

Strategic Supplier Development Industry Advisory Group (IAG)

29 – 30 April 2008

Welcome

- Welcome
- Introductions
- Mechanics
- Parking space

Agenda

- Role of the Industry Advisory Group
- CAT3 wrap-up
- CAT4
- Diversity
- Performance data
- Future subjects for the IAG
 - Sustainability
- Actions

IAG roles and responsibilities

Background of the IAG

- Original IAG was set up during the development of CAT3
- Engage with suppliers on issues that affect them
- Opportunity for you to shape the Agency's thinking
- Open mind – and where there are constraints we will tell you about them

Objectives of the IAG

- Consult and engage with suppliers
- Shape and agree the Agency's supplier selection and development approach
- Raise awareness of issues that are important to the Agency, and to our suppliers
- Capture the opinions of all our suppliers – not just those attending
- Deliver – don't just talk

Outputs of the IAG

- Long run:
 - An agreed approach on the future of CAT
 - An agreed mechanism for integrating live performance data into selection
 - A supply chain more engaged in taking forward real actions on diversity and sustainability

Outputs of the IAG

- The next two days:
 - Raised awareness of the issues important to the Highways Agency and our suppliers
 - Sub-groups with defined objectives for exploring the issues raised

Focus of IAG

- This IAG has a wider focus than ever before
- Not just CAT, not just selection
- Any issue connected to supplier selection and development
- Must link back to the Highways Agency's objectives – achieving best value, having a sustainable supply chain...

Responsibility of the IAG members

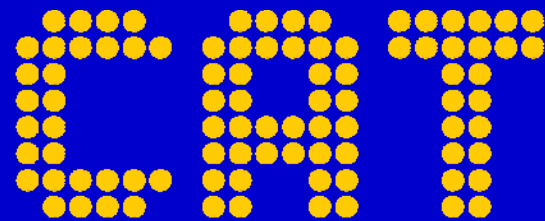
- Contribute!
- Share information
- Represent those who can't attend
- Feedback to those who can't attend

- Reminder – we are ALL members

How will the IAG work?

- Opportunities for the whole supply base to engage through:
 - Working groups (do the work)
 - Communication
 - via IAG members
 - via the Agency
- Periodic meetings to review and make progress

CAT3 Review



capability assessment toolkit
delivering best value solutions and services

Background and history

- Introduced in 2003 in order to identify those suppliers most suitable to work with the Agency
- A consistent and objective assessment of a supplier's capability
- Supplier development is an equally important side to CAT

Background and history

- CAT3 was developed in consultation with industry (IAG) in 2006
- More challenging than ever before
- Introduced new indicators including CSR
- Move away from “tick list” mentality

CAT3 headlines

- 43 suppliers have now undergone a CAT3 assessment
- 38 contractors and consultants, 4 technology suppliers and 1 local authority
- 1 further technology company to go
- CAT3 scores have been used for n pre-qualifications

HA point of view

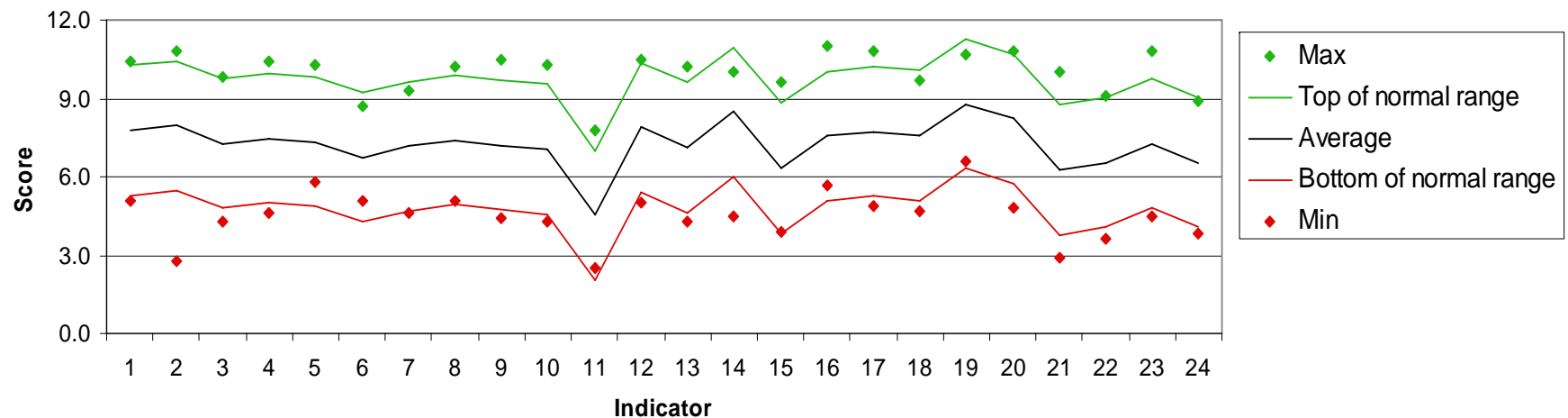
- Positive exercise
- No “bad scores”
- Provides the Agency with a level of reassurance that all our key suppliers are highly capable organisations
- CAT3 has provided value for money (despite a drop in recent procurement activity)
- Allowed the Agency to demonstrate a number of its CSR requirements

