

## Public sector procurement: Highways Agency procurement strategy

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### Abstract:

This paper explores the development of an updated procurement strategy within the Highway's Agency, a government agency responsible for the strategic road network in England, UK. The meaning of procurement and how it is applied is discussed. Specifically the paper addresses the need to more fully represent the sustainable development agenda within the procurement of works and services for the Agency and the added value of sustainable procurement to support or supplement EIA. The application of sustainable development principles is discussed and the decision making towards highlighting the role and status of sustainability in future contracts between the public and private sector. Priorities for sustainability are covered and their presentation within the Agency's procurement strategy explored and explained.

### Summary:

A government agency responsible for the strategic road network develops a new procurement strategy with priorities for sustainability at its heart.

### Public sector procurement strategy

The purpose of the Highways Agency Sustainable Development Action Plans<sup>i</sup> (SDAPs) is to ensure that staff and supply chain has a consistent understanding of sustainable development. The plans highlight the annual actions and how everyone through their everyday work has a positive role to play. Sustainability is a cross cutting agenda and requires co-operation and involvement from all business areas. Establishing, communicating and applying sustainability principles and priorities to project delivery are important to deliver those ambitions in the real world. To the Highways Agency, this means influencing the maintenance, construction and research supply chain to integrate sustainability into their corporate ethos and their works.

The SDAP for 2009-10 is steered by the priorities for UK action set out in the Government's Sustainable Development Strategy 'Securing the Future'<sup>ii</sup>. It builds on the work of previous action plans with the aim of embedding the considerations of sustainability into our culture and that of the supply chain. It is essential that employees and supply chain are engaged, recognise the important role they have in contributing to sustainable development and are encouraged to positively challenge the way work is delivered. The Highways Agency Executive Board, are committed to delivering the actions within the SDAP, encouraging the delivery of our aims and objectives and our corporate responsibility in an increasingly sustainable manner. The Highways Agency<sup>iii</sup> is responsible for the management and development of England's motorway and trunk road network. Overwhelming majority of the Agency's services are delivered through third parties - in particular through contractors, maintaining agents and consultants. Procurement, therefore, is at the heart of the Agency's business - good procurement practice and good relationships with the supply chains are essential to the effective delivery of high quality services to road users. Set roles and responsibilities for procurement, form a framework within which they operate.

The Highways Agency is subject to UK and European regulations that regulate how they purchase works, goods and services. The Agency relies heavily on a large and diverse supply chain to deliver operational support, maintenance, asset renewal and major improvements to England's motorway and trunk road network. They invest in excess of two and a half billion pounds (£2.5billion) every year in our roads, and strive to do so in close partnership with the supply chain. Suppliers in turn appreciate early sight of a client's intention and direction. As a tool to communicate the Agency's ambitions the latest (2009) procurement strategy, 'Delivering

<sup>i</sup>IAIA10 Conference Proceedings'

The Role of Impact Assessment in *Transitioning to the Green Economy*  
30th Annual Meeting of the International Association for Impact Assessment  
6-11 April 2010, International Conference Centre Geneva - Switzerland (www.iaia.org)

Sustainable Value Through Supply Chain Management<sup>iv</sup>, is structured around the three key themes. It sets out a prioritised plan of actions and builds on the earlier strategy of 2001 while highlighting new areas such as the Agency's drive to greater commercial awareness and practices. The new strategy sets out just how the Agency proposes to work with their many suppliers, and is intended to help them understand the priorities and corporate values. The Agency appears determined that the procurement function should develop beyond delivering a process, into a position where the Agency is actively encouraging and demanding best practice and innovation to fulfil the three central aims of this strategy: Value for Money, Confidence in Delivery and, building on the commitments of their SDAP, Sustainability.

The strategy sets out how the Agency will procure the goods and services it needs as the operator of England's major roads, including for delivery of the Government's investment programme of up to £6 billion to improve motorways and major 'A' roads. At the Highways Agency, suppliers provide almost all (over 95%) of what is needed to deliver efficient, effective and value for money services to customers. Requirements extend from operating and developing the road network to keeping offices and staff properly supported. Procurement is key to everything that they do hence, the updated strategy document set out for customers, suppliers, and staff in the Agency, details of the approach to be taken over the next five to ten years. Past performance will increasingly determine a suppliers future opportunities to work with the Agency. They also want to work more closely with the supply chain to drive value and sustainability through supply chains.

Procurement means *who* is brought on board for delivery, but it also must embrace *how* they work – principally that is to the standards and specification for highway works – and *what* the supply chain deliver, which is a function of problem solving, design and impact assessment.

The Highways Agency supply chain is challenged to understand the importance of the government's sustainability priorities and respond accordingly. The Agency's procurement strategy states: "Managing sustainability will become a key differentiator in the supply chain" and "Sustainability is about bringing lasting economic, social and environmental benefits". The Highways Agency aim is therefore to ensure that it is recognised not just as an environmental consideration, but as an ethos that brings together economic efficiency and environmental protection while meeting social and corporate objectives.

Sustainable procurement requires change and innovation in technologies and behaviours, to deliver:

- better products and services, with reduced environmental impacts
- cleaner, more efficient production processes, negligible waste, strengthened competitiveness
- a shift towards works, goods and services with lower impacts
- the well-being of people and communities.

By improving its sustainable procurement performance, the Agency aims to deliver a better service through:

- improved road safety for customers and the workforce
- improved efficiency reducing whole-life costs
- cost savings
- reduced risks
- protecting and enhancing the Agency's reputation
- reflecting the diversity of customers.

