

**ESTABLISHING A DYNAMIC PURCHASING SYSTEM FOR THE  
PROCUREMENT OF TRANSPORT CONTRACTS**

<b>Cabinet Date</b>	24 July 2019
<b>Communities &amp; Infrastructure</b>	Cllr Nigel Moor
<b>Key Decision</b>	Yes
<b>Background Papers</b>	Transport Act 1985 and subsequent revisions Education Act 1996 The Public Contracts Regulations 2015 Home to School Transport Policy Transport DPS cabinet reports 13.02.2016 and 22.10.2014
<b>Location/Contact for inspection of Background Documents</b>	<a href="http://www.legislation.gov.uk/ukpga/1985/67">http://www.legislation.gov.uk/ukpga/1985/67</a> <a href="http://www.legislation.gov.uk/ukpga/1996/56/contents">http://www.legislation.gov.uk/ukpga/1996/56/contents</a> <a href="http://www.legislation.gov.uk/uksi/2006/5/contents/made">http://www.legislation.gov.uk/uksi/2006/5/contents/made</a> <a href="http://www.legislation.gov.uk/uksi/2015/102/pdfs/uksi_20150102_en.pdf">http://www.legislation.gov.uk/uksi/2015/102/pdfs/uksi_20150102_en.pdf</a> <a href="http://glostext.gloucestershire.gov.uk/ieListDocuments.aspx?CId=117&amp;MIId=7665&amp;Ver=4">http://glostext.gloucestershire.gov.uk/ieListDocuments.aspx?CId=117&amp;MIId=7665&amp;Ver=4</a> <a href="http://glostext.gloucestershire.gov.uk/ieListDocuments.aspx?CId=117&amp;MIId=8216&amp;Ver=4">http://glostext.gloucestershire.gov.uk/ieListDocuments.aspx?CId=117&amp;MIId=8216&amp;Ver=4</a> <a href="http://glostext.gloucestershire.gov.uk/ieDecisionDetails.aspx?ID=589">http://glostext.gloucestershire.gov.uk/ieDecisionDetails.aspx?ID=589</a> <a href="http://glostext.gloucestershire.gov.uk/ieDecisionDetails.aspx?ID=766">http://glostext.gloucestershire.gov.uk/ieDecisionDetails.aspx?ID=766</a>
<b>Main Consultees</b>	Transport suppliers
<b>Planned Dates</b>	Consultation with suppliers is ongoing in preparation for the proposed new dynamic purchasing system (DPS) Commencement date of proposed new contracting arrangements estimated to be 28/02/2020
<b>Divisional Councillor</b>	All
<b>Officer</b>	Tom Main, Transport Operations Manager Tel: 01452 425343 Email: tom.main@gloucestershire.gov.uk
<b>Purpose of Report</b>	To seek Cabinet approval to conclude the establishment of a Dynamic Purchasing System (DPS) for Transport Services, including consent to procure and award contracts thereunder and to admit new suppliers onto the DPS from time to time, and to remove those who do not meet the council's required standards.

<p><b>Recommendations</b></p>	<p>That Cabinet delegates authority to the Lead Commissioner - Community Infrastructure to:</p> <ol style="list-style-type: none"> <li>1) Conduct a public procurement law compliant procurement process for the establishment of a ten year Dynamic Purchasing System (“<b>DPS</b>”) for the provision of passenger transport services commencing February 2020;</li> <li>2) Admit or remove suppliers from the DPS during its ten year term in accordance with the selection criteria or any revised selection criteria set out in the DPS;</li> <li>3) Procure transport services, using the DPS, from providers of Passenger Transport Services (including Home to School Transport Services and Social Care Transport Services) and award contracts for such services up to the value of £499,999 in aggregate in respect of any single contract award <b>PROVIDED</b> that the Lead Commissioner - Community Infrastructure reports back to Cabinet on an annual basis throughout the term of the DPS with details of the aggregate value of all contracts that were awarded using the DPS in the previous year.</li> <li>4) Procure contracts for the supply of transport services during financial year 2019/2020 (whose estimated aggregate values shall equal £18m) from operators admitted to the existing DPS and the proposed new DPS; contracts for transport services required by the council in subsequent financial years shall be the subject of separate Cabinet decisions.</li> </ol>
<p><b>Reasons for Recommendations</b></p>	<p>This report seeks Cabinet approval which enables the council to award contracts for home to school, social care transport and other forms of passenger transport in order to enable the county council to satisfy its statutory duties to provide transport in a range of situations. As part of the operational arrangements of the DPS, the Lead Commissioner also requires authority to admit suppliers to the DPS, including new ones, in accordance with the selection criteria thereunder.</p>
<p><b>Resource Implications</b></p>	<p>The decision to set up a new DPS over a ten year period will provide a procurement mechanism for commissioning public transport services. The overall cost of setting up the DPS will be met from existing resources.</p> <p>The proposed value of the transport contracts to be awarded by the Council through the DPS will fall within the Council’s annual budget setting process for transport; this takes into account existing financial contractual obligations through contracts awarded through the existing DPS.</p> <p>The anticipated spend through the existing DPS and the proposed new DPS for the financial year 2019-2020 shall be £18m.</p> <p>Contracts for transport services required by the council in subsequent financial years shall be the subject of separate Cabinet decisions.</p>