HA point of view

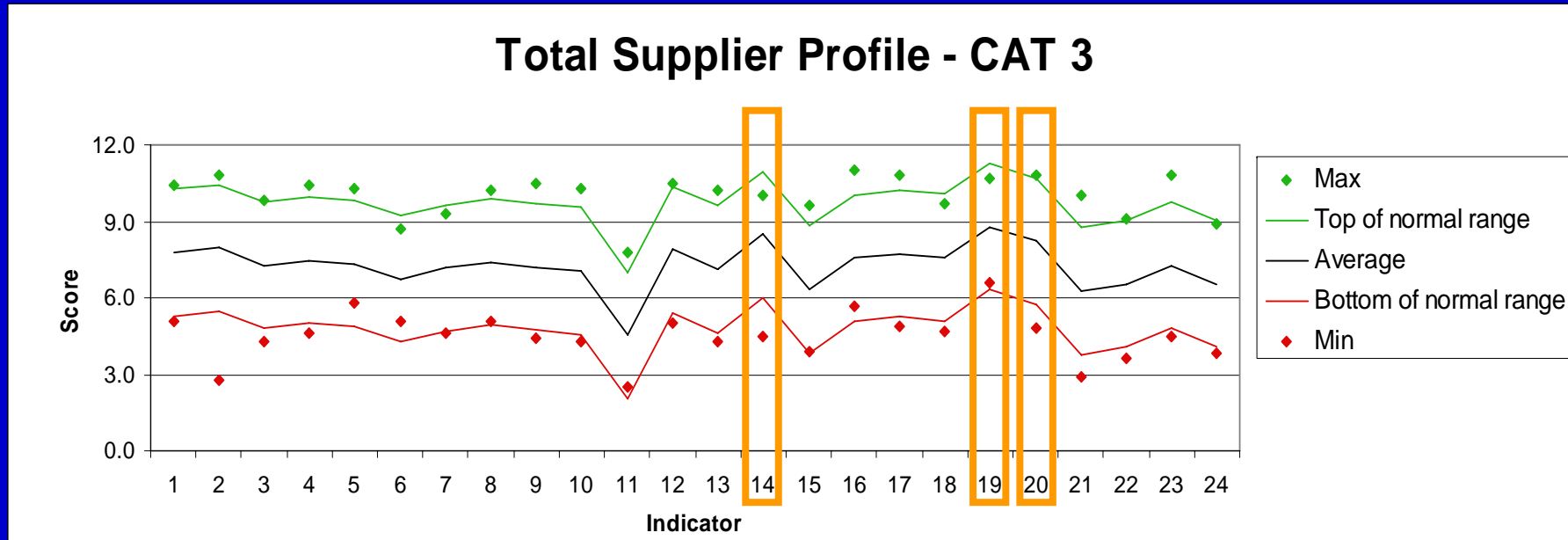
- Proactive and proportionate response to issues such as diversity – which has been commended by DfT and others
- Highlighted general strengths and area for improvement across the supply chain
- Gives the Agency the insight and awareness to proactively tackle some of these issues

