

Agenda Item 9.

TITLE	Procurement Business Case - Dynamic Purchasing System - Passenger Transport
FOR CONSIDERATION BY	The Executive on 30 May 2019
WARD	None Specific;
LEAD OFFICER	Director of Locality and Customer Services - Sarah Hollamby
LEAD MEMBER	Executive Member for Highways and Transport - tbc

OUTCOME BENEFITS TO THE COMMUNITY

A Dynamic Purchasing System will make it easier for suppliers to do business with Wokingham Borough Council, providing increased access for harder to reach suppliers including small medium enterprises. The system is an automated and transparent process allowing for enhanced supplier engagement.

RECOMMENDATION

The Executive is recommended to:

- 1) agree to the commencement of the implementation of a dynamic purchasing system (DPS) for the recommissioning and award all of the Councils Passenger Transport Contracts;
- 2) approve the implementation of the Proactis (Procontract) Dynamic Purchasing System;
- 3) approve that for future transport contract award decisions over £500k made through the DPS would be delegated to the Director for Localities and Customer Service (in consultation with the Lead Member for Transport);
- 4) agree that any real savings derived from the implementation of a DPS be referred to Overview and Scrutiny Committee once ascertained.

EXECUTIVE SUMMARY

1. This report is to consider whether to activate a package in the Councils existing Proactis e-tendering software (at no cost to the Council) to enable the functionality of its Dynamic Purchasing (DPS) System for new or re-commissioning of the Councils Passenger Transport contracts over a 10 year period with a budget of £50m for the duration.

2. The 250 Passenger Transport Contracts (non OJEU) that are currently in operation are tendered individually and range between £2k and £130k per annum therefore do not exceed the £500k "Level 2" threshold as detailed in the Procurement and Contracts Rules and Procedures (PCRPs) that requires Executive Approval. These contracts will now be consolidated under one OJEU procurement process, which requires the total

ascertainable value of the OJEU Contract be taken into account, which in this case is equal to around £50m over the 10 years, therefore exceeds the “Level 2” threshold, and requires Executive Approval to proceed. Should any new contracts procured through the DPS system exceed £500k then the award of these contracts will be delegated to the Director for Localities and Customer Service (in consultation with the Lead Member for Transport).

3. A Dynamic Purchasing System (DPS) is a combination of the use of an eProcurement tendering tool and the use of approved / accredited supplier lists. Providers register with the system, the Council would then review their suitability and quality systems and if deemed acceptable they are accredited. Unlike the traditional framework contracts, providers can join and leave at any time during the DPS timeframe. Tenders are issued to only accredited providers of the DPS, ensuring a level of quality; however, they are not obliged to submit a quotation.

4. Dynamic Purchasing Systems are used exclusively by public sector organisations. They save time and money by being a quick and easy way to access goods, services and works through an OJEU compliant route. This means less administration work, saving time and money in each tender process. It is also acknowledged that the use of a DPS solution is the most competitive way to tender for services in the market place. It is further reported that Councils spend on transport could be reduced by up to 13% and this could represent a savings opportunity in the region of £250k.

5. These recommendations are being made as the Corporate Transport Unit Project Board has concluded there is sufficient evidence to suggest a dynamic purchasing system could potentially lower the Council’s expenditure through efficiencies from an automated electronic tendering process and reduced administration costs.

6. The implementation of a DPS will not have any impact directly on residents or services provided by Wokingham Borough Council.

BACKGROUND

REASON FOR RECOMMENDATION

1.1 A Dynamic Purchasing System (DPS) is a combination of an eProcurement tool and the use of approved / accredited provider lists. Providers register with the system, the Council then reviews their suitability and quality systems and if deemed acceptable they are accredited. Unlike the traditional framework contracts, providers can join and leave at any time during the specified timeframe. Tenders are then issued only to accredited providers of the DPS; they are not obliged to submit quotes for the tenders.

1.2 To ensure the success of any DPS, resource is required for the following tasks:

I. Agreeing the suitability of the DPS procurement strategy for that spend area and mandating the scope of the DPS.

II. Setting up the DPS rules including building the accreditation process of each spend area, tender templates and responsibilities for the system.

III. Market warming events to launch the DPS system, which will include developing awareness, system training and understanding of the accreditation process.

IV. Encouraging provider participation in the tenders posted on the DPS.

V. Continuous maintenance of the accreditation of new providers and renewals.

VI. Support to the providers to help them to achieve accreditation quality standard.

VII. Running all mini tenders through the DPS system in accordance with the contract rules on approval to tender and award.

VIII. All requirements must be clearly documented in a specification in a language the providers understand for each DPS tender.

1.3 It is essential that the market is fully engaged in the DPS and providers have the capability not only to become accredited but also the willingness to respond to tenders via email notifications.

DPS system

1.4 Under the Public Contract Regulations 2015 all tenders are required to be electronically available. The Council uses an eTendering system with Proactis (Procontract) to meet this obligation. The eTendering licence that we hold includes a DPS system, which is not currently being used. The procurement and accreditation process would be managed internally, this web based system includes the purchase of licences to the IT DPS solution and systems support for buyers and providers. The system and support is free to all providers, purchasers pay a licence fee and implementation fee.

1.5 Using Proactis (Procontract) will allow a quick implementation process, no system integration, procurement staff within the Council are already experienced in using the etendering module, which the DPS will use when running tenders.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue
Next Financial Year (Year 2)	£0	Yes	Revenue
Following Financial Year (Year 3)	£0	Yes	Revenue

Other Financial Information

None

Stakeholder Considerations and Consultation

Stakeholder considerations and consultations will be carried out as part of the implementation of a dynamic purchasing system.

List of Background Papers

1. Procurement Business Case
2. <https://www.local.gov.uk/guide-dynamic-purchasing-systems-within-public-sector-it-right-you-and-your-suppliers>

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