## MAIN REPORT CONTENTS

### 1. Background

- 1.1 GCC is required to provide transport in the following circumstances:
- Where they have a statutory obligation, e.g. in providing home to school transport to entitled students (Education Act 1996) in line with Home to School Transport policy;
  - Where the market conditions are such that commercial services do not exist but there is a compelling social need for public or community transport;
  - To support social care services in providing transport to the most vulnerable.
- 1.2 The current annual cost of Home to School Transport is around £12.5m and the annual cost of providing socially necessary local bus services is £3.3m (including Community Transport services).
- 1.3 Cabinet gave approval to the setting up of a Dynamic Purchasing System for Transport services in February 2016. The DPS has worked well in providing a procurement vehicle for the efficient and effective procurement of thousands of transport services. This report seeks further authorisation to enable the establishment and operational arrangements of a new DPS for transport services provided across four main categories, namely: Home to school (including SEN and further education services); Public Transport (including Community and Demand Responsive Transport); and Social Care transport. We have also supported the local NHS in procuring a transport service through the first DPS for Transport and we intend allowing this to occur in future.
- 1.4 A Dynamic Purchasing System is a fully electronic procurement approach for setting up and maintaining a list of potential service providers. It is a regulated procurement tool, hence the council must ensure that it is established in accordance with EU public procurement rules and must be open throughout its duration for the admission of any provider that satisfies the selection criteria to be admitted to the DPS and thereafter allows them to bid for any further tenders issued via the DPS.
- 1.5 The benefits of utilising a Dynamic Purchasing System are:
- It allows new transport providers to be added to the DPS during the lifetime of the system and provides suppliers with opportunities to tender for further contracts.
  - The market place can remain competitive in terms of cost and quality and is permanently open for new operators to join at any time; this is not the case with traditional procurement frameworks.

- The marketplace can grow and develop over the lifetime of the system with new entrants being added which encourages the local market to develop.
- Provided the council's selection criteria is met, it allows innovative providers to join, allowing GCC access to innovative solutions.
- The DPS gives the council the necessary flexibility to adapt its contract specification to future legislative developments and policy changes (e.g. lower emission standards for operators' vehicles) provided that the scope and nature of any such possible modifications have been provided for in the initial procurement documents.
- Suppliers do not have to repeatedly demonstrate their suitability and capability for every contract competition, this is instead assessed on their application to the DPS and valid for all competitions held under this system.
- The contract award process is quicker due to similar flexibility outlined above, suitability and capability checks have already been performed operators.

## **2. ESTABLISHING THE DPS**

- 2.1 The formation of the DPS involves a two stage process. First, in the initial set up stage, when all suppliers who meet the selection criteria and are not excluded will be admitted to the DPS; suppliers may join at any time during the ten year term of the DPS. Thereafter, individual contracts are tendered and awarded during the second stage. In this stage, the authority invites all suppliers in the relevant category within the DPS to bid for each specific contract.
- 2.2 This report seeks Cabinet's approval to establish the new Transport DPS and enable the Lead Commissioner: Community Infrastructure to admit (and exclude) suppliers to the DPS throughout the ten year life of the DPS and to procure and award transport contracts based on specific tender evaluation criteria, subject to the council's Contract Standing Orders, and the council's governance arrangements from time to time.

## **3. CONCLUSION**

- 3.1 The overarching strategy of procuring transport services through a functional Dynamic Purchasing System remains a flexible electronic system that allows the tendering and award of contracts but gives the council access to the market by allowing new entrants to the market to be admitted, thus not

excluding new suppliers from the DPS, subject to them meeting the requirements set.

#### **4 OPTIONS**

- 4.1 Cabinet approves the procurement strategy described in this report
- 4.2 or the council could procure each transport contract individually
- 4.3 or the council could procure transport contracts through one or more new transport framework agreement(s).

The alternatives set out in 4.2 and 4.3 would be significantly less flexible than a Dynamic Purchasing System given that individual procurement of contracts is very resource intensive, while framework agreements lack the competitiveness of an open, defined marketplace. Moreover, a transport framework agreement cannot continue for a period that exceeds 4 years and would be closed to applications from new operators once it is in place. Furthermore, individually procuring the many transport contacts currently handled through the Integrated Transport unit would impose a considerable additional administrative burden and cost to the council which could not be met within existing resources.