Supplier profile

Total Supplier Profile - CAT 3

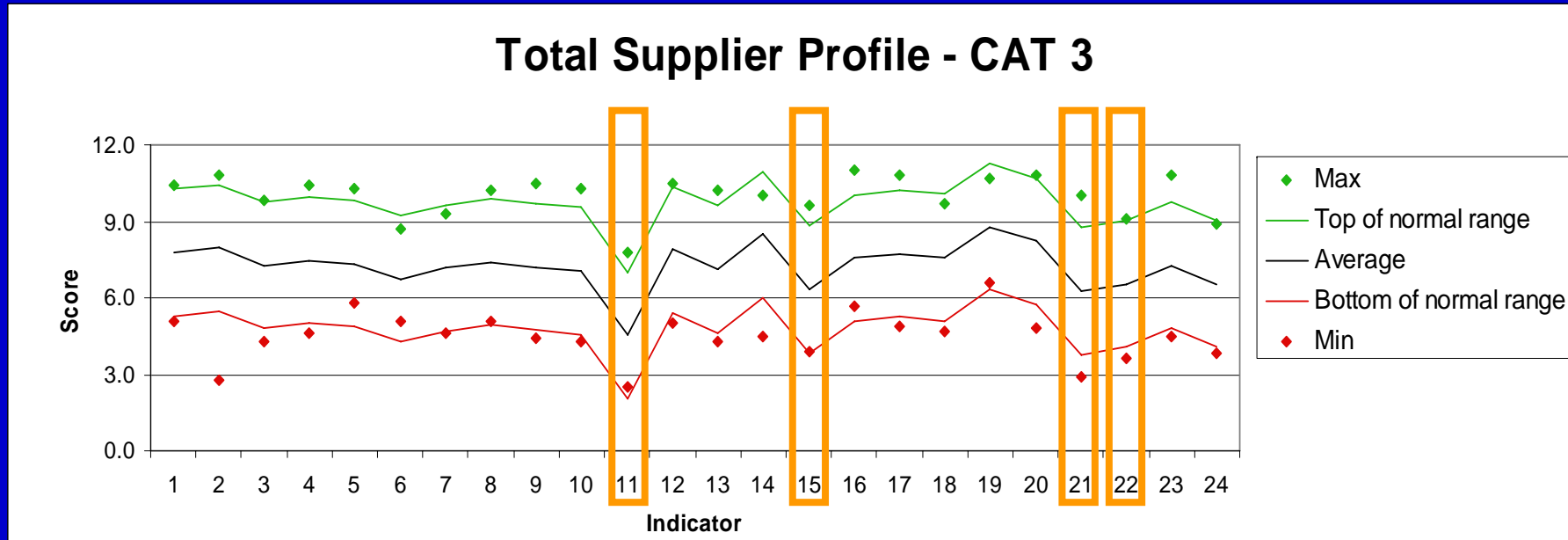


Highest scoring indicators



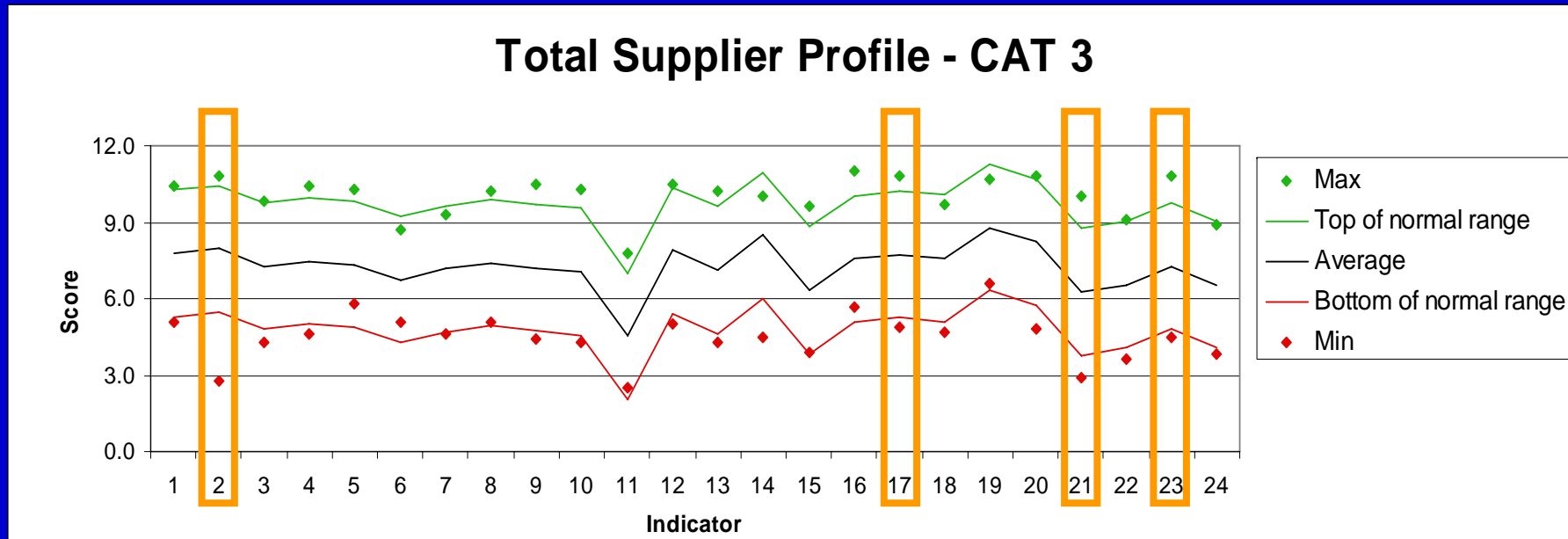
- 19 - Delivery of products & services
- 20 - Health & Safety Culture
- 14 - Collaborative Approach

