
  - Supply chain confidence to invest in the enterprise in the long term
  - Address supply chain concerns / feedback regarding Nuclear / Sellafield work
- KDPs to be based on outcome-based contracting with focus on achievement of CSFs and objectives
- Long term agreements (18 years)
  - Encourage SME collaboration
  - Maximise social impact and investment into local economy
- Ability to maximise ECI benefit
- No express pain or delay damages, but failure to hit outcomes = failure to earn profit



### Goods, Works and Services Agreements

- Goods Supply Agreements (GSAs) for the supply of Goods (such as Cranes, Accommodation, and Equipment).
- Works Agreements (WAs) for works that may be required on an ad-hoc basis where the contractor can contribute to achievement of some of the CSFs, but the demand profile or type of works doesn't warrant KDP status.
- Service Frameworks (SAs) for the provision of Services, either Term Services for works or Professional Services (such as Catering, Testing and Professional Services).



## MPP Implementation

Steve Topping
MPP Project Manager



#### Multi Project Procurements – Implementation

- 30+ packages to roll out in total
- Roll out to be phased in Tranches (T1, T2,....) through 2021/22
- Typically 4 6 packages per Tranche
- MPP packages categorised dependant on ability to influence CSF's:-
  - Cat 1 -Key Delivery Partner (KDP's)
  - Cat 2 Goods Supply Agreements (GSA's)
  - Cat 3 Works Agreements (WA's)
  - Cat 4 Service Agreements (SA's)
  - Cat 5 Other (miscellaneous and items still to be considered as an MPP)
- Tranche make up driven by:-
  - Immediate project needs (SRP, SCP, RAP, BEPPS2/LSS1)
  - Project pipeline in next 1 3 years
  - Strategic importance to deliver long term PPP success alignment to CSF's
  - Opportunities for collaboration and creation of social value



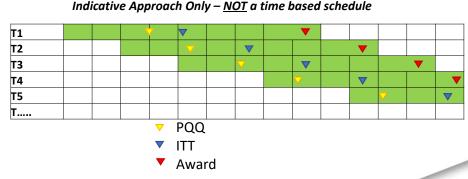
#### Multi Project Procurements – Next steps

#### T1 Packages

- HVAC (KDP)
- Electrical & Instrumentation (KDP)
- Equipment Manufacture/Fabrication(GSA)
- Blockwork and Internal Fit Out (KDP)
- (GSA) Site Accommodation
- T2 Packages (to be finalised but anticipate 4-5 from the following list, remainder will move into T3)
  - Mechanical and Pipework (KDP)
  - External Envelope (KDP)
  - Scaffolding, Insulation and Painting (KDP)
  - Groundworks and General Civils (KDP)
  - (KDP) Concrete superstructure
  - Steelwork (KDP)

#### Timeline

• Standard fragnet developed (approx. 200 days per package) EOI – Market Engagement- PQQ – ITT - Contract award











## MPP Contract & Commercial Model

John Rossiter

MPP Commercial Lead

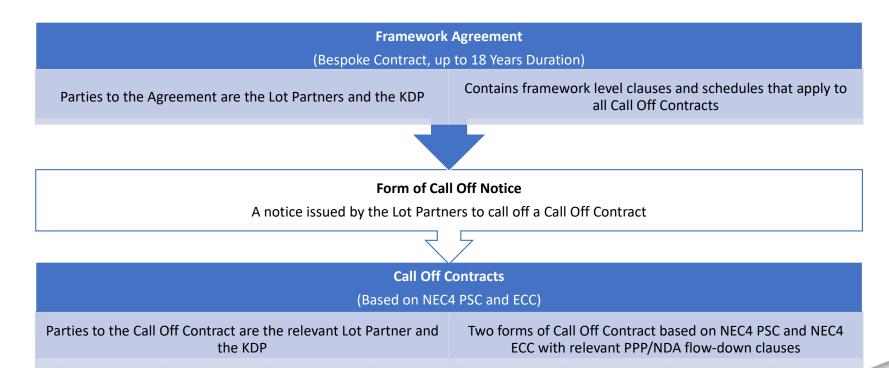


### KDP Contract & Commercial Principles

- Follows Project 13 approach with a focus on successfully achieving outcomes and the PPP Critical Success Factors.
- Alignment of all key players to profit for performance ethos of PPP.
- Encourage effective interface management and alignment of project outcomes.
- Early Contractor Involvement is fundamental and achieved through engagement of KDPs at an early stage on PSC basis.
- Project baselines and target costs are built collaboratively and act as an enabler for success.
- No express pain or delay damages.
- No disputes, with consensual issues escalation process.
- Simple, clear and flexible model for cost reimbursement, KPIs and earning profit.



