Procurement and Supply Chain Strategy

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Content

- Scope of Commercial Directorate – Organogram
- High level Contracting Strategy
- Supply Chain Charter – setting expectations and behaviours
- Delivering UK content, including the local and regional supply chain
- Local Procurement – examples of opportunities
- Future Welsh Opportunities
- Future Opportunities FY15-16
Commercial Directorate

- To lead the sourcing, selection of approved suppliers, including the negotiation and procurement of goods and services that meets Horizon’s requirements (SQTC = Value)

- To ensure effective oversight and management of the supply chain to meet these requirements

- There are Five functions to deliver this:
  - Capital Contracts – Negotiation and placement of the Engineering Procurement Construction (EPC) Contract
  - General Procurement – Managing the procurement of the ‘owner’s scope’ (all general procurement for associated developments and business support)
  - Contract Management – Managing site based contracts
  - Nuclear Fuel Cycle
  - Property & Facilities Services (Land management & FM)
Horizon Procurement strategy recognises that overall project management & delivery should be with an experienced EPC delivery team that has delivered in the UK / Global environment.

Horizon will manage the owners scope which still has a significant spend of circa £1 Billion.

Horizon must demonstrate a clear oversight role as the intelligent customer with regards to the EPC partners.

Indicative split of project spend:
- 15% HNP
- 85% EPC
Supply Chain Charter

- **Key principles:**
  - Open & Transparent
  - Supply Chain Development
  - Performance

- **Expectations:**
  - Clear requirements
  - Sensitive to local social, cultural surroundings
  - Opportunities for local content

- **Behaviours:**
  - Open Communication
  - Learning Culture
  - High Performing
Delivering UK content - including local and regional supply chain

- HNP UK aspiration 60% total spend over the lifetime of the project
- Local Procurement Policy for orders <£10k in value up to a total value of £100k
- We are working closely National, Regional and Local government and nationally recognised organisations to support supplier development in terms of capability and capacity
Local Procurement – examples of approaches

- Highways procurement strategy
  - Conducted by IACC on our behalf
  - Subject to OJEU procurement rules
- Lotting strategy allows tender opportunities to be more accessible to the wider supply chain
- Archaeological Investigations
- Local sourcing specifically weighted in contract award criteria
Project Scope versus Owner’s Scope

Construction Phase:

- EPC Project scope equates to 85% to 90% of total scope
- Owners scope is circa £1 Billion for the same period
- We have established engineering frameworks to support our FEED and GDA activities
- There are specific local and regional opportunities for support services during this phase e.g. catering, FM services, accommodation etc…

Maintain and Operate Phase:

- Up to 60 years operating life with 60% spend with the supply chain
Thank you