Lowest scoring indicators



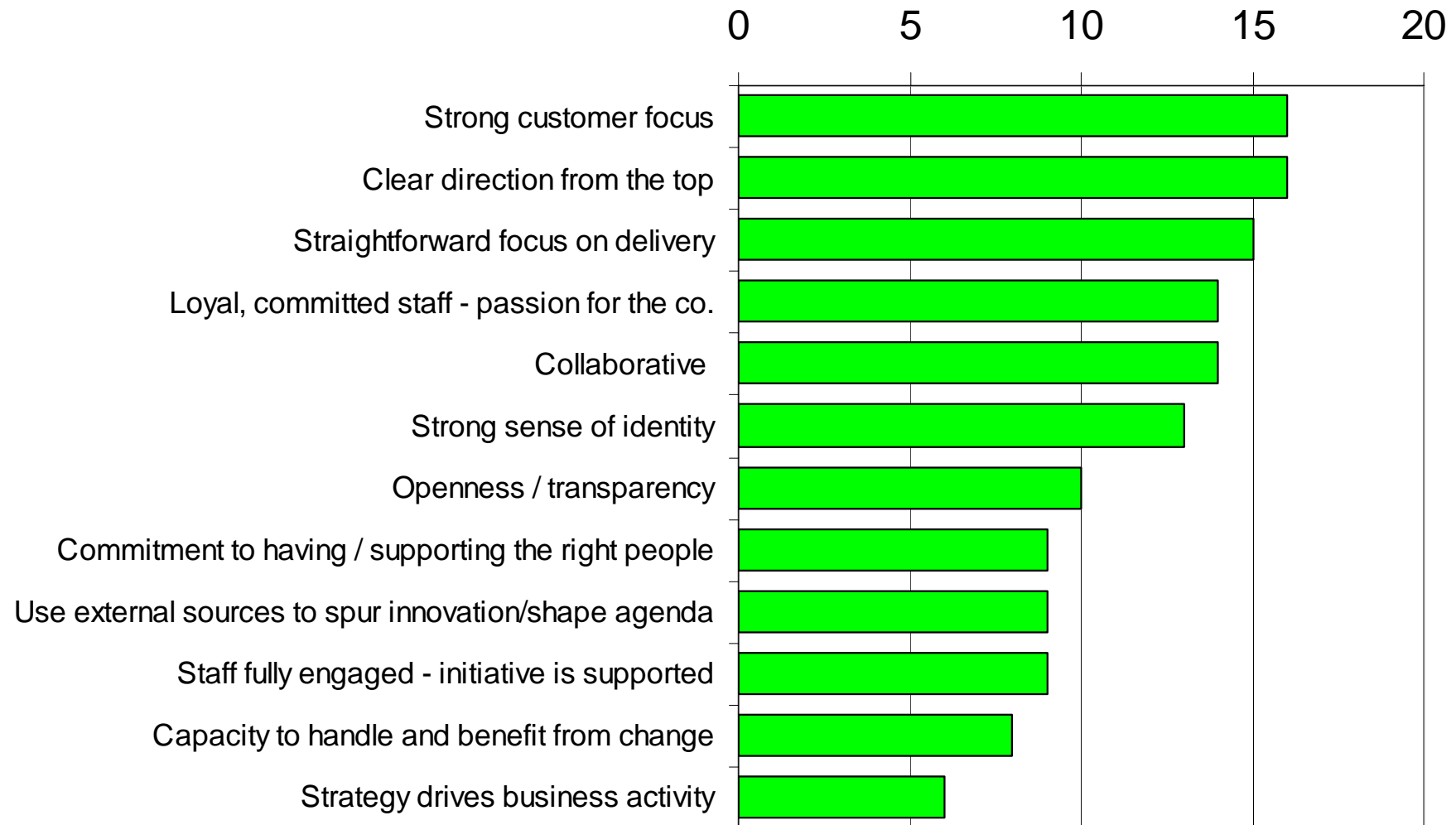
- 11 - Diversity
- 21 – Corporate Social Responsibility
- 22 – Knowledge Management
- 15 – Process Management

