Government’s RIS2 confirms £27.4 billion of funding in England’s strategic road network (SRN). Highways England will use a variety of procurement routes for different types of work on our network. Our Routes to Market programme has put in place new contractual arrangements and approaches that have established frameworks and contracts for delivery of many RIS2 requirements.

Our five-year funding programme allows us to develop a long-term plan to deliver the significantly larger volume of capital investment. We structure capital expenditure through programmes of work, plan procurements and allocation of work and share this information with our highway suppliers. This enables our suppliers to commit resources and people and provide real opportunities that will make a significant contribution to the £2.3 billion efficiency savings required during Road Period 2 (RP2).

The Highways England Contracts Pipeline is the practical application of the Highways England Supply Chain Strategy and sets out our purchasing intentions over the period of the second Road Investment Strategy (RIS) 2020 - 2025.
The way in which Highways England operates, maintains and enhances the SRN in RP2 will change in some significant ways from the way it did in RP1. Building on lessons learned in RP1, these changes represent an evolution in the maturity of our business and relationship with our supply chain. We will continue to explore new ways of procuring services as part of ongoing efforts to find efficiencies.

The biggest change will be the increased scale of work, which started to ramp up towards the end of RP1 and continues into RP2. The certainty provided by the five-year funding cycle and long-term planning, will help the supply chain to plan, invest and grow to meet the consequent demand. We are working with the supply chain to ensure that both they and us will have the capability and capacity required. We are doing this through the implementation of the supply chain strategy to improve the way we work with suppliers and ensure efficiency of delivery.
Supply Chain Strategy

We have not changed our approach, we are still providing the forward-looking supplier intelligence which primes the capability needed to be successful during RP2.

Alongside operational and project delivery, we are working even closer with our key suppliers at a strategic level to better leverage the relationships in a way that reflects our relative importance to each other. By focussing on our understanding of supplier business plans on a three to five-year horizon, we will be able to provide early feedback to help manage any opportunities, risks and concerns before they impact on operational delivery.

Through our supplier mapping process, we have a better understanding of how suppliers will develop their own capability and capacity and accelerate the sharing of learning; addressing any wider factors that may impact on supplier performance and sustainability moving forward. We are operating at sector level to prime the market and ensure existing and potential new suppliers are developing the leadership and skills needed to deliver our business.

Supplier Development - Overall Direction

- Industry leading supply chain efficiencies
- Logistics and production strategies deployed programme, category and region wide
- Create confidence to invest in implementing production thinking
- Establish consistent supply chain development model
- Continually improving Level 5
- Collaborating Level 4
- Leading Level 3
- Managing Level 2
- Emerging Level 5

Investment confidence, RIS2 ready

- Home safe and well
- Zero harm
- Delivered £2.3bn efficiencies
- Ahead of time, below budget
- Clear value to customers
- 100% plan accuracy
- (do what we say, when we say)
- Sustainable supply chains
- Left-shift designs
- Clear demand at category level (6m - 5yrs)
- Min 2m productivity / utilisation
- Exploiting digital opportunities
- Bridged innovation gap (idea to deployment)
- Logistics and production led delivery
- Deployed proven strategic & operations techniques
- Optimised category mgt (HE & Industry level)
- HMG catapults
- Maximising industry partnerships e.g. MTC
- Inspiring future generations

RIS2 2020 - 2025

Supply Chain - Maturity Model RIS2
Highways England Capacity and Capability

RP2 represents a step-change in increased investment for the SRN. We will continue to deliver against our three imperatives of safety, customer and delivery while responding to the challenges of RP2 and beyond.

**Safety** – We will focus on making the network even safer for both road users and all those working on the network.

**Customer** – We will make use of new technologies and provide relevant, real-time information to deliver more reliable journeys for our customers.

**Delivery** – We will continue to renew the network and deliver the schemes outlined in our Delivery Plan. At the same time, we will continue to monitor the environment we operate in, along with external factors that will shape future ways of working. Understanding the challenges we will face in RP2 will enable us to respond to and remove barriers to successful delivery.
Procurement Strategy

Our end-to-end procurement cycle develops and implements procurement strategies that will best deliver what the business needs - whether that is a major enhancement scheme, a framework for specialist and professional services or a new finance system. We have a deep understanding of suppliers and markets and work with our project teams to add value from the early stages of the procurement cycle.

