



- HS2 is Europe's largest mega-project.
- And we need help to build it.



- We need ideas, we need technical skills, and we need innovative solutions.
- Across the UK we've got experience in areas like engineering; advanced manufacturing; digital skills and transport.
- That's the sort of expertise we need to tap into.
- That's the kind of help we need.

\*\*\*\*\*

- There will be plenty of opportunities to help.
- The businesses that will help us deliver this project will be ambitious, innovative and creative.
- They'll have strong ethics which are demonstrated in the way they do business.
- They'll be open to working in new and different ways.
- Coming in on budget and on time will be essential.

\*\*\*\*\*

- If you want to be one of those businesses,
  - You need to know what opportunities will be available;
  - You need to know when they'll be available;

- And most importantly, you need to know what you must do to win them.
- First, let me remind you about the project.



- HS2's vision is to be a catalyst for growth across Britain.
- But what does that really mean?

\*\*\*\*\*

- We aim to do more than just build and operate a rail network.
- We will better connect cities and towns, bringing them closer together:
  - so they can grow and thrive, and give people more choices in work and life.
- We will increase capacity on our overcrowded railways:
  - and journeys that are time-consuming, unreliable and uncomfortable, will be fast, frequent and stress-free.
- We will help regenerate cities:
  - which will attract jobs and inward investment.
- We will create 25,000 jobs during construction, and support a further 100,000 jobs when up-and-running.
- Ultimately, the country will be better off.

\*\*\*\*\*

- And the way we build it is just as important as what we build.

- That's why we have set ambitious targets, for jobs, skills, diversity, health & safety, regeneration and the environment.



- HS2 will provide a brand new high speed, dedicated passenger network.
- It will be delivered in three phases, connecting
  - London to Birmingham from 2026; known as Phase One.
  - To Crewe from 2027; Phase 2a.
  - And from 2033, along a Y-shaped route to Manchester in the West and Sheffield and Leeds in the East; Phase 2b.

\*\*\*\*\*

- Journey times will be transformed.
- When Phase One opens, it will take 45 minutes to go between Birmingham and London; compared to 82 minutes today.
- Phase Two will cut the travel time between Manchester and London in half.
- And it will be 50 minutes quicker between London and Leeds.

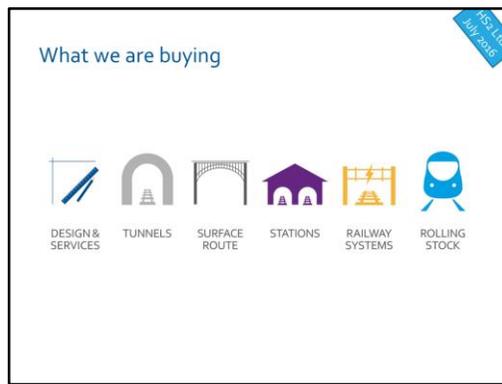
\*\*\*\*\*

- HS2 is a £55bn investment and a 16 year construction programme.
- The scale and duration allow us to make wide-spread and long-lasting changes in our country.

- It is already changing the perceptions and ambitions of the next generation.
- Local authorities and businesses are planning how to make best use of the opportunities HS2 will create.
- It's no coincidence HSBC is relocating its retail banking headquarters to Birmingham.
- And Burberry is opening a factory near the proposed HS2 station in Leeds.
- We can see it for ourselves, HS2 is already changing Britain.

\*\*\*\*\*

- Today we are focusing on Phase One, from London to Birmingham.
- We're on target to achieve royal assent at the end of the year, which will be our formal approval to build the scheme.
- And we're starting procurement earlier than most other major projects.
- This will help us begin construction as soon as possible.



- When Phase One is complete, we'll have a fully-functioning railway.
- We'll deliver our works through a relatively small number of high value contracts.
- So HS2 will work directly with the large tier 1 organisations.
- They will deliver the major packages, covering the likes of design; enabling works; civil engineering; stations; railway systems; and rolling stock.

\*\*\*\*\*

- But these direct tier 1 contracts will result in tens of thousands of indirect supply chain opportunities.
- It is these indirect opportunities that will be of interest to the majority of you here.
- This will include services such as archaeological works; environmental services; security; traffic management; site facilities; cleaning services; and plant hire.
- And we expect 60% of these indirect opportunities will go to SMEs.



- Let's take building a tunnel as an example:
  - HS2 will award that work directly to a tier 1 civil engineering contractor.
  - They may appoint a tier 2 ground works subcontractor to prepare the site.
  - In turn, they may need to hire diggers or other equipment from a tier 3 plant hire company.
  - Who may use a tier 4 maintenance company to ensure the kit was ready for use.
  - And on site, everyone would need to eat, so it's a good time to be someone who sells sandwiches.