Indicators with highest variance

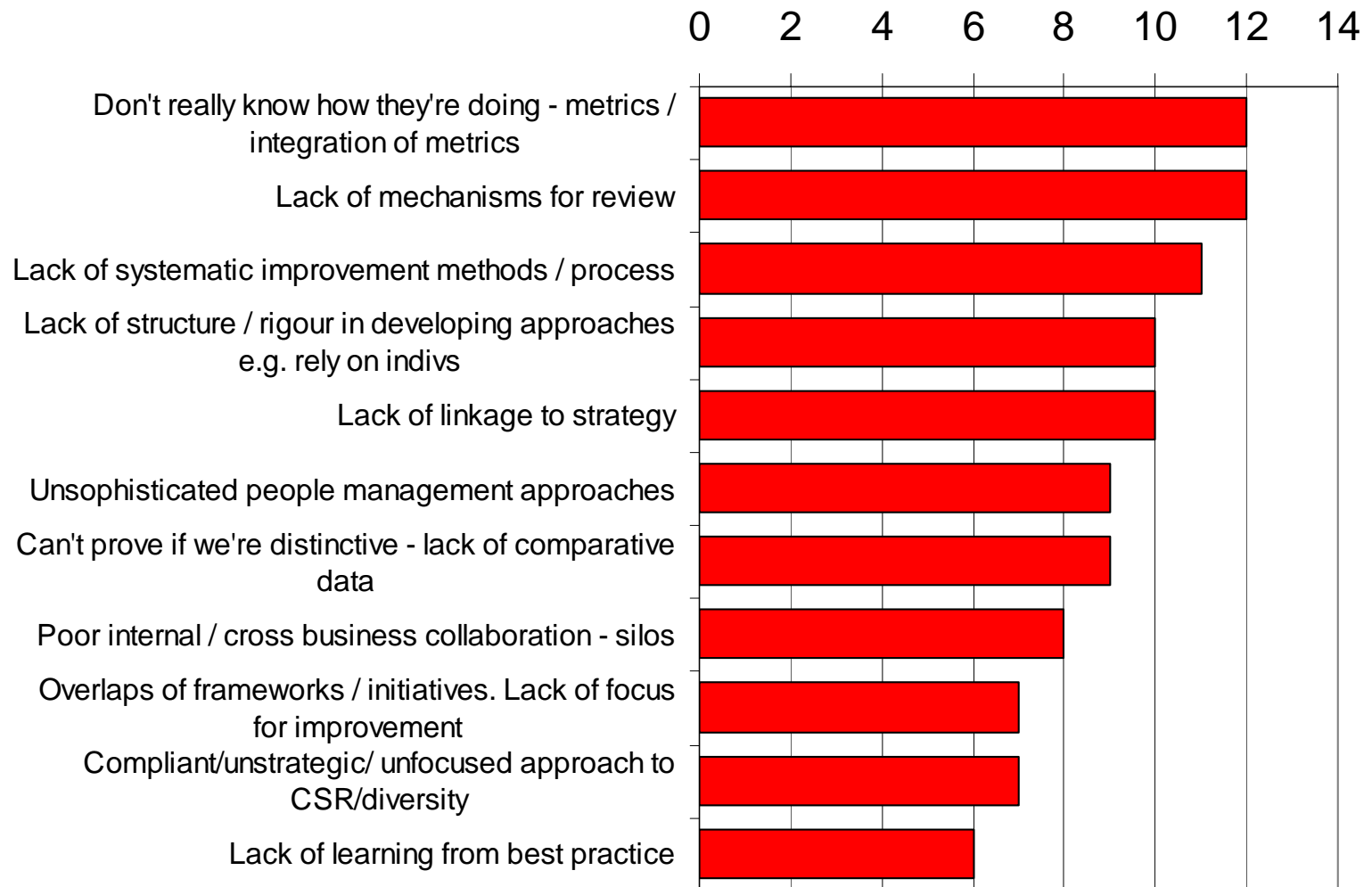


- 21 – Corporate Social Responsibility
- 23 – Innovation
- 17 – Financial Management
- 2 – Values & Behaviours

Key Themes by Frequency - Positive



Key Themes by Frequency - Negative



Assessors' impressions

- Value of IAG – created a credible process
 - Open and supportive of the assessors
 - Appreciation of the value of differentiation
 - Across the board performance improvement
-
- + Pragmatic suppliers, focused on delivery, preferring collaborative working styles
 - Integrated view of performance, galvanized around strategy and systematically acted on

Workshop

CAT3 - suppliers' point of view

- How was it for you (and your peers)?
 - Group 1: the people – capability and style
 - Group 2: the process (to the end of the visit)
 - Group 3: the outcome / value to you
- Conclusions on a single flipchart
- Feed back to everyone

Workshop

- What next after CAT3, and why?
 - from the perspective of you and your peers
 - from the perspective of the industry's relationship with the HA
- Capture the headlines on a flipchart

CAT 4 – progress so far

Positioning – constraints

- Appetite from the Board for “CAT4”
- Gain optimum value from CAT3
 - Assessments would not take place until late 2009/early 2010
- Must be delivered within CSR07 funding
 - (Comprehensive Spending Review-Govt funding)
 - Approximately 1/3 cost

Positioning – concept

- Even greater focus on CSR
 - (Corporate Social Responsibility this time!)
 - Particularly diversity and sustainability/environmental aspects
- Better link to achieving Highways Agency business objectives
 - Capability and delivery?
- Indicators should remain consistent with CAT3

Sustainable Development

Margaret Johnson

Overview

- The Public Sector has a vital role to play in further sustainable development.
- This is a brief overview from the Highways Agency point of view, to promote future discussions in the form of a Sustainability Sub-group.

