



<b>Procurement Strategy:</b>	<b>Taxis and Passenger Transport Services</b>
<b>CPU Ref:</b>	<b>1694</b>
<b>Client lead:</b>	<b>Norman England, Dave Halstead, Linda Sellars</b>
<b>Procurement Lead:</b>	<b>Rosalie Parkin &amp; Monika Andrejewska</b>
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## **1. INTRODUCTION**

### **1.1 Purpose**

This document sets out the preferred procurement route for the supply of Taxis and Passenger Transport, following consideration of all of the options, and their relative benefits. The strategy is based on the stakeholder meetings with social care and transport teams, spend data, and market developments (including guidance from the LGA).

### **1.2 Objectives of the procurement**

- **Compliant** procurement procedure in line with the Public Contract Regulations 2015
- **Flexibility** to add providers throughout the life of the contract (permitted by the DPS procedure)
- **Stronger contract management** and contractual terms to help manage both costs and contractor performance throughout the life of the contract
- Taxis and Passenger Transport is the largest sub-category of spend within the Neighbourhood Services directorate and as such, has been identified as a key area for **potential savings**.

## **2. MARKET ANALYSIS**

### **2.1 Current supply**

The current arrangements are awarded via spot contracting rather than a formal tender process run via the Council's eTendering system. Whilst the selection process followed is largely effective and compliant, it does not fully meet the requirement of the Council's contract procedure rules or the Public Contract Regulations (PCR) 2015 (as the current annual spend of £2.5m significantly exceeds the OJEU threshold). Therefore, a formal OJEU tender exercise must take place to rectify this going forward and prevent any risk of legal challenge to the Council.

Previously a framework contract was not attractive to the service area due to the inflexibility of updating this with new providers throughout the contract term. However, a new procurement vehicle introduced by PCR 2015 called Dynamic Purchasing System (DPS) which largely resembles a framework

agreement but resolves this issue (as new suppliers can apply to join the DPS at any time whilst the contract is live).

## 2.2 Supply market capability, capacity and competition

- Dynamics
  - Large market with over 30 local providers
  - All providers have been invited to a supplier engagement event to ensure maximum engagement with (and understanding from) the market
  - Within this market, there are two main local competitors identified as DG and NG11 cars.

## 2.3. Duration of contract

The contract period is for three years with a potential extension for a further year. Whilst a DPS can be set up for a longer period than four years, consideration has been given to a potential opportunity to collaborate with the County Council in the future and align requirements to achieve further savings.

## 3. SAVINGS ANALYSIS

### 3.1 Estimated contract value

Estimated contract value for Nottingham City Council is £2.5m per annum, which totals £10m over the total length of the contract.

### 3.2 Estimated savings/efficiencies

Potential savings/efficiencies will be driven out of this contract via the following methodologies:

- Price Reductions are estimated to be achieved via:
  - Competitive tendering via eAuction under the DPS (not compulsory so we may or may not use this functionality depending upon results achieved under each further competition)
  - Specification revision to remove any unnecessary ‘gold standard’ requirements, whilst still meeting social care standards for safeguarding etc
  - Providing the opportunity for suppliers to bid for school routes over multiple years (rather than just one) should enable keener pricing as our commitment is extended.
  - Strategic timetable of further competitions (FC’s) to allow unsuccessful bidders to sharpen their pencil for subsequent FC’s if unsuccessful on the first (and so on)

## 4. PROCUREMENT STRATEGY

**4.1 Procurement options appraisal** - As the Council need agreements with multiple suppliers for the provision of Taxi Services to ensure resilience, the procurement options are outlined below:

Option	Value for Money	Compliance	Speed	Flexibility
Do nothing	Limited value for money as current arrangements do not use eAuctions or have 3 year contracts	Least compliant option as does not meet requirements of PCR 2015	Quickest option as no action required	Flexible as not following procedures
Framework	Ability to further compete	Compliant	Minimum 30	Limited Flexibility as

Agreement	under a framework, use eAuctions and compete for multiple year contracts to provide best value	with PCR 2015	days to advertise Framework tender	once awarded no new entrants to the market can join
DPS	Ability to further compete under a DPS, use eAuctions and compete for multiple year contracts to provide best value. The ability to allow new entrants onto the DPS continuously and compete in further competitions throughout the life of the contract ensures suppliers do not get complacent.	Compliant with PCR 2015. LGA guidance on DPS usage recommends the taxi market as an ideal category in which to operate a DPS	Minimum 30 days to advertise DPS tender, then 10 days notice to run further competitions (unless exceptions are pre-agreed – <i>for instance ad hoc work would not be subject to the 10 day response period due to the nature of the work</i> )	Maximum flexibility as new entrants to the market can join at any time whilst the DPS is live. This is particularly helpful in terms of the changes that are likely to take place with the forthcoming clean air zone which may bring new suppliers into the market (or conversely remove old ones). Therefore the ability to ‘refresh’ our suppliers during the contract term without conducting a new procurement from scratch will help to future proof the contract and give it longevity.

#### 4.2 Recommended procurement route to market

**We recommend conducting a tender exercise to set up a DPS as this provides the best combination of compliance, value for money, speed and flexibility, as outlined above.**

In addition, the Local Government Association (LGA) provides guidance on DPS and recommends Taxi services as an ideal category for a DPS. This is supported by other Local Authorities setting up their own DPS agreements for taxi services (Nottinghamshire, Salford, Sheffield and Cardiff are the most recent examples) and making savings of up to £500k per annum.

The DPS will be divided into two lots – one for ad hoc work and one for routine jobs such as school routes, and tenderers may bid for both lots.

#### 4.3 Advertisement

The contract opportunity will be advertised via:

- Official Journal of the European Union (OJEU)
- Due North / Proactis eTendering system
- Contracts Finder