

- 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

DELIVERING THE STRATEGY - priority milestone plan			
PRIORITY	SHORT TERM (1-2 years)	MEDIUM TERM (3-5 years)	LONG TERM (5-10 years)
Use of Accelerated Procedure to support early project delivery	✓		
Supply chain mapping and initial category management	✓		
Mature category management		✓	✓
Application of managed motorways and technology procurement strategies	✓	✓	
Development of integrated/'single source' of data contract and performance management system	✓		
Ongoing support for professional development and Chartered Institute of Purchasing and Supply (CIPS) training	✓	✓	✓
Embed Competitive Dialogue within the HA procurement toolset	✓		
Review of contract forms to increase focus on commercial outcomes and incentives	✓		
Embed sustainability targets within the HA supply chain	✓		

Highways Agency Procurement Strategy 2009

Delivering sustainable value through
supply chain management



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.

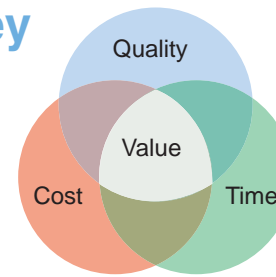
We have a wide range of requirements – from construction, goods and services needed to operate and develop our road network, to those needed to keep our staff and offices properly supported.

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

RISK	↑	Low Value / High Risk = 'BOTTLENECK' <i>Approach: secure supply and develop (innovative) alternatives</i>	High Value / High Risk = 'STRATEGIC' <i>Approach: engage closely through partnering arrangements</i>
	↓	Low Value / Low Risk = 'ROUTINE' <i>Approach: streamline administrative handling and develop system contracting</i>	High Value / Low Risk = 'LEVERAGE' <i>Approach: use competition to encourage savings/efficiencies</i>
		VALUE →	

- **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

