

Report to Director of Highways, Transport and Planning

January 2022

Endorsement: West Sussex Public Bus Service Procurement via Surrey County Council Dynamic Purchasing System

Report by Head of Transport and Network Operations

Electoral divisions: N/A

Summary

As part of Decision HT01(15/16), the Cabinet Member for Highways and Transport approved the implementation of a Dynamic Purchasing System (DPS) for the County Council for Public Transport services. The DPS is a shared contract with Surrey County Council (SCC) and East Sussex County Council (ESCC) with all 3 Council named as joint buyers.

The Council has used the Surrey DPS since 2017 to procure and award contracts for socially necessary local public bus services.

The DPS expires in January 2022 and it is proposed that it be extended for up to three further years. This will allow the continuation of a tried and tested approach to procuring public bus services during a period of much change related to the impacts of the coronavirus pandemic.

The total value of the proposed extension (for all 3 Councils) is £50m. It is important to note that this is an estimation of the total value of all contracts awarded during the extension period and not a commitment to the market.

The Council's spend through the extension period is anticipated to be £10.5m.

Recommendations

The Director of Highways, Transport and Planning is asked to approve the extension of the Public Bus Service Dynamic Purchasing System for a period of three years from 01 February 2022 to 31 January 2025, in order to:

- a. Award contracts for individual routes/requirements following a competitive tender process and in line with the Council's Standing Orders on Procurement and Contracts.
-

Proposal

1 Background and context

- 1.1 The 1985 Transport Act provides Local Authorities with the power to fund local bus services that are not provided on a commercial basis by transport operators and are deemed as "socially necessary" by the Authority.
- 1.2 Since 2017 the Council has procured services through a Local Public Bus Services Dynamic Purchasing System (DPS) established by SCC in 2015 with West Sussex County Council (WSCC) and ESCC named as joint buyers (OJEU ref 2017/S 020-033510).
- 1.3 Current annual spend through the DPS for all Councils is approximately £12m. This does not include payments to bus companies in relation to the statutory English National Concessionary Travel Scheme (ENCTS) that reimburses free bus travel by entitled older and disabled people.
- 1.4 The existing DPS will expire on 31st January 2022 at which point there would be no compliant way of awarding new transport contracts other than by individual standalone tenders. It should be noted that contracts which have been awarded before the DPS expires will continue to operate for the term of the specific call-off contract.
- 1.5 A DPS is a fully electronic procurement tool that is used to purchase goods, works and services that are both commonly used by the buying organisation and readily available on the market.
- 1.6 New suppliers who meet and pass the exclusion and selection criteria can be admitted at any time during the life of the DPS to view and bid on tenders published by an organisation.
- 1.7 Whereas local bus services were mostly operated on a commercial basis, since the coronavirus pandemic commenced, the Government has financially supported the bus companies. Bus patronage may never return to pre-pandemic levels and therefore the marketplace for bus services remains in turmoil with the number of commercial services being ceased likely to rise during 2022/3 and beyond.
- 1.8 As a result, the Council may review the network to determine what services it will continue to support as well as any ceased or new services. This recasting of the bus network will take some time and may involve increased procurement of services.
- 1.9 Due to the circumstances and the continuing uncertainty, it is not desirable to run a new procurement process at this time. The current DPS is suitable to continue to procure and award such contracts.

2. Proposal details

- 2.1 To extend the current DPS for a period of three years from 01 February 2022 to 31 January 2025.
- 2.2 This will allow the continuation for transport services to be able to source and select competent transport operators and award individual contracts following a

competitive tender process and in line with the Council's Standing Orders on Procurement and Contracts.

- 2.3 All suppliers on the DPS will be written to on behalf of the Councils and asked to confirm their agreement with the proposed extension.

3. Other options considered (and reasons for not proposing)

- 3.1 The following options have been considered

- a. Do nothing
- b. Procure a DPS alongside an external DPS management service provider who manage the selection process as well as provide an e-sourcing platform to run competitive tenders;
- c. Procure a stand-alone DPS by the County Council
- d. Run separate standalone tenders for bus routes

- 3.2 Option a) has been discounted on the basis that there would be no compliant way of awarding new transport contracts.

