



Review of Highways England's Supply Chain Capability

April 2016

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Purpose of the review

1. The first Road Investment Strategy (RIS) set out a programme of significantly increased investment in the Strategic Road Network (SRN), worth over £15 billion by the end of 2020-21. The scale of this increase in investment presents Highways England and its supply chain with a major delivery challenge.
2. In order to build a better understanding of potential risks to delivery of the RIS, we commissioned Credo Business Consulting LLP to carry out a review of the supply chain's capability and capacity. In particular, it focused on:
 - Identifying potential supply chain constraints which might impact their ability to meet demand
 - Identifying potential opportunities for Highways England to mitigate risks to delivery through improved engagement with its supply chain
 - Initial scoping of metrics to help the Highways Monitor and Highways England identify and monitor risks to delivery of the RIS.

How the review was conducted

3. The review included two key workstreams:
 - Field work with Highways England's suppliers to understand capacity and constraints to delivery of the RIS (qualitative evidence)
 - Development of a strategic model of demand and capacity constraints for delivery of the RIS (quantitative evidence)
4. The review was carried out collaboratively with Highways England to make sure that findings were shared, constructively challenged, jointly understood and genuinely useful. Although the review was conducted to provide an independent perspective on potential challenges to delivery of the RIS, and to give Highways England the opportunity to reflect findings in its delivery plans, it is essential that Highways England has full ownership and management of its plans to ensure it delivers the RIS in the best way possible.

5. Working with Highways England has highlighted that the company is already progressing work in many of the identified areas, and this exercise has helped to further inform the work's future direction. The company has published its high-level plan for taking forward this work .
6. In developing the scope of the review and testing its findings, we also sought input from a panel of experts from the supply chain <https://www.gov.uk/government/news/highways-england-response-to-the-office-of-rail-and-road-orr-report-on-their-supply-chain-capability>.
7. The report has been reviewed by both the ORR and Highways England.

Key findings

8. The study identified opportunities in three areas:

The supply chain's capacity

9. Analysis and modelling of the supply chain's capacity has identified that:
 - availability of appropriately skilled people represents the strongest capacity constraint
 - the industry needs to do more to address availability of skilled resource and attractiveness of a career in highways to new entrants
 - there is an opportunity for Highways England to optimise the profile of its work.

Highways England's engagement with its supply chain

10. In engaging with its supply chain, there is an opportunity for Highways England to:
 - provide more detailed forward visibility of demand at an appropriate level which facilitates improved planning by its suppliers
 - align procurement more closely with suppliers' ability to bid
 - use industry engagement to ensure successful roll-out of its operating models.

Highways England's and ORR's monitoring of progress:

11. There is an opportunity for Highways England to bring together a clear and concise set of measures on supply chain issues to monitor progress of delivery of the RIS and to highlight future risks to delivery. These measures might cover:
 - Individual project progress
 - Impact of adjacent infrastructure markets
 - Indicators of future trends (e.g. construction prices)
 - Combining the above to give an overall view on RIS portfolio health.

Taking this work forwards

12. Highways England will continue to take forwards its plans on deliverability and supply chain engagement over the remainder of this year and beyond. We will monitor this work closely, and revisit it in at the end of 2016-17 to look at how the company's plans have progressed.



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