To create a direct link between the performance of current suppliers and their selection for future work, we will use ‘Motivating Success’, a toolkit for performance measurement, aligned with the scope of our Capability Assessment Toolkit (CAT).

Sustainability

We will use procurement to drive home the importance of the Government’s sustainability priorities and to monitor supplier response.

The strategy sets out priorities for us and suppliers in terms of –

- sustainable consumption and production
- climate change
- natural resources
- sustainable communities

Managing sustainability will become a key differentiator in the supply chain.

Download the full version of the Agency’s updated procurement strategy at www.highways.gov.uk/procurement_strategy
We have updated our procurement strategy...

At the Highways Agency we procure from suppliers almost all (over 95%) of what we need to provide efficient, effective and value for money services to our customers.

We have a wide range of requirements – from construction, goods and services needed to operate and develop our road network, to those needed to keep our staff and offices properly supported.

Here is a summary of how we will procure these in our new strategy. We will plan and manage our contracts in terms of three key themes –

- value for money
- delivery
- sustainability

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### Value for money

- We must manage and control **cost, time and quality requirements** to maximise value
- For each procurement, we will review these factors and take an appropriate approach by also comparing risk and value –

  **segmentation model**

<table>
<thead>
<tr>
<th>Low Value / High Risk</th>
<th>High Value / High Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>= ‘BOTTLENECK’</td>
<td>= ‘STRATEGIC’</td>
</tr>
<tr>
<td>Approach: secure supply and develop (innovative) alternatives</td>
<td>Approach: engage closely through partnering arrangements</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Low Value / Low Risk</th>
<th>High Value / Low Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>= ‘ROUTINE’</td>
<td>= ‘LEVERAGE’</td>
</tr>
<tr>
<td>Approach: streamline administrative handling and develop system contracting</td>
<td>Approach: use competition to encourage savings/efficiencies</td>
</tr>
</tbody>
</table>

- **We are moving to a more commercial, business-like approach to our suppliers.** Past performance will determine future opportunities to work with us; we also want to work more closely with suppliers to drive value through supply chains.
- We are mapping supply chain patterns and contributions, so we can **procure on a category basis** things that we commonly use such as barriers, gantries, signs and surfacing materials. We expect this to develop further, providing increased value through greater efficiencies and lower unit costs, across a range of requirements.

- **For large-scale projects, we remain committed to long-term, relational contracts, but we will use a shorter-term, transactional approach for routine needs.**
- We will develop metrics to **measure and manage the value delivered** by the Agency and its suppliers.

### Delivery

- **Our aim is to deliver safe roads, reliable journeys and informed travellers.**
- **Procurement is essential** to deliver this aim by -
  - selecting suppliers who provide value for money and can deliver what we need on time and to cost
  - continuing to demonstrate our well-respected client leadership qualities, making suppliers want to work hard with us to maintain our reputation and meet customer and stakeholder needs
  - managing the supply chain, to ensure it remains diverse, that it is competitive and performs to Agency standards