\*\*\*\*\*

- We'll also need corporate services; the things that HS2 as an organisation needs to operate.
- This ranges from legal advice and recruitment services, to cleaning and creative services, and the list goes on.

When we are buying

	Tier 1 ITT issue	Tier 1 award	Supply chain opportunities
Enabling works	Complete	Q3 2016	2016/17+
Main works civils	Complete	Q2 2017	2017/18+
Stations	TBC	TBC	TBC
Railway systems	TBC	Q4 2019 TBC	2019/20+ TBC
Rolling stock & depots	Q2 2018	Q4 2019	2019+

HS2 Ltd  
July 2016

- The procurement for the enabling works contracts is well underway.
- These works prepare the ground for the start of major civil engineering, and is split into three geographical packages with a value of around £900m.
- We expect to award the tier 1 contracts later this year to up to three parties.
- There will be plenty of supply chain opportunities covering a range of activities, including utility diversions; ecology surveys; archaeology; and demolition.
- The majority of these opportunities will be available from 2017.

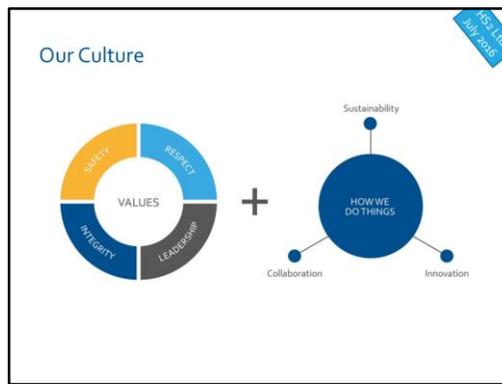
\*\*\*\*\*

- In June we invited nine bidders to tender for £8.6bn of civil engineering contracts.
- This includes things like tunnels, structures and heavy earth moving.
- It is the largest civil engineering procurement seen in the UK ever.
- It will generate thousands of supply chain opportunities over the next 10 years.
- It will also create jobs.
- About 14,000 of them.

- Including many apprenticeships.
- The tier 1 contracts are due to be awarded in early 2017.
- But we're using a two-stage design and build process, so most tier 2 opportunities will surface when construction starts, from 2018 onwards.

\*\*\*\*\*

- We're currently developing our procurement strategies for stations, railway systems, rolling stock trains and depots.
- It's important we understand how best to package and contract these works, before we go to market.
- And we're having – or will have – conversations with people like yourselves on the best way to do it.



- So, that's what we're buying and when we're buying it.
- Now, "what do you need to do to win work?"

\*\*\*\*\*

- Firstly, you have to understand HS2, the organisation.
- You wouldn't go into business with someone without researching them first, and making sure you were a good fit.
- The same applies here.
- Also, those who win contracts will be part of the wider HS2 family.
- The high standards we set for ourselves, we'll expect of the supply chain.
- So if you align yourself with our ways of working, you'll be more likely to win contracts.
- Truly understanding HS2 as an organisation means you're better placed to deliver what we need.

\*\*\*\*\*

- HS2's culture is made up of our values; plus *how* we do things.
- Our values of safety, integrity, respect and leadership describe the way we behave.

- By safety, we mean creating an environment where no one gets hurt;
- By integrity, we mean acting fairly, transparently and consistently;
- By respect, we mean understanding and appreciating others;
- And for leadership, it's using innovation and challenge to lead by example.

\*\*\*\*\*

- Looking at the other part of the sum.
- *How* we do things is the way we think day-to-day.
- It's not just *what* we do, but *how* we deliver that will define our success.
- And at HS2, sustainability, collaboration and innovation drive the way we do things.

\*\*\*\*\*

- Sustainability is about more than our environmental impact and carbon footprint.
- It's delivering social, environmental and economic benefits in both the short and long term.
- It's about doing what's right and in the right way.
- Equality, Diversity and Inclusion is an example;
- Research tells us the most efficient companies are the most diverse; and that the most innovative companies are the most diverse.

- We want to be both efficient and innovative; so we're committed to widening the workforce and providing new skills to new people.

\*\*\*\*\*

- Being sustainable also means being the best neighbour possible to the communities who host us.
- Building HS2 will cause disruption; but we must limit that disruption and speak with those impacted in advance.
- And where possible, ensure communities benefit directly from our presence; such as leaving behind new facilities, or working with young people to help them develop new skills.

