

Northern Light House Board – Industry Day Paul Rodgers 15-minute Slot

Good Morning everyone

I'm Paul Rodgers, the DfT Group Commercial Director.

I am delighted to have been invited to speak to you all today. I am sorry I cannot be with you **'live' on** screen but I have a prior commitment at a DfT Construction Supplier event.

As Group Commercial Director at the DfT I work with my team to undertake procurements in the central Department, provide commercial consultancy support, give policy guidance, build commercial capability across the DfT Group and, through our commercial lifecycle assurance processes, ensure compliance with commercial policy and procurement law to support the **DfT's** vision of connecting people and places.

I'm particularly pleased to support our colleagues in the Northern Lighthouse Board, one of **the DfT's** Executive Non-Departmental Public Bodies, which as a member of the DfT Group, contributes to the formulation of commercial policies across the DfT family which includes Highways England, HS2 Ltd. and Network Rail. The Northern Lighthouse Board now faces the challenge of replacing the NLV POLE STAR after more than 20 years of service. This project will be resource and time intensive and is one my team will be there to support but **we can't** achieve success you, the maritime market.

I am pleased to see that a diverse range of local and international suppliers have made the effort to attend this event. Your feedback to NLB will help ensure that they set out as client their requirements in a way that will be both attractive and clear to the maritime market sector which will ensure a healthy competition.

From a central Government and Department perspective we are keen for any major procurement, including this one, to maximise its potential to deliver economic and social benefits as part of the successful solution.

HMG post Brexit remains committed to free and open competition. For those of you who decide to respond to the competition, the level of time and cost could be significant and it is therefore essential that we all ensure that the fundamental imperatives of equal treatment and transparency prevail.

There are also policy drivers that the NLB to deliver through their competition.

Social Value

HMG will be seeking to create social value through this procurement: a legacy in skills, employment and education. The Social Value Act 2015 places obligations on Public Authorities, such as the Northern Lighthouse Board, to secure economic, environmental and social value through their procurements

From 2021 onwards, our procurement teams must now dedicate a minimum 10% weighting to social value outcomes in their evaluation criteria (for all procurements above PCR2015 thresholds). This is being supported by a new government-wide evaluation model which helpfully lists Themes and Outcomes that can be achieved in the social value space, with themes ranging from fighting climate change to COVID-19 recovery, to anti discrimination measures within our supply chains. The model contains evaluation criteria, guidance on assessing responses and reporting metrics to be built into contracts. These can be easily lifted into our tenders and have been designed to sit within our existing processes as much as possible.

By harnessing DfT **Group's buying power and directing it towards achieving some of these** crucial environmental, social and economic impacts, we see this policy as a key way of **achieving some of the Department's strategic objectives. These** include boosting skills and **innovation and leading the way in the country's recovery response to the coronavirus** pandemic.

As well as the Social Value Act, there is increasing momentum in the Department around decarbonisation. The DfT Transport Decarbonisation Plan will be published in May this year, setting out how we intend to achieve our Net Zero goals. Work is also underway to establish a new DfT carbon management framework to allow us to accurately assess and cost carbon with the long-term aim of changing the way carbon is accounted for in our procurements and our decision making around benefits versus costs. And there is work going on across government to establish more stringent minimum standards for carbon and decarbonisation policies from our suppliers, which will be made public this summer.

We have some challenges to meet, and solutions to find that might not exist yet. We have to innovate and get better at accepting managed risk if we want to succeed. To do this my team are leading on a programme of work to unlock innovation in our commercial activity. We engaged with the market and asked about the barriers to innovation in our commercial policies and process, and listened. **We'll be taking steps to make meaningful change, starting with taking a more innovative and flexible approach to Intellectual Property Rights and Ownership policy so that it isn't a barrier to innovation,** which should prompt growth and investment in the transport sector.

Levelling Up Agenda

It has been well documented that the UK has huge regional inequalities and, by some measures, the most geographically unequal developed economy in the world. While cities and large towns in the South East of England are among the most productive and prosperous places in Europe, most in the North and Midlands lag far behind.

The UK **Government has set out its intention to address this inequality and 'level up'** underperforming and left-behind parts of the UK through a programme of infrastructure development, investing in education, skills and Research & Development.

Through our commercial activity we are **looking to further HMG's strategic objective of** levelling-up the UK economy, bringing opportunity and prosperity to those areas of the UK that have felt left behind.

HS2 Rolling Stock Case Study

One example I can share with you is how HS2 Limited have balanced the Legal Context, Social Value alongside their Strategic Objectives for the HS2 Rolling Stock Procurement.

HS2 **designed a bespoke staged 'tender evaluation methodology' with 5 sequential evaluation** stages, each of which had to be passed to get to the next stage. Two of the stages included an evaluation of **"responsible procurement"** which comprised Health and Safety and skills, employment and education as separate gateways that had to be successfully passed to proceed to the next stage of the competition. So to be successful a bidder had to not only be **technically compliant with the requirements, but meet the "responsible procurement"** thresholds before the Whole Life Cost of their proposal was even considered.

Anti- Modern Slavery

Tackling modern slavery within the supply chain is high on commercial agendas across Government. It is estimated that around the world over 40 million innocent men, women and children are being exploited after having been forced into various forms of modern slavery.

The Modern Slavery Act requires certain commercial organisations with a turnover above £36 million to publish an annual modern slavery statement. This will apply to many of you.

In March 2020, Government published its first Modern Slavery Statement. From September 2021, ministerial government departments (which includes DfT) will have to publish their own modern slavery statements annually. This will outline the steps we are taking to mitigate modern slavery in our supply chains.

Supply Chain Resilience

NLB will also be mindful of supply chain resilience and the ability of the winning supplier to make available critical spares, whether entire components or parts, to ensure the high availability of this mission critical vessel

All of the foregoing considerations will be reflected in NLB's balanced scorecard

In Summary

NLB are today starting out on a significant journey. They will need to accommodate many policy drivers within legal and commercial constraints. The new vessel will need to incorporate **contemporary 'green' hybrid energy systems and will be designed to be upgradeable through-life** to accommodate emerging power technologies.

The vessel will also provide improved sea keeping and heavy weather performance over its predecessor and therefore be able to deliver more effective response to wrecks and new navigational dangers as well as routine operational tasking.

At DfT we will be observing proceedings with great interest and providing support, through commercial advisory, policy guidance and assurance when required.

My thanks to all of you for watching and listening. Bring to the NLB your best ideas and innovations and good luck!