

# Supply Chain Principles



Risk and costs should be borne appropriately, be proportional to the work scope and not be forced on anyone; opportunity or good performance should benefit everyone, and performance-based contractual rewards should be investigated.



Contractual terms and conditions (length of contract & work scope) will seek to utilise industry standard contracts when appropriate and all parties will commit to mutuality of payment terms (including 'mutual SC payment terms'). These should reflect that the supplier has to invest for the future of the UK and make an adequate return on its investment in innovation and new technology.



All parties should ensure they have the competence and skill to deliver work being tendered and will not accept unsustainable overbidding as a means of driving price down.



Contract cancellations should not be without good reason or cause. If an operator or contractor must have the ability to terminate a contract the circumstance or risk should be outlined, explained and understood, not hidden.



Purchasers shall endeavour to optimise their Tendering and Audit requirements to ensure Supplier's resources, time and costs are not unnecessarily impacted or wasted.



Tender processes and evaluation should be based on value added rather than unit rates and be flexible to evaluate alternative offers as part of the bidding process.



An alternate bid (either technical or commercial) which an operator sees as a winning proposition should be selected for award on its merit. Current practice of sharing alternate solutions with other bidders to allow them to price against it should cease.



Operators and Contractors should discourage the practice of “low ball” bidding - which invariably leads to multiple contract variations and effects re-negotiation in the early phase of the contract.



To support respective labour agreements in place across the workforce, operators should agree clear rate escalation mechanisms and move away from the practice of fixing labour rates for multiple years.



Where a supplier (or potential supplier) feels unfairly treated/taken advantage of, they should notify the Operator MD who will ensure speaking up is not held against them.