

## Cabinet Meeting on Wednesday 19 February 2020

### Award Approval for the Dynamic Purchasing System for the Provision of Local Service Transport within Staffordshire



**Cllr Helen Fisher, Cabinet Member for Highways and Transport said,**

“Ensuring we can procure local bus services that meet the needs of our residents and represent good value for taxpayers is really important. Using a new dynamic purchasing system will mean that the often complex procurement process is simplified, so we can respond to the needs of our residents and changes in the local bus service market quickly and efficiently. The system will also give us more flexibility, meaning we will be able to incorporate further changes like emissions standards in the future.”

#### **Report Summary:**

The objective of the report is to establish approval for the contract award to Dynamic Purchasing System for the provision of transportation for Local Service Transport within Staffordshire for the period of 1st April 2020 to 31st March 2039 following a restricted OJEU tendering process (DPS).

#### **Recommendation**

I recommend that:

- a. The County Council facilitates a DPS for the period of 1st April 2020 to 31st March 2039 to be able to procure Local Bus Services as and when required. At present there is an annual budgeted spend of £1.2m on local bus services, of which £0.7m is from a Department for Transport grant. The latter is confirmed to the Council on an annual basis, so may change over the DPS period in line with any central government policy change. Section 106 funds may in addition be drawn down in line with those individual commitments. It is not envisaged that annual spend from S106 funds would exceed more than £0.8m albeit this is subject to variation.

<b>Local Members Interest</b>
N/A

## **Cabinet – Wednesday 19 February 2020**

### **Award Approval for the Dynamic Purchasing System for the Provision of Local Service Transport within Staffordshire**

#### **Recommendations of the Cabinet Member for Highways and Transport**

I recommend that:

- a. The County Council facilitates a DPS for the period of 1st April 2020 to 31st March 2039 to be able to procure Local Bus Services as and when required. At present there is an annual budgeted spend of £1.2m on local bus services, of which £0.7m is from a Department for Transport grant. The latter is confirmed to the Council on an annual basis, so may change over the DPS period in line with any central government policy change. Section 106 funds may in addition be drawn down in line with those individual commitments. It is not envisaged that annual spend from S106 funds would exceed more than £0.8m albeit this is subject to variation.

#### **Report of the Director of Economy, Infrastructure and Skills**

##### **Reasons for Recommendations:**

1. The County Council has powers under the Transport Act 1985 to procure local bus services to supplement the commercial bus network where it deems this to be necessary. The Council has an annual budgeted spend on local bus services of £1.2 million, of which £0.7m is received as grant from the Department for Transport. In addition, the Council receives developer contributions under Section 106 Agreements for the purposes of providing new transport links to residential and industrial developments. It is envisaged that the DPS will be a key factor in enabling the Council to draw down on already triggered S106 funds and to use new S106 funds in a timely fashion. Spend from S106 funds will vary in line with commitments but is unlikely to exceed a value of £0.8m per annum and nor are any development funded services committed beyond the value of the available S106 contribution.
2. Typically, the value of Local Bus Service contracts is in excess of the Official Journal of the European Union (OJEU) threshold and so must be procured in line with the Public Procurement Regulations 2015. At present we conduct separate OJEU tender exercises to procure Local Bus Services which are time consuming and lengthy in nature. In turn this limits our ability to respond quickly and efficiently to the needs of our residents and changes in the bus service market. Establishing a DPS will enable the procurement of Local Bus Services to be vastly simplified and so made more efficient. A similar system is already in place for the procurement of Home to School Transport, which has proven to be very effective.
3. Although this is a long-term arrangement the DPS is flexible enough to incorporate changes through its lifetime to reflect changes in priorities. This is

particularly relevant to the County Councils Climate Emergency and the development of our Action Plan which will likely require changes in emission's standards in the future.

### **Legal Implications**

4. The setting up of the DPS does not in itself commit the Council to any expenditure. This only occurs when a tender under the DPS is conducted and the resulting contracts awarded. The spend that authority is being requested for under this Report is therefore the potential future spend where a mini competition is run under the DPS between the 1<sup>st</sup> April 2020 and the end of the DPS being 31st March 2039.
5. Legal Services have reviewed and approved this report and have fully reviewed the Terms and Conditions for the DPS and can confirm the terms and tendering process complies with the Public Procurement Regulations 2015 and advertised in OJEU and Contracts Finder. The advantage of a DPS is that new providers can be added following the date that the DPS is first initiated which will allow for and accommodate the changes in the market that are historically seen in Staffordshire and it will shorten the competition time required for any new routes that the Council is required to accommodate to meet its Transport Act duties specified below.
6. If the DPS is not implemented, there is a risk that on occasion it may be necessary to seek Procurement Exceptions for short term provision pending the ability to conduct a full OJEU tender which takes time, is not as responsive as a DPS and is not ideal as it is not EU Procurement compliant. This in turn would also frustrate the Council's ability to effectively discharge its Transport Act 1985 duty to consider the provision of additional local bus services where it deems necessary.
7. It is not considered that a Community Impact Assessment is required as the DPS is simply a method of procuring services when required. It is confirmed that full consideration is given to the necessity of a CIA each time contracted local bus services are subject to any review.

### **Resource and Value for Money Implications**

8. Setting up a DPS for local bus services will enable the efficient and compliant procurement of these services at prices that are competitive at the time of the mini competition run under that DPS. Once set up, a DPS significantly reduces the amount of officer time required to conduct a tender exercise, enabling a better focus on service delivery and responsiveness to the market.
9. In the absence of a DPS, any short-notice requirements for setting up a local bus service can require short term provision to be put in place following a quote exercise to allow time for a full OJEU tender. This creates additional and unnecessary cost as by their nature these short term contracts attract a price premium which can make service provision more expensive to provide. A DPS allows the Council to respond effectively by procuring the necessary provision for

the full contract term within the required timescales at the then current competitive rates thus avoiding costly short term stop-gap solutions.

### **List of Background Documents/Appendices:**

N/A

### **Contact Details**

**Assistant Director:** Clive Thomson, Assistant Director for Connected and Sustainable County

**Report Author:** Sharon Bowers  
**Job Title:** Assistant Category Manager  
**Telephone No.:** 01785 277493  
**E-Mail Address:** [Sharon.bowers@staffordshire.gov.uk](mailto:Sharon.bowers@staffordshire.gov.uk)