

# Cabinet

15 December 2022

## Tender to Establish a Replacement Bus Services Dynamic Purchasing System

### Recommendations

That Cabinet

1. Authorise the Strategic Director for Communities, in consultation with the Portfolio Holder for Transport and Planning, to commence an appropriate procurement exercise to establish a replacement Dynamic Purchasing System (DPS) for bus transport contracts; and
2. Authorise the Strategic Director for Communities to enter into all necessary contracts and agreements, to establish the DPS for the provision of bus transport on terms and conditions acceptable to the Strategic Director of Resources, with subsequent call-off contracts for specific routes awarded under the DPS in line with Contract Standing Orders.

### 1. Executive Summary

- 1.1 Warwickshire County Council currently spends circa £13.5 million a year on bus service provision (including local bus services and home to school transport). This spend is on an on-going basis throughout the year with overall management of the budget held by Communities Group.
- 1.2 In order to provide these services lawfully, a DPS was set up in 2015. A DPS is a procurement legislation compliant electronic open marketplace system that suppliers can join at any time and which is designed to give us access to a pool of pre-qualified suppliers quickly and efficiently as need arises.
- 1.2 The current DPS expires on 31/3/23 and approval for a replacement is sought to ensure continuity of service.

### 2. Background

- 2.1 The current DPS was established in 2015 to replace and overcome the limitations associated with a traditional framework. Under a traditional framework, the supplier list is fixed for the duration of the framework term which can mean that choice is limited if a market is volatile and for example,

suppliers leave the market. In addition the opportunity to tender for inclusion on a framework is open for a much shorter period limiting those who can participate. Under a DPS, suppliers can join at any time helping to ensure a dynamic and available supply chain and permanent competition throughout its lifecycle, and a DPS benefits from the advantage of having a longer lifecycle than a traditional framework which is capped at four years. The longer lifecycle enables the authority to award longer contracts.

- 2.2 The current DPS has functioned well creating a competitive market for bus tenders to procure and deliver subsidised public transport and statutory home to school transport services.
- 2.3 There are sixty-nine operators on the current DPS. Of those sixty-nine operators, forty-three operators are currently operating live contracts across public transport, home to school transport and adult social care transport service areas. To achieve synergy, contracts operate across multiple service areas (public transport, home to school transport and adult social care transport) wherever possible.
- 2.4 The contract will be procured in a manner that will allow Coventry City Council, Solihull MBC and certain other Public Bodies to access the contract, providing compliant routes to market on a collaborative basis. Furthermore, the creation of the DPS will be inclusive for all the communities of Warwickshire, taking into account their diverse needs in terms of equality and accessibility.

### **3. Proposal**

- 3.1 A DPS allows new operators to join, using a simplified process, throughout its lifetime and become eligible to tender for services. This increased competition is intended to support a functioning competitive market to ensure the Council achieves value and improve efficiency of procurement.
- 3.2 The DPS gives no guarantee of volume of work or the value that Suppliers may be awarded under it. These variables are determined under the tenders as and when they occur and are called off against the DPS.
- 3.3 Although the existing DPS can in theory continue indefinitely, it is good practice to review and replace periodically. Procuring a replacement DPS will allow Warwickshire County Council to revise and improve the associated terms and conditions where considered appropriate, and ensure the DPS continues to operate efficiently and effectively. In this refresh the Council will introduce more rigorous performance clauses and also address the provisions for annual increases given the current economic position and inflation

## **4. Financial Implications**

- 4.1 Existing annual contract values for the bus service provision, including local bus and home to school transport, are circa £13.5 million.
- 4.2 The current Bus DPS has an automatic RPI increase built in that is awarded on the anniversary of each contract with the written consent of the Council. Due to the exceptional circumstances around the current rate of inflation and the negative impact on budgets this approach is no longer sustainable. The replacement DPS proposes a variable capped index (which will adjust in line with inflation index but will not exceed a set value) which will maintain a balanced commercial relationship between Warwickshire County Council and the contractors.

## **5. Environmental Implications**

- 5.1 The contract will align with the Council's approach to sustainability and the environment – Warwickshire County Council's draft Sustainable Futures Strategy is currently out to consultation and can be found here:  
<https://democracy.warwickshire.gov.uk/documents/s27108/Appendix%201%20for%20Sustainable%20futures%20strategy.pdf>
- 5.2 Warwickshire currently lets tenders for local and school buses that need to meet a minimum emissions Euro standard. School Buses must meet a minimum Euro 4 standard, whilst Local Buses should meet a minimum of Euro 6. However, due to limited supply of Euro 6 vehicles, we reserve the right to accept bids for Euro 5 vehicles.
- 5.3 We are looking to increase this requirement over the term of the DPS. We hope to increase all School Buses to Euro 5 by 2027 and for all Local Buses to be a minimum of Euro 6 by 2025.
- 5.4 We are also looking for operators to submit alternative bids for cleaner vehicles using alternative energies such as electric or hydrogen to support decarbonisation targets.
- 5.5 We will be encouraging operators to look at their sustainability strategies within the term of the DPS to promote the use of zero emission vehicles using funding sources from DfT such as ZEBRA (zero emission bus regional areas).

## 6. Timescales associated with the decision and next steps

### 6.1 Proposed procurement timeline

October - December 2022	Pre procurement ITT exercise
December 2022	Cabinet approval requested
January 2023	Procurement commences
February 2023	Assessment of operator applications
April 2023	New DPS available from 1/4/23

## Appendices

None

## Background Papers

None

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The report was circulated to the following members prior to publication:

Local Member(s): None – county wide procurement activity

Other members: Councillor Clarke, Chilvers, D'Arcy and Fradgley (The Chair and Party Spokespersons of the Communities Overview and Scrutiny Committee.)