Sustainable procurement action plan

- The UK Government Sustainable Development Strategy (Securing the Future) was published in March 2005.
- Government published the UK Sustainable Procurement Action Plan in March 2007.
- We published our Sustainable Development Action Plan on our website on 21st June 2007. Work is ongoing.

A definition of sustainable development

- A widely used & accepted definition:

“development which meets the needs of the present without compromising the ability of future generations to meet their own needs”.

Sustainable procurement:

- All Policy Through Procurement issues, where public procurement is seen as a lever to achieve wider environmental, social and economic policy objectives.

The five guiding principles of sustainable development:

- Achieving a sustainable economy
- Living within environmental limits
- Ensuring a strong, healthy and just society
- Promoting good governance
- Using sound science responsibly

Discussion

Safe roads, Reliable journeys, Informed travellers



Day 2

Review and introduction

- Recap of Day 1
- Plan for Day 2

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Diversity

Diversity in the HA

- The Agency believe that Diversity is about making the most of difference.
- Each of us has a unique perspective shaped by a variety of factors including our background, education, gender, culture, race, age, sexual orientation, religion/belief, by whether or not we have a disability.
- Each of us has the potential to make a positive contribution to the delivery of services.

Diversity in the HA

We are actively working to:

1. Create an environment in which the differences individuals bring are valued, respected and used
2. Recruit and retain a workforce that is representative of the diverse society we serve
3. Deliver services that all our customers can access and that take account of diverse needs
4. Meet our legislative duty to promote equality, eradicate discrimination and harassment

What the Highways Agency (Procurement) has done...

