



Doncaster Council

Report

Date: 9th March 2022

To the Cabinet Member for Highways, Infrastructure and Enforcement

PROCUREMENT REPORT - HIGHWAYS DYNAMIC PURCHASING SYSTEM 2022-2027

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Cllr Joe Blackham	All	Yes/No

EXECUTIVE SUMMARY

1. This report seeks approval for the procurement and award of a Highways Dynamic Purchasing System (DPS) contract over a 5 years period to allow for a more efficient and effective methodology for awarding highways associated contracts due to increasing project numbers.

EXEMPT REPORT

2. This report is not exempt

RECOMMENDATIONS

3. To seek authorisation to develop and subsequently procure an overarching Highways Dynamic Purchasing System (DPS) to run for 5 years, initial term 2 years with subsequent yearly contract break clauses.
4. To delegate the authority to award the overarching DPS and subsequent call off contracts for highways works, after the relevant approvals and planning to commence specific highways projects, to the Director of Economy and Environment for the contract period, 2022-2027.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. Having an efficient mechanism to award packages ensures that highways works can be delivered quickly and in accordance with the programme

timescales. It will ensure that budgets are spent effectively and highways improvements delivered to a high quality.

BACKGROUND

6. A DPS agreement is a Public Contract Regulations 2015 (PCR2015) compliant route to market commonly used for multi contractor agreements, establishing long-term relationships with contractors to deliver works as an approved contractor for the contracting authority.
7. Contractors apply to be on a DPS by completing a Supplier Questionnaire along with providing further information to ensure a certain standard that is value for money. The selection criteria will be established prior to the Invitation to Tender (ITT) stage of the procurement project and available to view by interested parties within the ITT. A key advantage of a DPS versus a traditional closed framework agreement is that contractors can apply to be on the DPS throughout the lifetime of the agreement; this enables new entrants to the market to apply along with any contractors that may have missed an initial tender opportunity.
8. Further competitions are completed for every highways project with contractors that sit on the DPS, this ensures value for money. A further competition process is quicker than a full tender exercise as the due diligence and other qualitative/technical factors have been assessed when the contractor applies to be on the DPS. The Highways Team will manage membership to the DPS and assess applications in accordance with a prescribed framework that will form part of the invitation to tender.
9. In recent years, the highways programme of works has increased significantly. Increased funding is regional and national, this is putting pressure on the supply chains, and a new approach is needed.
10. Currently highways works are procured in compliance with the council's Contract Procedure Rules (CPR's) on an ad-hoc contract-by-contract basis. This procurement methodology can be time consuming for both the council and the contractor(s), inefficient and does not help shape the market as no pipeline and financial transparency on the whole programme is published. It is becoming increasingly difficult to engage contractors on these works due to the low values of each contract and the increasing funding both regionally and nationally which is saturating the supply chain.
11. Early market engagement is planned with the sector; this will be delivered to help form the DPS i.e. lots by value and/or location in the borough. Having valued lots, that are restricted, will help encourage local small and medium enterprises (SME's) to bid for works that previously they could have been excluded from by larger contractors. It will also help encourage local contractors to bid for works they may not have done so previously, many working as sub-contractors to the larger contractors.
12. The initial lotting structure opposed is detailed in the table:

LOT	Description	Contract Values thresholds awarded under this LOT	Total Spend (£) over 5 years (estimated)
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1	Minor Highway Construction Schemes & Associated Works	£15k > £25k	£5m
2	Road Resurfacing Schemes & Highway Re-construction Works	£25k > £300k	£50m
3	Road Resurfacing Schemes & Highway Re-construction Works	£300k > £4.1m	£25m
4	Public Realm & Civil Engineering Works	£25k > £4.1m	£50m
5	Public Realm & Highway Street Lighting Works	£25k > £4.1m	£25m

13. Setting up a DPS will help the council deliver social value outputs through giving longer-term commitments to contractors and enabling them to deliver social value performance indicators that will be integrated into the contract. Please see **Appendix 1 Social Value Procurement Policy v2**

