



In accordance with the Procurement and Contracts Rules and Procedures (PCRP) (see section 3.1.1): a formal business case is required for any procurement with a total value above £50,000. The level of approval required for the Business Case depends on the type of procurement and total ascertainable value of the contract, as indicated in the table below:

Level of Approval

State “YES” in the applicable box at either Level 1 or Level 2:

Type of Procurement	Level 1		Level 2	
	Assistant Director & Director	“Yes”	Assistant Director, Director & Executive Approval	“Yes”
Goods and Services	£50k – £500k		> £500k	Yes
Schedule 3 Services	£50k – £615k		> £615k	
Works	£50k – £4,551k		> £4,551k	

1. Project Information

Project / Contract Title	Dynamic Purchasing System – Passenger Transport
Project / Contract Description	Implementation of a DPS System
Expected Start Date & Duration (months)	Contract period: 01/10/2019 - 120 Months
Any Extension/s Allowed (months) (e.g.: 1 x 24m / 1 x 12m + 1 x 12m)	In addition to the contract period, the following extensions would be allowable: N/A
Total Ascertainable Value	£50,000,000 (10 Years) £5,000,000 (Per annum)
Procurement Procedure (Open, Restricted, other agreed procedure)	Open
If not an Open or Restricted procedure, has it been approved by Procurement? (state “Yes”, “No” or “Not Applicable”)	
Budget Available (please state the value)	£50,000,000 (10 years) (£5,000,000 p.a) 250 Contracts / range of £2k & £130k p.a
Source of Funding (revenue or capital or specified other)	Revenue
Any specific comments or notes associated with the budget	Budgeted

2. Project Justification

3.1 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. eTenders are then issued only to accredited providers of the DPS, they are not obliged to submit quotes for the tenders.

DPS system

- 3.4 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.
- 3.5 Using Procontract will allow a quick implementation process, no system integration is required and procurement staff within the Council are already experienced in using the eTendering module, which the DPS will use when running tenders.

Key Benefits of a DPS

- 3.6 The key benefits of implementing any DPS over and above the Council's current procurement processes:

- i. **Potential cost savings** - Dynamic purchasing can create a level playing field where even the smallest local providers can submit bids. This high level of competition has the potential to contain the Council's spend in this area.

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 Council's spend on transport could be reduced by up to 13% and this could represent a savings opportunity in the region of £250k.

- ii. **Quality control and improvement**— Providers must first be 'accredited' against a set of quality criteria through the accreditation process by the Council before being granted entry to the DPS. This can ensure that only high quality providers are permitted to submit bids. A basic accreditation could include Care Quality Commission registration, operator licences, insurances, Disclosure and Barring Service process. A comprehensive accreditation process could review previous contract performance, agreeing terms, internal systems and processes such as health and safety, employment vetting and training. The level will need to be decided during the design phase for each spend area. The aim of the focus on quality of service will provide better

outcomes for residents.

- iii. **Transparency** - The Council would have complete visibility over the end-to-end process of procuring its services, a full transparent audit trail. The open, transparent nature of a DPS can also build trust and certainty for providers.

Application of DPS in the Passenger Transport Market

- 3.8 The current contracts are restricted to 40 providers, with 250 contracts in place. Competition is restrictive due to the tendering process that was undertaken. There are daily changes to planned routes, reconciliation is a key process in managing this spend with the providers as incorrect invoicing is common.
- 3.9 The current spend in this area is approximately £5m per annum, with overspend against the budget. There are pressures on market rates through increased costs such as increasing fuel prices and salary for drivers and passenger assistants due to National Living Wage legislation.
- 3.10 DPS systems have been widely used by other Councils in transport and home to school transport contracts. These are Buckinghamshire, West Berkshire, and Windsor and Maidenhead and Oxford.
- 3.11 Advantages of the DPS in this specific spend area are compliance, opening up the market and the ability to bring in new providers anytime during DPS timeframe.
- 3.12 The majority of the Councils transport contracts are expiring from April 2020 therefore the recommendation is to use the interim period to implement the DPS for current contracts that are due to expire and to retender them via DPS in the future. A further intention is to use the DPS to tender any existing contracts which need significant amendment e.g. for better value, smaller or larger vehicles, combining existing contracts.
- 3.13 This will then give time to bed in a DPS accreditation process and on-boarding of providers prior to tenders being conducted.
- 3.14 Market warming, training and support on accreditation process are essential for this set of providers. Mandating the DPS so all tenders go through the system is required.