#### **KDP Contracts**









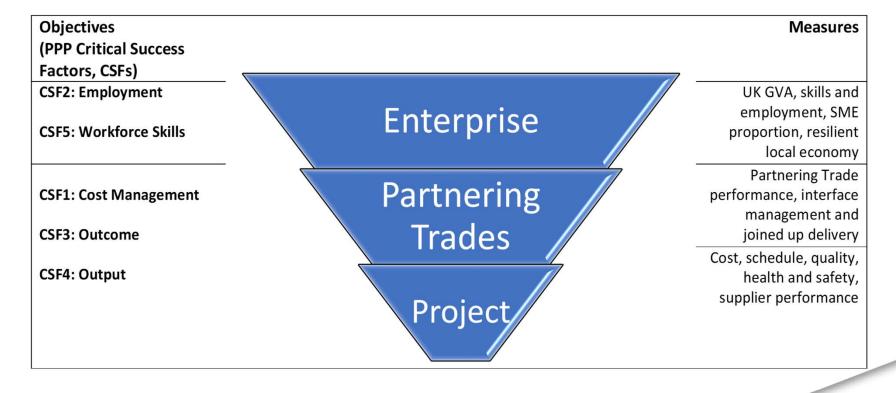


#### KDP Cost and Profit Model

- KDPs reimbursed actual cost in accordance with a pre-defined schedule (amended form of NEC4 Schedule of Cost Components)
- KDPs will also be reimbursed Corporate Overhead based on a tendered and underpinned percentage.
- Profit will be twofold: Nominal Profit and Incentivised Profit.
- Nominal Profit will be earned on all costs and generally retained by the KDP, however, at risk in instances of poor performance
- Incentivised Profit will be split three ways:
  - 1. Enterprise/programme level KPIs
  - 2. Project performance against traditional metrics (time, cost, quality, SHE)
  - 3. Partnering Trades where KPIs are based on interfacing trade performance
- Nominal and incentivised profit ranges will be developed as part of developing ITT evaluation criteria and tenderers assessed based on scores within the bandings.



#### **KDP Profit Model**







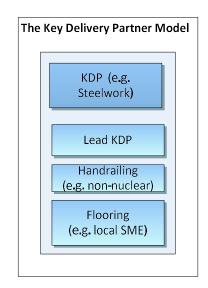


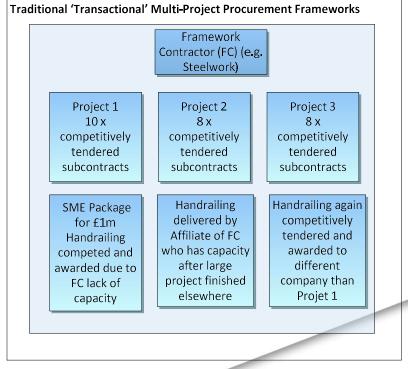




### KDP Supply Chain Structure

- KDPs intended to be based on supply chain collaboration for all works in the category.
- KDP approach of long-term surety of work, enterprise focus and investment in the region should flow to key contractors.
- Support SMEs and SL transformation agenda with long term commitment and development.













## Macro Market Engagement Feedback

Steve Dixon
Senior Supply Chain Manager

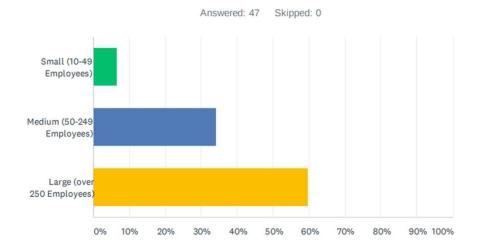


### Macro Market Engagement

- To test MPP Strategy and Commercial Model
- 50 organisations approached 47 participated
- Diverse Supply Chain representation
- Questionnaire and some follow up calls
- Very positive feedback



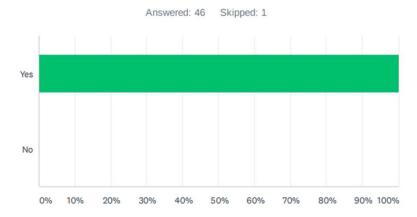
#### Q2 What is your organisation's size?



ANSWER CHOICES	RESPONSES	
Small (10-49 Employees)	6.38%	3
Medium (50-249 Employees)	34.04%	16
Large (over 250 Employees)	59.57%	28
TOTAL		47



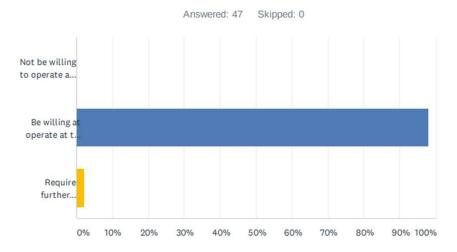
### Q3 Term of Agreement. Would you be interested in entering in to a long term (18 year) contract delivering to the PPP Lot Partners?



