

NORTH LINCOLNSHIRE COUNCIL

**HIGHWAYS AND NEIGHBOURHOODS CABINET MEMBER
AND
FINANCE, PROCUREMENT & IT CABINET MEMBER**

**PUBLIC TRANSPORT:
PROPOSED CHANGE TO PROCUREMENT METHOD**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To approve a different way of procuring local bus and school bus services.
- 1.2 The new method will bring a quicker and simpler process for bus companies and for the council.
- 1.3. This report does not authorise any spending. However, the Director of Infrastructure Services must approve, in consultation with the Cabinet Member, contracts let under the new system. This is due to the value of these contracts.

2. BACKGROUND INFORMATION

- 2.1 The council procures buses for two main purposes:
 - Subsidised local bus services; and
 - “Mainstream” school contract services.
- 2.2 Because of the value of work, we usually use the European Union (EU) “open” procedure. This requires us to assess quality and price for each batch of tenders. This is long-winded and repetitive.
- 2.3 We can now use an alternative method called the dynamic purchasing system. (DPS). This allows an operator to apply once for admission to the DPS list. (This is known as an “indicative tender”). If the operator passes defined quality tests, they can then tender a price for any work offered during the life of the DPS. We will choose the successful bid on the basis of the lowest compliant tender received.
- 2.4 It is proposed to run a DPS from mid 2011 until 31 December 2013.

3. **OPTIONS FOR CONSIDERATION**

3.1 **Option 1:** Retain the present method.

3.2 **Option 2:** Move to a DPS.

4. **ANALYSIS OF OPTIONS**

4.1 The DPS has several advantages, as set out below.

- Operators save time and effort by completing the quality questionnaire once rather than for every batch of contracts. This may encourage companies to bid for work in North Lincolnshire.
- The council saves time by assessing quality issues once when the operator seeks to join the DPS, rather than for every batch of contracts.
- It will cut the length of time needed for each tender, allowing us to react more quickly to changes.
- Operators may apply to join the DPS at any time during its life.

4.2 We do not see any advantage in keeping the present method.

5. **RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 **Financial**

5.1.1 It is estimated that the value of contracts awarded during the life of the DPS will be over £3m. However, approval of the system itself does not commit the council to any spending. We will follow the council's Contract Procedure Regulations when awarding any tender or batch of tenders.

5.2 **IT**

5.2.1 We will continue to use the council's electronic Supplier and Contract Management System (SCMS) to handle all tenders. We may use e-auctions for some contracts.

5.3 There are no property or staffing implications associated with this report.

6. **OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)**

6.1 The DPS method complies with the council's Contract Procedure Regulations and EU procurement rules.

6.2 There are no other implications associated with this report.

7. **OUTCOMES OF CONSULTATION**

7.1 Bus operators were invited to give their views on this proposal. No objections were forthcoming.

8. **RECOMMENDATIONS**

8.1 That the Cabinet Member approves the use of a dynamic procurement system for local bus and home to school bus services.

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Background Papers used in the preparation of this report:

North Lincolnshire Council Contract Procedure Regulations.