#### **5. Risk Assessment**

- 5.1 If a decision were made not to procure the proposed Dynamic Purchasing System, this would be likely to result in a less efficient means of procuring transport services. Such a decision would also increase the risk that additional resources would be required to meet the council's statutory obligations under the Education Act 1996 and the council's policy requirements in respect of transport services. This would also be likely to increase the cost to the local authority of procuring such transport services from a marketplace that might be less competitive than that which is available under a Dynamic Purchasing System.
- 5.2 A decision not to procure of the proposed Dynamic Purchasing System would also likely result in:
  - (a) the Authority finding it difficult to adequately meet the requirements of vulnerable people who use county council transport services given that individually procured contracts are much more resource intensive to procure, meaning the timescale to put transport in place would be lengthened.
  - (b) a failure to deliver financial benefits as part of the ongoing review of council transport provision given that a DPS is the most efficient way of testing the entire marketplace for the best price. A more restricted procedure would result in higher prices - therefore less value for money.

- 5.3 Officers are undertaking a review in parallel with the work on a DPS to seek to mitigate the above-mentioned risks with private contracted provision.

## **6. Consultation Feedback**

- 6.1 Suppliers are being consulted and made aware that the council is considering continuing this approach to transport procurement. Suppliers have been generally fairly positive about the proposed revised DPS.

## **7. Equalities Considerations**

- 7.1 A due regard statement has been produced. The term and conditions of each lot with the new DPS will stipulate that vehicles used comply with all accessibility regulations to ensure fair access for those with protected characteristics.

## **8. Performance Management/Follow-up**

- 8.1 Whilst the large majority of transport contracts are below the gross value of £500K, it is anticipated that in the region of ten contracts a year will have a gross value exceeding this value, including fare revenue and concessionary fare rebate. An annual report will be provided to the Cabinet, as part of the forward planning for transport services, to enable consideration of procuring the higher value contracts awarded through the DPS.
- 8.2 The performance of the services that are procured will be monitored against key indicators, including the delivery of savings.
- 8.3 A strict contract management process to manage the ongoing quality and performance of transport suppliers will form an integral part of the selected approach

<b>Report Title</b>	Establishing a dynamic purchasing system for the procurement of transport contracts
<b>Statutory Authority</b>	Transport Act 1985 and subsequent revisions Education Act 1996 The Public Contracts Regulations 2015
<b>Relevant County Council policy</b>	All policies with a Transport element are affected: e.g. Local Transport Plan, Home to School Transport Policy etc.
<b>Resource Implications</b>	<p>The decision to set up a new DPS over a ten year period will provide a procurement mechanism for commissioning public transport services. The overall cost of setting up the DPS will be met from existing resources.</p> <p>The proposed value of the transport contracts to be awarded by the Council through the DPS will fall within the Council's annual budget setting process for public transport; this takes into account existing financial contractual obligations through contracts awarded through the existing DPS.</p> <p>The anticipated spend through the existing DPS and the proposed new DPS for the financial year 2019-2020 shall be £18m.</p> <p>Contracts for transport services required by the council in subsequent financial years shall be the subject of separate Cabinet decisions.</p>
<b>Sustainability checklist:</b>	
<b>Partnerships</b>	We work closely with operators in ensuring that efficient and effective transport provision can be maintained
<b>Decision Making and Involvement</b>	<p>The proposal has been shared with the Cabinet Member for Environment and Planning and the Cabinet Member for Economy, Skills and Employment whose portfolio includes Home to School Transport.</p> <p>The Commercial Unit has been closely involved in the development of the project.</p>
<b>Economy and Employment</b>	The proposal should enable more local small and medium sized enterprises to trade with the council through the councils selected procurement method, thus enhancing local employment opportunities. Due to its dynamic nature, new market entrants can join the DPS provided they meet the council's specified selection criteria.
<b>Caring for people</b>	The letting of transport contracts for social care and Special Educational Needs will be carefully evaluated to ensure its appropriateness for the individual.

<b>Built Environment</b>	n/a
<b>Natural Environment'</b> including Ecology (Biodiversity)	n/a
<b>Education and Information</b>	n/a
<b>Tackling Climate Change</b>	<p>Carbon Emissions Implications? This procurement will take account of relevant emerging policy and legislation around climate change actions, and the new DPS offers the council the flexibility to allow for this in its tender specifications.</p> <p>Vulnerable to climate change? Yes: costs are likely to escalate should significant weather events occur</p>
<b>Due Regard Statement</b>	Has a Due Regard Statement been completed? Yes
<b>Human rights Implications</b>	None
<b>Consultation Arrangements</b>	All operators that are on the current DPS will be consulted with in order that they may offer their views on the existing system and possible changes for the next iteration.