OPTIONS CONSIDERED

14. **Use the in-house workforce for the whole** programme – discounted due to capacity issues. In-house resource will continue to be used as a first option in all instances
15. **Do nothing and continue to procure works ad-hoc** – discounted due to the benefits associated with setting up a DPS, and the increased efficiency needed to award contracts due to increased demand.
16. **Utilise third party framework agreements, set up by procurement consortia** – discounted due to the need to ensure the attraction of local contractors and the fees charged

REASONS FOR RECOMMENDED OPTION

17. To efficiently deliver highways works within the timescales set. Having an overarching DPS for highways works will give assurance to the market, help increase availability of the supply chain, improve contract management practices and increase the efficiency of the award of various packages of works.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

18.

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>Putting in place a long-term Highways DPS Contract will help promote social value including local spend and work for local people.</p>

	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	<p>Having a DPS will ensure quality delivery through consistent standards to improve the Highways across the borough.</p>
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	<p>Social value delivered through contracting will promote learning opportunities.</p>
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and 	<p>A Highways DPS will promote efficient use of resources and build market resilience.</p>

	self-reliance by connecting community assets and strengths <ul style="list-style-type: none"> • Working with our partners and residents to provide effective leadership and governance 	
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RISKS AND ASSUMPTIONS

19. All risks associated with contracting will be mitigated through effective procurement and contracting practices adopted through the establishment of the DPS.

LEGAL IMPLICATIONS [Officer Initials SRF Date 18.01.22]

20. The Highways Act 1980 (section 41) imposes a duty upon the Highway Authority to maintain the adopted highway network in such a way so as to ensure the safe passage of all.
- The DPS is a procurement method which is compliant with Contract Procedure Rules and other regulations and enables the Council to quickly competent contractors to provide individual packages of work. The establishment of the DPS will require Legal and Procurement advice and the managing service must ensure that they have a full understanding of the processes put in place to ensure that the appointment of contractors is carried out correctly going forward.

FINANCIAL IMPLICATIONS [Officer Initials...JC/AB..... Date...07/01/22.]

21. The DPS system will be operated through the existing E Tendering system used by the Council so will need no upfront investment and no additional costs will be incurred. Any training required will be delivered internally by the procurement team.
22. Highways will manage the membership to the DPS system. Whilst it is being implemented there may be an impact on productivity but in the longer run productivity should improve.
23. The selection criteria used to identify who can join the DPS will need to be considered to ensure work procured is of the correct standard and value for money.
24. Once the DPS is implemented it could lead to greater efficiency and value for money, consideration should be made of if/how this can be tracked and whether it generates any savings.

HUMAN RESOURCES IMPLICATIONS [Officer Initials DK Date 20/12/21]

25. There are no direct HR Imps in relation to this report, but if in future staff are affected or additional specialist resources are required then further consultation will need to take place with HR.

TECHNOLOGY IMPLICATIONS [Officer Initials..... PW Date...20/12/21]

26. There are no technology implications in relation to this report.

HEALTH IMPLICATIONS [Officer Initials... RS....Date22/12/2021]

27. The main health impact of this Dynamic Purchasing System are linked to the delivery of social value.
28. Monitoring the impact of the DPS will provide assurance for decision makers on social value.

EQUALITY IMPLICATIONS [Officer Initials HW Date...1/11/21.....]

29. All contracting activity takes equality and diversity into account as part of the procurement process.

CONSULTATION

30. Consultation with the Highways, Major Projects and Procurement Teams.
31. Consultation with the Portfolio holder for Highways, Infrastructure and Enforcement.

BACKGROUND PAPERS

32. n/a

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

Break Clause – A terms in a contract that allows early termination of the contract before the default end date

Call-off Contract – Individual contracts awarded under an overarching framework or similar agreement.

CPR's – Contract Procedure Rules, part of the Council's Constitution

DPS – Dynamic Purchasing System

PCR2015 – Public Contract Regulations 2015

SME – Small, Medium sized Enterprises

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