Our procurement models can currently be divided into four groups:

- **Our Routes to Market programme** has put in place new contractual arrangements, comprising the Regional Delivery Partnerships (RDP) and Smart Motorway Alliance (SMA), which will be used to deliver many RP2 requirements.

- For larger projects, we will run individual procurements through the Official Journal of the European Union (OJEU). As the UK leaves the EU, the public procurement regime will remain unchanged. Appropriate amendments to the procurement regulations to reflect the UK’s new status outside the EU are anticipated post the transition period.

- **Operations, maintenance, and renewals contracts** will use a range of procurement vehicles, depending on the nature of the work aligning to the Asset Delivery (AD) operating model.

- Other procurement models will be used for technology and specialist services.

During RP2, we will implement Category Management across our business; working with suppliers through all stages of the supply chain life cycle to develop solutions that deliver best value to the tax payer. We will be driving supplier performance and relationships to a new level while fostering innovation and mitigating risks by working in collaboration with our stakeholder and partners across the supply chain.

Accountable for the Category Management process and strategies across Highways England, the team will be driving supplier performance and relationships to a new level while fostering innovation and mitigating risks by working in collaboration with our stakeholder and partners across the supply chain.

Early market engagement is a key element of our work and we encourage suppliers – new and existing - to take part in our market engagement activities which include supplier days, interactive sessions and webinars.
Information Technology

The Category Management approach in IT commercialises and procures all infrastructure software, hardware, change, traffic and roadside technology for the delivery of Highways England’s programmes and services. We do this through a culture that promotes supplier engagement with a clear focus on achieving targeted cost reductions. We execute these accountabilities through our sub-category teams which are Enterprise Systems, Infrastructure Services, Operational Roadside Technology and Operational Systems by:

- Enabling the procurement of cameras, roadside infrastructure and telecoms, lighting, maintenance contracting, signs and signals, traffic flow control devices, power supply (DNO), meteorological devices, maintenance and product development devices, data centre services, network and telephony.

- Collaborating with other government departments including Government Digital Service, Crown Commercial Service and Government Commercial Function to create value and technology alignment.
Continuous Improvement: Designated Funds

These ring-fenced funds will help us enhance biodiversity, conserve cultural heritage and strengthen flood resilience. We will also use them to improve air quality, increase local integration, and support walkers, cyclists and horse riders. We know that the impact of such schemes has made the benefits of our overall investment programme much more visible at a local level. We will work together with key stakeholders to invest these funds in a flexible way across this broad range of issues over the course of RP2.

Improvement Plan

We are investing in the development of our people (technical skills, soft skills and leadership skills). We are modernising our processes and tools and the ongoing improvement of all areas via the rolling Commercial and Procurement three-year strategic plan.

Contract Control Framework

The Contract Control Framework is designed to provide a consistent and defined way of working that gives us the ability to refine and improve our working practices. We will be introducing a tool that will log all commercial activity at the earliest opportunity and will replace our current procurement systems.
New roads, major projects, investment and maintenance of our existing network remain the bedrock of our activity. During RP2, we will deliver more major projects and renewals, incorporating world class solutions to meet the growing demands placed upon the network.

It is essential we provide greater visibility of the future pipeline of work across our supply chain. Managing our operations and existing network through improvement demand planning and greater accuracy on forecasting, we can mitigate the impact of our aging network. Those schemes which were started but not completed in RP1 will form a significant part of the work to be delivered in the early years of RP2, alongside our new priorities.

We are taking a planned, longer-term view of how we manage asset renewals. Investment in assets that require cyclical renewals such as road surfaces and signage will remain broadly as flat-spend across RP2. More complex assets such as concrete roads, safety barriers and structures, will see a substantial increase in investment as they near the end of their life. We are planning these in a way that will that allow us to smooth out peaks in spending and ensure the network remains safe.

Our contracts pipeline will be used to measure and communicate progress and value for money. It will deliver benefits to our customers by improving safety, reducing disruption, delivering smoother traffic flow and increasing reliability.

Our contracts pipeline will be updated regularly and include details of planned, current and completed activity. The document incorporates filters to provide visibility of the stages of our programs, projects and procurements with regional dimension as appropriate.