ANSWER CHOICES	RESPONSES	
Yes	100.00%	46
No	0.00%	0
TOTAL		46



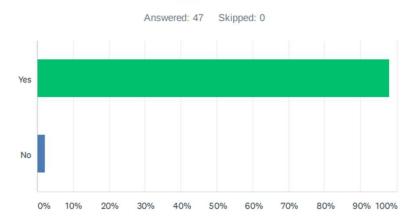
Q4 Tier of Contracting. Under the KDP Framework, contracts for works will be let by Morgan Sindall Construction & Infrastructure or Doosan Babcock. Please consider whether your organisation is most likely to:



ANSWER CHOICES	RESPONSES	
Not be willing to operate at this Tier	0.00%	0
Be willing at operate at this Tier	97.87%	46
Require further governance approvals	2.13%	1
TOTAL		47



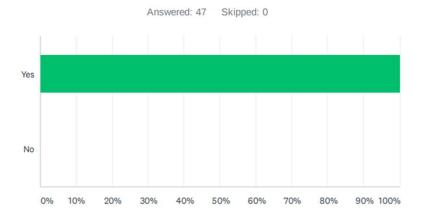
Q6 KDP Structure. For the KDP to deliver all works across the contract term (18 years), are you comfortable entering in to joint venture, collaborations and/or alliance type arrangements with either your supply chain or organisations that may ordinarily be competitors as part of the bidding process?



ANSWER CHOICES	RESPONSES	
Yes	97.87%	46
No	2.13%	1
TOTAL		47



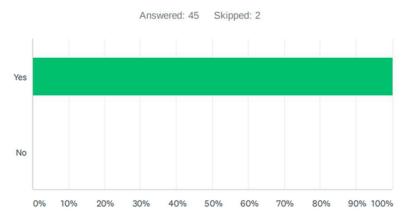
Q7 KDP Structure. Are you comfortable entering in to long term partnerships with organisations of a different size to your own as part of the bidding process? For example, a Large Contractor committing to partner with an SME for the duration of the contract term, or vice versa.



ANSWER CHOICES	RESPONSES	
Yes	100.00%	47
No	0.00%	0
TOTAL		47



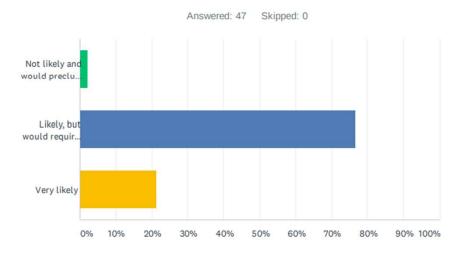
Q8 Delivery Model. It is proposed that the entities within the KDPs will directly deliver all works in each category (e.g. self-perform) and that the KDP model will not create or lend itself to another level of Management Contracting. Would your organisation be able to operate on that basis?



ANSWER CHOICES	RESPONSES	
Yes	100.00%	45
No	0.00%	0
TOTAL		45



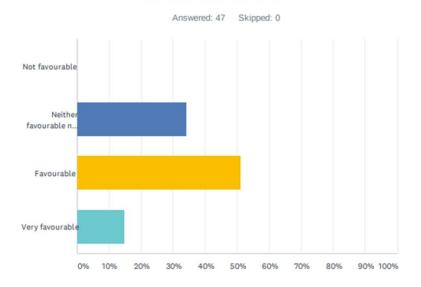
Q9 Partnering Trades Fund. How likely would your organisation be to enter in to a commercial arrangement where a percentage of your profit is determined on working collaboratively with other interfacing KDPs or subcontractors to deliver aligned project outcomes?



ANSWER CHOICES	RESPONSES	
Not likely and would preclude my organisation from tendering	2.13% 1	
Likely, but would require further governance	76.60% 36	
Very likely	21.28% 10	
TOTAL	47	



Q10 Profit for performance. It is intended that only overhead and nominal profit will be paid in addition to actual costs, with profit largely incentivised as set out in the briefing paper. How do you consider this commercial model compared to the your organisation's ordinary contracting and commercial models?



ANSWER CHOICES	RESPONSES	
Not favourable	0.00%	0
Neither favourable nor unfavourable	34.04%	16
Favourable	51.06%	24
Very favourable	14.89%	7
TOTAL		47



## Support on Social Impact

Steve Topping
MPP Project Manager



## **PPP Social** Impact Introduction Sessions for Supply Chain companies

- Wed 20 January 10-12
- Fri 22 January 10.30-12.30
- Mon 25 January 1.30-3.30

Sessions to be delivered via MS Teams



Get a better understanding of what Social Impact is (and isn't)



Work through the themes of Sellafield Ltd and PPP's Social Impact Strategy



The questions you need to ask yourself to develop a good Social Impact response to a tender.



Email pppsupply.chain@sellafieldsites.com to register.











## Q&A Comments and Feedback

Steve Topping
MPP Project Manager



#### Q&A, Comments and Feedback

- No live Q&A today given practicalities of managing large number of participants and the short time available.
- Please submit any questions, comments or feedback via the following email address:-

#### pppsupply.chain@sellafieldsites.com

- All responses will be collated and shared with all participants within 2 3 weeks of the
  event.
- A MPP briefing paper and slide pack will also be shared along with the Q&A responses
- Further package details will be shared via forthcoming specific market engagements
- Initial advertisement of T1 packages to be made via Sellafield CTM, please monitor and register you interest as directed
- Future progress updates, similar to todays event, will be undertaken periodically as the roll out of MPP's progresses



## Wrap Up & Close