The Highways Agency commits to improve the sustainability of its operations through project owners and managers, supported by procurement colleagues, applying the principles of sustainability when procuring works, goods and services. This will be achieved through reference to Department for Transport (DfT) Sustainable Procurement Strategy<sup>v</sup>. The main priorities for the Agency and its supply chain partners come from 'Securing the Future' with a number of the more specific targets from 'Strategy for Sustainable Construction'<sup>vi</sup>.

Sustainable consumption and production requires achieve more with less. They will target transparency in the use of water and finite resources and look for initiatives to recycle and minimise the impact of disposal by:

- Supply chain tracking of all significant material sources by 2012.
- 25% (minimum) of products used in construction projects to be from schemes recognised for responsible (sustainable) sourcing by 2012.
- 50% reduction of waste to landfill from construction and demolition activities by 2012 (compared with 2008).
- by 2020, the recovery of non-hazardous construction and demolition waste shall be increased to a minimum of 70 % by weight.

UK Government policy is to manage emissions of greenhouse gases, so the Highways Agency are seeking commitments from its supply chain to understand their emissions and drive down their carbon footprint, notably by:

- All key HA suppliers will participate in the Carbon Disclosure Project<sup>vii</sup> for their corporate operation by 2010.
- 15% reduction in carbon emissions from construction and maintenance processes and associated transportation by 2012 (compared with 2008 levels).
- Key suppliers will demonstrate a positive contribution, in line with UK and Highways Agency carbon reduction targets, for trunk road related activity.

Considering natural resources the Agency seeks to protect the environment by reducing exposure to noise and emissions and caring for the landscape and its resources:

- We will expect all suppliers to demonstrate environmental enhancements, through improved design and performance, across all environmental aspects.
- 20% reduction in water usage in construction and manufacturing phases (compared with 2008 usage).

Sustainable communities are a UK Government aim. The Highways Agency will challenge the supply chain to support sustainable development in the areas in which they operate, by:

- 25% (minimum) of products to be from schemes recognised for responsible (ethical) sourcing by 2012.
- by demonstrating fully-trained, qualified and competent workforce on all projects by 2012.

Because the Highways Agency procures large quantities of goods and services it is important their supply chain understands and supports the Agency's sustainability aspirations and that genuine leadership and commitment is demonstrated to the supply chain. This means encouraging change and innovation in both technologies and behaviours, and maintaining effective working relationships and positively learning from each other.

Strategic Environmental Assessment (SEA) is undertaken for certain plans and programmes in England. For highway infrastructure, typically regional spatial and transport plans. If the need for a major Highways Agency project is identified, then their environmental design and assessment standards and advice<sup>viii</sup> is followed frequently completing project EIA. Project assessment and design follows an iterative process and mitigation commitments made and statutory processes and public review follows. The Highways Agency presented, as part of its Annual Report and Accounts<sup>ix</sup>, a key performance measure reporting the extent to which EIA and design had improved the environmental performance across its major projects comparing early assessment impact with post EIA and design enhancements. While six out of ten environmental aspects showed an improved performance, in the 2007-08 report, only two aspects delivered an actual environmental enhancement. That is six were less bad, only two aspects were actually enhanced across the projects that year. Furthermore, highway infrastructure EIA and approvals typically do not include raw material sourcing, off-site processing and manufacturing; the longer supply chain impacts. However the goods and services bought for highways operations all have sustainability, and environmental, implications associated with them. The Highways Agency is therefore ambitious to work with its supply chain to ensure that all parties understand these implications and how working together may

minimise any adverse impacts and seek enhancements wherever possible. The Agency is encouraging its suppliers to take responsibility for the products and components they use in delivering work, and understand their origins to understand the impact of delivering the business. Encouraging suppliers to recruit and retain a diverse workforce from varying talent pools and demographics is also important as it brings diverse skills and talents that the Agency and suppliers will benefit from. Goods and services must take into account and cater for the diverse needs of customers and those in communities. Materials should increasingly be sustainable and ethically sourced. The whole supply chain has an opportunity to improve the environmental performance of a project; the designer, the contractor and the manager.

Sustainability should be an inclusive ethos which brings together economic efficiency and environmental and social protection to delivery public sector and corporate objectives. Ensuring the careful selection of goods and services bought, and understanding their sustainability implications, is vital to the delivery of business and projects in an increasingly sustainable manner. Impact assessment can and should inform design and decision making. If supported by clear correct client priorities and an understanding and ambitious supply chain, more positive opportunities may be realised. Sustainable procurement becomes an additional means to deliver sustainable development.

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- i [www.highways.gov.uk/aboutus/19318.aspx](http://www.highways.gov.uk/aboutus/19318.aspx)
  - ii [www.defra.gov.uk/sustainable/government/publications/uk-strategy](http://www.defra.gov.uk/sustainable/government/publications/uk-strategy)
  - iii [www.highways.gov.uk](http://www.highways.gov.uk)
  - iv [www.highways.gov.uk/business/13042.aspx](http://www.highways.gov.uk/business/13042.aspx)
  - v [www.dft.gov.uk/about/procurement/sustainable](http://www.dft.gov.uk/about/procurement/sustainable)
  - vi [www.berr.gov.uk/whatwedo/sectors/construction/sustainability/page13691.html](http://www.berr.gov.uk/whatwedo/sectors/construction/sustainability/page13691.html)
  - vii [www.cdproject.net](http://www.cdproject.net)
  - viii [www.standardsforhighways.co.uk/dmrb/index.htm](http://www.standardsforhighways.co.uk/dmrb/index.htm)
  - ix [www.highways.gov.uk/aboutus/19342.aspx](http://www.highways.gov.uk/aboutus/19342.aspx)