\*\*\*\*\*

- Importantly, at HS2 we work together.
- Collaboration is key.
- Collaboration internally and externally.
- And both across and up and down the supply chain.

\*\*\*\*\*

- To succeed in meeting all the expectations we set, we will have to innovate.
- Innovation for us is challenging the status quo.
- It's pushing the boundaries of thinking, of improving beyond current best practice and setting new industry standards.



- As the client, HS2 will set the standards and behaviours for the supply chain.
- But it is you who will physically build the railway.
- So the only way to guarantee success is by working together; making sure we're all on the same page.

\*\*\*\*\*

- We will also limit the information needed for regular reporting; but we'll audit regularly, and require reporting systems to be aligned.
- We will set the right climate for innovation from the supply chain; and not only set it, but actively seek it.
- We will ensure consistency across contracts as much as possible; and where that's not possible, explain why.
- We will assume positive intent and plan for success; but conscious that sometimes things go wrong – so we'll have a Plan B.
- We will collaborate with our suppliers for the benefit of delivering the overall outcome.



- To be clear, I'm not saying you have to replace your written company values with ours.
- But you have to create an environment that delivers what we want, and to the same high standards.
- If you can already do that, then that's amazing.
- If not, we're here to assist.

\*\*\*\*\*

- So we'll continue to talk to you to build a shared understanding of what we need.
- We'll host days like today.
- You can register as an interested supplier to get more information.
- And we've mandated that tier 1 contractors hold "Meet the Contractor" days, so you can hear first hand what they need.

\*\*\*\*\*

- We'll host design competitions to identify and act upon world class sustainable solutions.
- For example, we worked with the Rail Safety and Standards Board to launch a design competition to make overhead line structures more aesthetically pleasing.

\*\*\*\*\*

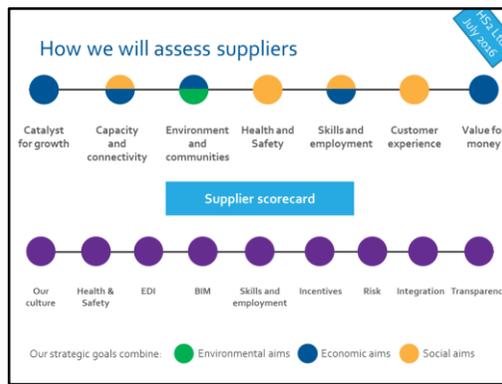
- We'll also offer a range of collaboration tools.
- You will soon hear a talk about BIM – or Building Information Modelling.
- You'll be invited to register for our free BIM upskilling portal.
- This shows how we collaborate with the supply chain.
- The platform will deliver additional skills and expertise for all our contractors.
- And it will benefit HS2 by ensuring we have the information required to manage our assets in the future.

\*\*\*\*\*

- I've spoken before about the importance of innovation.
- HS2 will pilot an Ideas Portal at the end of this year, to help the supply chain share ideas and come up with innovative solutions.
- We'll roll it out to the whole supply chain in 2017.
- From next year we'll also conduct quarterly Innovation Forums, for people to come together and share emerging ideas and celebrate successes in innovation.

\*\*\*\*\*

- Our culture of sustainability, collaboration and innovation will be the way we deliver the efficient, value-for-money railway the taxpaying public and our future customers expect.
- Do you have what it takes to help us do it?



- Our supplier scorecard sets out what’s important to us.
- It covers several broad areas such as being a good neighbour and delivering value for money.
- We will use it to evaluate tenders during procurement, and performance once the contract has been awarded.
- Each contract will have the same scorecard, but the criteria will be weighted differently to reflect the specific contract requirements.

\*\*\*\*\*

- For example, one thing that’s important to us is providing opportunities for skills and employment.
- So we might ask the bidder how they will create sustainable job opportunities for local people, young people and those from diverse groups.
- During contract delivery, we’ll meet regularly to check how well they’re performing against the criteria in the scorecard.
- If not, we’ll discuss how they can rectify that.

\*\*\*\*\*

- This is just one example.
- I want to give you two more.

- After I finish speaking, you will also hear about what we're looking for in Health and Safety; and about the role BIM will play in the project.
- Then there will be a Q&A with experts from HS2 covering the other areas that contribute to the scorecard.
- So we'll hear more about skills, jobs, diversity, community engagement and the environment.