- Conducted an Equality Impact Assessment on our Selecting a Supplier process
- Held a 3rd Sector Supplier event in partnership with DfT
- Developed relationships with 3rd Sector organisations
- Maintained the Agency's profile at events run by the Employer's Forum for Disability

We plan to...

- Take forward actions resulting from the EIA of the Selecting the Supplier process
- Seek to promote awareness (and use of?) supported businesses/employment within the supply chain
- Capture and promote best practice amongst our suppliers
- Measure baseline diversity figures amongst our supply chain. Make annual comparisons of the overall figures.
- Seek to strengthen CAT and recognise suppliers promoting diversity within their organisations

Workshop

- What can we do to create momentum on diversity?
- What do we need to help us?
- What are the barriers to progress?

CAT 4 – looking ahead

Recap of position

- Appetite from the Board for “CAT4”
- Gain optimum value from CAT3
 - Assessments would not take place until late 2009/early 2010
- Must be delivered within CSR07 funding
 - Approximately 1/3 cost

Recap of position

- Even greater focus on CSR
 - Particularly diversity and sustainability/environmental aspects
- Better link to achieving Highways Agency business objectives
 - Capability and delivery?
- Indicators should remain consistent with CAT3

Workshop

- Capture ideas that the CAT working group could use to shape CAT 4
- Brainstorm
- Identify the interesting and the insane

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Performance data

HA positioning

- It has long been the intention of the Agency to use live performance data in pre-qualification
- It has been a key part of our procurement strategy and will remain so in the future

HA positioning

- Until now we have held off fully introducing performance data
 - Concerns about the quantity of data
 - Concerns about the coverage of data
 - Concerns about the consistency of data
- We have now moved on and there is a desire across the Agency to see scores feeding back into the selection process.

Questions

- Simple?
- All scores for all contracts?
- What about new entrants?
- How do we ensure fairness for all?

Workshop

- Requirements and constraints for the working group

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Sustainability & Other Issues

What the HA are doing

- Don't have time over these two days to cover everything
- Some other areas moving up the Highways Agency's agenda:
 - Sustainability (not just CAT?)
 - Climate change
 - Fair Payment Charter
 - Contractors Charter

Sustainability

- Sustainability is becoming increasingly important to the HA, particularly in relation to climate change and the environment
- Question already being asked “what can our suppliers do to help?”

Fair Payment Charter

- Archie Robertson signed up to the OGC Fair Payment principles in 2007
- Applies to all contracts from Jan 1st
- Charter lists a number of principles, many of which are already contractual requirements in Agency contracts
- Focus on fair payment throughout the supply chain

Highways Agency Contractors' Charter

- Takes the Highways Agency “Customer Promise” principles
- Will be introduced this year
- Awaiting Agency Transformation Group approval.
- Again, has a focus on fair treatment of entire supply chain.

Moving these topics forward

- Connect with what our suppliers are already doing
- Explore what we can learn from each other
- Make progress

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Sub Groups

Performance Data

- How should the Agency use performance data in its pre-qualification process?
- What will the mechanism look like?

Diversity

- How can we shape the HA selection process to take account of diversity?

CAT 4

- How can we best shape CAT 4 to achieve what we want within the constraints?

Sustainability

- How can we shape the HA selection process to take account of sustainability?

Terms of reference / objectives / outputs / volunteers

- Each IAG sub-group member to act as a representative for the supplier base
- Membership of each group will contain
 - At least 2 IAG Supplier members
 - At least 2 other Supplier members
 - 1 HA Procurement representative
 - Other representatives as needed (HA/suppliers/assessors)
- Each sub-group to take actions and report to each full IAG meeting

Subgroups

Sustainability		Diversity	
Colin *	Steve W – Amey	Donald	Tom's hat
Paul F	Steven St J – Ringway	Jenny	
Tom	Steve A – ACE/URS	Steven St J	
		Roland *	
CAT 4		Performance data	
Andrew (1)	Steve A (2)	Mike	Nigel
Paul B (2)	Mark T-W (1)	Paul B	Andrew *
Steve W (2) *	Gray (2)/Hilary (1)	Ian	Jenny
Ian (3)	HA rep [Tom (3)]	Martin	MP
Sue A		Paul F - Mouchel	NO

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Wrap up

Wrap up

- Agree outputs and actions to be circulated asap
- Next Meeting – Sep / Oct 2008
(providing subgroups have had at least one or two meetings)