

DYNAMIC PURCHASING SYSTEM: TRANSPORTATION OF CHILDREN WITH SPECIAL EDUCATIONAL NEEDS

Cabinet Member(s)	Councillor David Simmonds CBE Councillor Douglas Mills
Cabinet Portfolio(s)	Deputy Leader / Education & Children's Services Community, Commerce & Regeneration
Officer Contact(s)	Sandra Taylor, Social Care Helen Walker, Finance
Papers with report	None.

HEADLINES

Summary	As part of the ongoing review and transformation of passenger services, it is proposed that the Council creates a Dynamic Purchasing System (DPS), to replace the current framework that is in place. The DPS will be used to create an environment of multiple suppliers to ensure market availability and best value for the supply of transport for children with Special Educational Needs (SEN). In order to facilitate the creation of the DPS, it is proposed to extend the existing framework until the end of July 2018.
Putting our Residents First	This report supports the following Council objectives of: <i>Our People and Strong Financial Management</i>
Financial Cost	Setting up the dynamic purchasing system will not have any explicit costs other than the administration costs of officer time primarily in legal, procurement and passenger services. The financial benefits of using the DPS will ensure that the Council receives an appropriate service at the best value cost
Relevant Policy Overview Committee	Children, Young People and Learning
Relevant Ward(s)	All

RECOMMENDATIONS

That Cabinet:

1. Approves the extension of the existing framework until the end of July 2018.
2. Approves the creation of a dynamic purchasing system for passenger services in order to effectively manage its' significant procurement activity over the next four years.

Reasons for recommendation

Passenger Services utilises multiple contracts to undertake the Council's statutory responsibility to take eligible children with special needs to and from school.

Currently, a closed framework of suppliers is in place and the number of suppliers has diminished significantly over the last 4 years, due to this there is now very limited supplier competition when a contract is tendered, which has increased costs/prices.

A dynamic purchasing system (DPS) is being proposed because this allows new suppliers to be added at anytime during the life of the DPS [4 years], this will mean that passenger services should not suffer from a lack of competition in the future.

The potential savings from the competition driven activity will contribute to the overall Passenger Services MTFE targets.

So that services may continue and to facilitate the development and implementation of the DPS, it will be necessary to extend the existing framework until the end of July 2018. Notice will be served to the framework providers to bring the arrangement to a close when the DPS goes live.

Alternative options considered / risk management

The alternative option of procuring transport is a 'closed framework', this is what is currently in place and has diminished in effectiveness due to lack of competition and available supply. If this option continues the cost of transport is likely to increase and supply is limited and inflexible.

Democratic compliance and previous authority

Cabinet authority is required to extend the existing framework to ensure compliance and authorise the procurement strategy going forward for such services with significant expenditure.

Policy Overview Committee comments

None at this stage.

SUPPORTING INFORMATION

As part of the current transformation project underway in passenger services, designed to save £1.1m in revenue spend by May 2019, it is recommended that the new solution should be a 'dynamic purchasing system'. A dynamic purchasing system differs from a closed framework in that governing regulations allow the Council to advertise on an on-going basis for new suppliers to join the system at any point during the lifespan of the DPS. The current closed framework has suffered significantly from suppliers either withdrawing from the framework or closing their business, there are now only 6 active suppliers and this means that there is no longer effective competition for tenders, driving up costs.

Passenger Services, which is run from the Harlington Road depot, manages all passenger transport for the Council. Transport is provided both internally with owned / leased vehicles and through contracts with local suppliers of taxis, minibuses, accessible buses and coaches.

In order to contract with external suppliers, Passenger Services is required to adhere to procurement legislation and be compliant with all procurement regulations.

To this end, Passenger Services operate a closed framework of suppliers through which c. £4m of annual contracted spend is managed. This current framework of suppliers was originally procured in August 2013, an extension through to the end of July 2018 (at the latest) is requested to facilitate the development and implementation of the DPS.

The creation of a dynamic purchasing system is a key recommendation for this transformation project and underpins the MTFF savings plans.

Financial Implications

In recent years, the Passenger Services budget has been significantly overspent. One of the biggest contributors to this overspend has been the externally contracted provision for SEN home to school transport routes. These contracted routes are currently procured through a 'closed framework' limiting the number of suppliers that can compete for routes and inflating the market at a cost pressure to the Council. The DPS system will allow the Council to advertise on an on-going basis for new suppliers to join the system at any point during the lifespan of the DPS, and by doing so ensure that the Council receives the best price for each route.

The 2017/18 budget for externally contracted routes is £3,649k with a current budget pressure of circa £270k being forecast as of Month 4. It is assumed that the DPS system will drive down contracted route prices and result in significant cost savings when all contracted routes are retendered for an April 2018 start. There are no additional costs associated with the use of the DPS system as this will be provided as part of the Council's existing Capital E-Sourcing application.

Officers from Procurement have been engaged with the Transport review project and support the recommendations in this report to extend the existing framework and develop a Dynamic Purchasing System for the future procurement of SEN Transport delivery.

RESIDENT BENEFIT & CONSULTATION

The benefit or impact upon residents, service users and communities?

The change in procurement activity will not affect service delivery to residents. It is expected that the quality and costs of services will improve.

Consultation carried out or required

None required.

CORPORATE CONSIDERATIONS

Strategic Finance

Strategic Finance has reviewed the report and concurs with the financial implications set out above noting that there are no financial implications to setting up the proposed Dynamic Purchasing System from 2018.

Legal

The Borough Solicitor confirms that there are no legal impediments to the Council extending its existing SEN Home to School Transport Services framework until the end of July 2018 to facilitate the development and implementation of a Dynamic Purchasing System to replace the Council's current arrangements.

The Borough Solicitor further confirms that the use of a Dynamic Purchasing System is authorised by the Public Contracts Regulations 2015 and by the Council's Procurement and Contract Standing Orders.

BACKGROUND PAPERS

NIL