\*\*\*\*\*

- Where relevant and proportional, what we ask of the tier 1 contractor; they'll ask it of the tier 2 subcontractor; and so on.
- So if you're part of the wider supply chain, everything you hear today is still applicable.
- HS2 can't dictate to individual companies who they should appoint.
- However, we are looking for them to build a supply chain that enables them to deliver what we need.
- So we have mandated that certain requirements flow through the supply chain.

\*\*\*\*\*

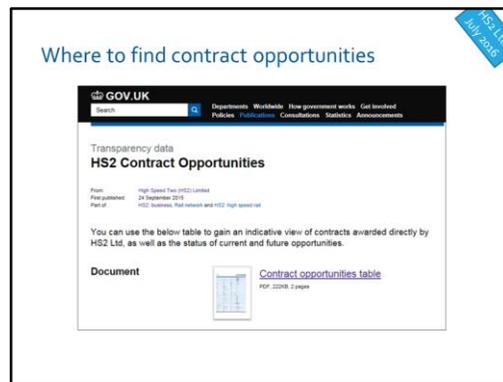
- You will receive specific detail of the relevant scorecard when you bid for the work.
- However, start gathering the information you need today.
- Ask the questions you need the answers to.
- And make sure you speak with our teams in the exhibition afterwards.



- I want to touch on fair payment, which is a big issue for many businesses in the UK construction industry.
- And we have all read reports about contractors waiting months to get paid.
- Let me address your key concerns:
  - We are committed to fair payment and certainty of when that payment will be provided to suppliers;
  - And we will implement fair payment principles in tier 1 contracts, and mandate they are passed on through the supply chain.

\*\*\*\*\* \*\*\*\*\* \*\*\*\*\*

- We think that project bank accounts are one of many ways to achieve fair payment.
- But we've chosen not to use them for now, because we believe greater payment certainty can be provided at a lower cost; like the potential for using BIM and other technology tools.
- So we intend to work with our suppliers to implement a cost effective way of ensuring that everyone has payment certainty.



- If HS2 is to have a truly transformative impact, we need to create a diverse supply chain to help us achieve high levels of creativity and innovation.
- Trust me, I'll see it as a personal failure if we don't do things differently.
- So we're making it as easy as possible for smaller firms to identify who is directly bidding for work on HS2 and who has been awarded contracts.
- So as we shortlist tenders and award contracts, we'll publish details of tier 1 organisations online;
- Just go to our website, and click the "HS2 business" link at the top of the page.
- Then click the link to the Contract Opportunities table.
- You really need to be proactive and get in touch with the relevant tier 1 organisations.
- You can use the contact details provided in the table to find out about opportunities for your businesses.



- Each tier 1 contractor will advertise their opportunities on CompeteFor.
- For those who don't know, CompeteFor is a free, online brokerage service matching buyers and suppliers, and has been used to open up supply chain opportunities for both London 2012 and Crossrail.
- CompeteFor also provides really good metrics, monitoring and tracking, so we can easily see how our investment flows through the supply chain.
- And tier 2 contractors will have to advertise their opportunities on CompeteFor also; because we've included that requirement in the tier 1 contracts.
- We're encouraging the use of CompeteFor across the whole of our supply chain;
- It's industry best practice to use it.
- So companies will need a compelling reason not to do so.

\*\*\*\*\*

- You'll also get the opportunity to meet the tier 1 suppliers directly once we start construction.
- As I said earlier, we've mandated they participate in "Meet the Contractor" events each year.
- You will be able to meet with them in one-to-one meetings to discuss opportunities to work together.

- The meetings will be targeted so you only meet those contractors who are looking to buy the types of products and services you offer.
- So sign-up to the Supply Chain distribution list to hear about these events.

\*\*\*\*\*

- For the tier 1 companies in the audience, or those providing corporate services, please register on Contracts Finder for direct opportunities with HS2.
- This is a website used by the UK Government to publish details of all public procurement, and all HS2 contracts will be published here.



- I want to thank all the business networks we've worked closely with.
- They have helped us meet people like you all today.
- We plan to continue working with these networks, to drive forward our market engagement plans, and share information about HS2.



- To finish, there are three things I ask you to do;
  - 1. View our supply chain resources in the “business” section of our website, such as the Supplier Guide and FAQs.
  - 2. Register as an interested supplier.
  - 3. Send us your questions by e-mailing our Supply Chain Team.

\*\*\*\*\* \*\*\*\*\* \*\*\*\*\*

- You’re all here today because you’re interested in HS2; you can all bring something to the party.
- My colleagues and I look forward to speaking to as many of you as possible at the networking session afterwards.
- I hope you enjoy the rest of today’s event.
- Thank you.

