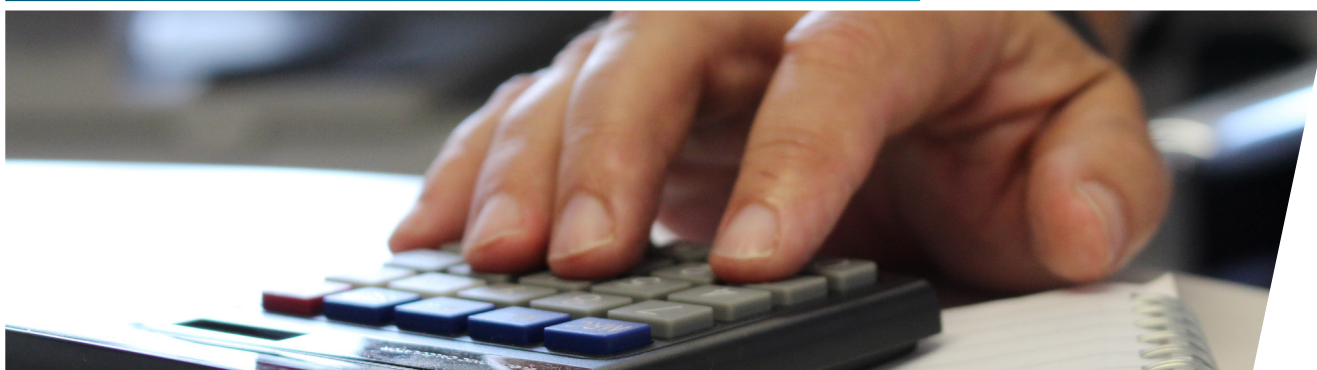


Procurement & Commercial Management Services



Background

With global economic pressures hitting the rail industry as hard as any other sector, there has been in recent years an increasing focus towards the supply chain to gain efficiencies and to deliver maximum value for every pound spent.

Of course, with a growing demand and a high degree of visibility there is no room for compromise – therefore cost savings must be real; safety and quality cannot be diluted, innovation must be encouraged and investment must continue.

The Challenge

The challenge for supply chain professionals is to balance the demands of safety, quality, reliability, performance, timeliness and sustainability – whilst reducing costs, increasing value and maintaining affordability.

How We Can Help

The commercial community in Network rail has developed tried and tested methods of maintaining all these considerations in every step of the procurement process. Starting with a well managed community of suppliers with whom time is invested to develop relationships, measure performance and manage outcomes.

Great attention is paid to commercial considerations at the early stages of a project, ensuring the strategy that is formed will enable the procurement to be undertaken effectively. Professional teams then balance experience and rigorous process to invite and evaluate robust tenders.

Mature relationships with suppliers facilitate meaningful negotiations to ensure clarity behind the range of pricing and evaluating models used to arrive at contract solutions.

After contract placement the commercial teams manage the contract closely, ensuring compliance with requirements, maintenance of delivery

programmes and tight control of scope and cost change.

Reviews of completed contracts are undertaken to ensure lessons learned are fed back into future procurements to make sure an environment of continuous improvement drives everything we do.



There are many recent examples of contracts procured that demonstrate the principles outlined here being used to achieve success.

PRISM

PRISM is the tool we use to assess the performance of suppliers and our own performance in enabling them to carry out their contract.

The tool was developed in conjunction with the supply chain and various functions across Network Rail to drive a culture of continuous performance improvement.

The PRISM process enhances existing project management meetings (eg progress meetings) rather than adding additional requirements; it requires project managers to document discussions that should already be happening.

Trends between the projects and over time are quantified and analysed, allowing meaningful supplier account discussions and improvement plans to be put in place.

European Train Control System Frameworks

The European Train Control System (ETCS) is part of the European Rail Traffic Management System (ERTMS) – a tried and tested signalling system which will replace traditional line-side railway signals with a computer display inside every train cab, reducing the costs of maintaining the railway, improving performance and enhancing safety.

The framework agreements awarded by Network rail has generated innovation and collaboration by contracting early with our partners who were then paid to develop technical solutions jointly.

Track Renewals contracts

Track Renewals contracts were let on a long term basis with unit rates reducing on an annual basis – contractors were motivated by being allocated a share of gains made – not just by them but by Network Rail as well.

Multi disciplinary frameworks

Multi disciplinary frameworks covering billions of pounds worth of civils and railway works have been formulated. Let for periods of a minimum of 5 years and allowing individual jobs to be commissioned on a target cost basis. Price and performance data can be captured and used against future works and significant costs are saved by avoiding the need for repetitive tendering.