

Cabinet

18 April 2023

Tender to establish a replacement Taxi Services Dynamic Purchasing System

Recommendations

That Cabinet

- 1) Authorises 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 taxi transport contracts; and
- 2) Authorises the Strategic Director for Communities to enter into all necessary contracts and agreements to establish the DPS for the provision of taxi transport on terms and conditions acceptable to the Strategic Director for 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 £20 million a year on taxi service provision for home to school transport. This spend is on an on-going basis throughout the year with overall management of the budget held by the Communities Directorate.
- 1.2 In order to provide an efficient route to procure these services, a DPS was set up in 2017. 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.
- 1.3 Although the current Taxi DPS does not expire until 31/3/24, approval for an early replacement is sought to address changes needed to the original system terms to address the provisions for dealing with annual contract inflationary increases and other lessons learned from the original approach. An early replacement will also allow Warwickshire County Council to introduce more rigorous performance clauses to the replacement DPS earlier than

anticipated.

2. Financial Implications

- 2.1 Existing annual contract values for the home to school transport taxi service provision are circa £20 million.
- 2.2 There are no cost implications of closing the old DPS early and moving to a replacement DPS.
- 2.3 The current taxi DPS enables operators to request an RPI contract price increase on the anniversary of each contract. Those increases are at the discretion of the Council and whilst not automatically applied, historically only a minority have been refused. 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 set by WCC on an annual basis which will adjust in line with our WCC budget inflation index but will not exceed a set value. This will maintain a balanced commercial relationship between Warwickshire County Council and the contractors that is sustainable for both parties.

3. Environmental Implications

- 3.1 All taxis operating on the DPS are required to be licensed. Licensing authorities stipulate that vehicles must be relatively new and therefore less polluting (e.g. Warwick District Council requires that all Private Hire vehicles are less than 5 years old, and all newly licensed Hackney Carriages must be brand new). These licensing restrictions effectively ensure that vehicles are Euro 6 compliant. To be Euro 6 compliant, diesel cars cannot emit more than 80mg/km of NOx gases, while petrol cars cannot emit more than 60mg/km.
- 3.2 There is the possibility for encouraging the use of electric vehicles in the future but there is an insufficient market for the DPS to insist upon electric vehicles at this time, and some of the journeys covered would make the use of such vehicles difficult thus reducing available suppliers.

4. Supporting Information

- 4.1 The current DPS was established in 2017 to 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 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 seek to join at any time if they meet the required criteria helping to ensure a dynamic and available supply chain and permanent competition

throughout the lifecycle of the DPS. A DPS also benefits from the advantage of having a longer lifecycle than a traditional framework which is capped at four years. This longer lifecycle enables the authority to award longer contracts and provides stability for suppliers and those in receipt of the services.

- 4.2 The current DPS is providing a procurement legislation compliant marketplace with access to a preapproved pool of suppliers and thus creating a competitive market for taxi tenders to procure and deliver home to school taxi transport services. There are challenges within the market and in respect of current inflationary effects on suppliers. The new procurement allows us to address these in a timely way whilst retaining the benefits of the system.
- 4.3 There are 266 taxi operators on the current DPS. Of these, 171 are currently operating 893 live home to school transport contracts.
- 4.4 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.

5. Timescales associated with the decision and next steps

5.1 Proposed procurement timeline

If approved by Cabinet on 18 April 2023;

June 2023	:	Project published live on CSW-JETS site
July 2023	:	Project opened
	:	Assessment of operator applications
July 2023	:	New DPS available from July 2023

Appendices

None

Background Papers

None

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

Local Member(s): n/a – county wide procurement

Other members: Communities OSC Chair & Spokes