

17 August 2011

June Love  
DSG Secretary  
c/o DSRL  
Dounreay.com  
Olrig Street  
Thurso



Dear June

**RE: DSRL Socio Economics – 18 July 2011.doc**

With reference to the DSRL Socio Economic paper tabled at the Site Restoration sub group meeting on 20 July 2011, the Chamber has sought feedback from its members and would like to offer the following comments:

- For ease of understanding it is felt it would be useful if the paper specifically referenced the OJEU rules it makes reference to.
- The paper says in its second paragraph that 'DSRL has a contractual obligation to follow the EU Procurement Directives' - is there is a legal requirement to compete contracts via OJEU notices, where the consortium of private companies made responsible for carrying out the NDA contract have already gone through a competition process and has 'won' the contract to decommission the Dounreay Nuclear Site. Is there a need to further OJEU what are effectively private sector sub-contracts?
- The paper makes limited reference to the specific agreed socio economic needs of Caithness and Sutherland. There needs to be some clarity as to how DSRL's procurement policy can assist with addressing the socio economic objectives of organisations such as CNSRP and HIE whilst working within the EU Procurement Directives. If the objective /requirement is for example to encourage certain types of organisations (i.e. small private, large multinational, local business start-ups etc ) to invest or remain in the area then the procurement policy should show how it is going to address this aspect.
- The procurement policy of an organisation such as DSRL, which is uniquely dominant and powerful in the area, should be tied in very closely with the specific socio-economic needs of the area long term.
- It is felt the paper does not discuss one extremely important part of procurement policy which is inextricably linked to socio economics i.e. the type of contracts which are let.

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As an example, the current very strong preference to enter into manpower supply contracts as a method of topping up and enabling DSRL to 'self perform' may well produce a short term saving for the NDA and DSRL. However, in the longer term, this policy may well be to the detriment of the socio economic wellbeing of the area.

- Would like to see a section in the paper linking the type of contracts being placed directly to the socio economic needs. As stated in the paper its good 'to encourage smaller, locally based, suppliers to capitalise on their flexibility, responsiveness and innovative ideas'. The use of 'labour hire only' style contracts certainly does not support this objective.
- Would like to see a procurement policy which creates an environment where young persons(in particular) see the work offered by way of decommissioning Dounreay as a route for career development and reason for remaining here , as opposed to simply being another 'hired hand' to fill in a slot as and when required. Hence the procurement policy should be sensitive to such issues and the contracts on offer, as well as satisfying the EU Procurement Directives, should be of a nature that encourage organisations to invest in the area and develop skills and resources so that some long term socio economic benefit for Caithness and Sutherland can be gained.
- Splitting all projects into smaller pieces may be a very inefficient way to let the work creating a lot of interfaces and risk at the Tier 1 level - which is the most expensive place to manage it. Further, by discouraging larger firms with a much broader customer and sector base, DSRL might be missing out on capabilities and innovation. Larger projects do not necessarily damage smaller businesses as larger companies tend to use local sub-contractors.

The Chamber welcomes DSRL's paper and believes it has made a positive step in considering a socio-economic approach to its procurement and hopes to see this developed further in consultation with others. It also believes DSRL should consider speaking to CNSRP partners such as Highland Council, to understand how other organisations are applying socio-economics to their procurement policies.

In addition the Chamber believes DSRL's Supply Chain event on 24<sup>th</sup> August is an ideal opportunity for DSRL to consult with the supply chain and respond to some of the comments tabled above.

I would like to thank DSRL for the opportunity to comment and look forward to DSRL's response.

Yours sincerely



Trudy Morris  
**Chief Executive**

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