Recommendations

- 3.15 It is proposed that a phased approach is undertaken:
 - That a DPS for Home to School Transport and Public Transport be implemented for providers using Proactis (Procontract).
 - (i) Market engagement on the DPS will be measured through the number of accredited providers in the DPS
 - (ii) Market responsiveness through the DPS will be measured through the volume of response to tenders posted
 - (iii) Market competitiveness through the DPS will be measured through cost savings achieved. Major factors in achieving this will be the above market responsiveness and engagement success
 - (iv) Improvements to the quality of service to Residents will be measured through customer survey

Options Summary

Option	Comments
Implement DPS for Passenger Transport with Proactis (Procontract) Recommended	Low cost, quick implementation option to assess local provider appetite, market engagement and access benefits.
Do Nothing Not Recommended	Loss of opportunity on compliance, quality assurance and market competition

4. LEGAL IMPLICATIONS

4.1 The implementation of a DPS would be under the following legislation:

- Regulation 22 of the Public Contracts Regulations 2015 (“PCR 2015”) sets out the general principles relating to the use of electronic and non-electronic means of communication.
- Regulation 59(7) of the PCR 2015 obliges contracting authorities to accept the European Standard Procurement Document (“ESPD”) exclusively in electronic format.
- Regulation 61 of the PCR 2015 mandates the use of the European online certificates repository.

5 VALUE FOR MONEY

5.1 A DPS will allow the Council to prequalify providers to a minimum qualification level or further. Encouraging competition through market engagement may mitigate budgetary pressures. Allowing providers to register their interest in working with the Council at any time may increase the number of providers and new entrants to the market as there is no time constrained tender period. Typically the packages that go out to tender via a DPS are smaller which will encourage local and smaller providers to register an interest via accreditation.

6 SUSTAINABILITY IMPACT APPRAISAL

None

7 RISK MANAGEMENT

7.1

Risks	Uncontrolled Risk	Controls	Controlled Risk
Not enough providers to join the DPS providers to	DPS would fail due to lack of competition	Early engagement with providers, training and support. Continuous promotion of the DPS. Mandated usage for all tenders.	Medium
Insufficient resourcing to be able to accredit providers onto the DPS and manage the tenders	DPS would fail due to lack of competition if not managed. Market would lose faith in the tool. Missed opportunity as not accredited in time.	Sufficient resource to manage the volume	High
The quality of providers in the market does not meet the accreditation process and are therefore excluded from the DPS	This would prevent DPS going ahead due to the lack of competition	Early engagement with providers, be clear and up front on Wokingham Borough Councils expectations. Supporting providers in improvements to meet accreditation requirements. Accreditation design needs to consider market conditions.	Medium
Expectations of cost savings are over estimated due to DPS being implemented	Financial forecasting is exceeded because of expectations to significantly save money	Financial monitoring and controls need to be in place to undertake continuous monitoring and manage expectations	Medium

8 LINKS TO STRATEGIC OBJECTIVES

8.1 None

9 EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION

9.1 There are no equalities implications

10 STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS

10.1 None

11 PROPERTY AND ASSETS

11.1 None

12 ANY OTHER IMPLICATIONS

12.1 None

13 CONSULTATION

- 13.1 This concept has been discussed and agreed at the Corporate Transport Project Board, which was established on 17th January 2019. The group recommended that this report is to be submitted to Members and the implementation of a DPS progressed.
- 13.2 These recommendations are being made as the group has concluded there is sufficient evidence to suggest a dynamic purchasing system could improve service quality for residents and potentially lower the Council's expenditure.

14 TIMETABLE FOR IMPLEMENTATION

- 14.1 To ensure continuity in provision of this (statutory) service, the DPS start/go live date must be achieved by 1 January 2020.

15. APPENDICES

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

16 Approval

Please fill in the applicable fields according to the level of approval required.

Note: If Level-2 approval is required, the document should be signed by Assistant Director and Director at Level-1 first, and then presented to the Executive for final approval.

Level 1

<i>Position</i>	<i>Department</i>	<i>Signature</i>
Assistant Director		
Director		

Level 2

NOTE: Level 1 approval must be completed first.

Please state the date of the relevant Executive meeting or Individual Executive Member Decision at which the Business Case has been approved.

	<i>Date of Executive meeting / approval</i>
Executive Approval	30 th May 2019