- 3.3 Option b) has been reviewed following in-depth market engagement with service providers who operate in this area. This was explored when a replacement for the Passenger Transport Services DPS recently. The Project Team concluded that the introduction of an external service provider to manage that DPS and implement a new sourcing platform would not in itself enhance competition or lower prices. Many of the areas of improvement and innovation can be incorporated into the design of the proposed DPS as well as enhanced use of the Council's current e-sourcing platform.

- 3.4 Option c) is not achievable with the current DPS terminating on 31 January 2022 with a 9 month development period. In addition, it was considered inappropriate in the context of the market issues described in 1.7.

- 3.5 Option d) would be a resource intensive way to procure bus services with new terms and conditions required for each tender.

4. Consultation, engagement and advice

- 4.1 Consultation has been carried out with the following parties

Internal

- Procurement
- Finance
- Legal Services

External

- Transport Suppliers
- Surrey County Council

5. Finance

5.1 Expenditure on supported local bus services in West Sussex is £3.5m per annum and the total value over the three year DPS extension period is expected to be approximately £10.5m. This does not allow for any significant changes to expenditure arising from the forthcoming announcement by the Department of Transport (DfT) on additional funding associated with the West Sussex Bus Services Improvement Plan (BSIP), expected in February 2022. The overall value of the proposed extension is likely to be able to accommodate any increase in funding made available to the 3 Councils.

	Year 1 2022/23 £m	Year 2 2023/24 £m	Year 3 2024/25 £m
Projected Spend (across all Service areas)	3.5	3.5	3.5

The effect of the proposal:

(a) **How the proposal represents good value**

The extended DPS offers a 2-stage process to identify and select competent transport suppliers and run tender processes for individual/multiple routes to meet the needs of the Council.

The DPS can continue to be managed using internal resource.

(b) **Human Resources, IT and Assets Impact**

The administrative processes that support the current DPS are well-established.

The current e-sourcing platform remains fit for purpose however more work will be carried to ensure it continues to enable and support more efficient administrative processes (e.g., publishing contract awards)

6. Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
Suppliers do not bid for services let through extended DPS in light of 2022 market conditions	Council entering Enhanced Partnership with all existing operators in 2022 where changes to the network will be considered jointly
No new entrants to marketplace in light of market conditions in 2022	Opportunities to deliver passenger transport services through new flexible arrangements to be extensively explored (such as Digital Demand Responsive Transport services and Community Transport)

Risk	Mitigating Action (in place or planned)
Changes to legislation during the term of the DPS that affect the service specification	<p>Transport Coordination will continue to monitor developments and changes in legislation that might affect the local transport market.</p> <p>The service specification is flexible enough to accommodate legislative updates that affect the whole industry and Service Assurance officers in Transport Coordination can ensure compliance through general contract management activity.</p>

7. Policy alignment and compliance

7.1 The activity associated with the extended DPS supports the following Council priorities

'A Sustainable and Prosperous Economy'. Outcomes 1, 2 and 5

Bus services not only provide essential access to learning and employment, but the operators provide employment for large numbers of residents.

The DPS also provides a mechanism to raise the minimum emission standards for vehicles being used on contracts as well as establishing a reporting framework to capture social value and wider carbon reduction activity

'Making best use of resources'. Outcome 4

The Council will continue to look for ways to improve the planning and procurement of transport services in a way that achieved best value and sustainable pricing/performance. It will continue to benchmark costs against other local authorities of a similar size and geography.

7.2 The appended Equality Impact Report for the Key Decision to introduce the DPS has been reviewed and found to not require any changes. has been undertaken and is detailed below. The proposal has no implications under the Human Rights Act 1998.

7.3 The proposed DPS agreements will make it clear to all transport suppliers of their duties under the Equalities Act. Compliance will be monitored by the Transport Service Assurance Team for the duration of the proposed agreements.

7.4 There are no foreseeable crime and disorder implications to this proposal.

Andy Ekinsmyth

Head of Transport and Network Operations

Contact Officer:

Bill Leath (Transport Co-ordination Manager) 033 022 25438

Appendices

None

Background papers

None