



Title of report: Passenger Transport: Extension to the Dynamic Purchasing System (formerly known as Home to School and Public Transport: Extension to the Dynamic Purchasing System)

Decision maker: Cabinet Member – Transport and Infrastructure

Decision date: 12 February 2026

Report by: Head of Transport and Access Services

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

That the Cabinet Member for Transport and Infrastructure agree to extend the current Passenger Transport Dynamic Purchasing System (DPS) for Home to School, SEND and commercial transport

services from its current expiry of 10 June 2026 to 10 December 2027, with a view to developing a new procurement and contract under the new Procurement Act 2023 for transport services.

Recommendation(s)

That:

- a) Cabinet Member approves the extension for the current Passenger Transport DPS for Home to School, SEND and commercial transport services from its current expiry of 10 June 2026 to 10 December 2027; and
- b) Cabinet Member delegates authority to the Corporate Director, of Economy and Environment to take other necessary actions, including but not limited to entering into contracts or other legal agreements, as required to implement the decision.

Alternative options

1. The option not to extend the DPS and end the arrangement in June 2026, was not considered an appropriate option. Establishing a new procurement process/framework of this scale requires significant time, and under the new Procurement Act legislation 2023 we must fully assess all options available to develop an effective model.
2. Continuing with the current DPS is the most suitable interim option. It supports operating teams in meeting statutory transport requests quickly while ensuring passenger needs and best value. This short-term approach of extending the DPS provides the best value for money whilst strategic planning and development work is completed to tackle the growing demand and cost pressures of passenger transport. We will continue to use the DPS to drive a competitive marketplace, along with quality of service for passengers, delivering best value possible. With around 100 approved suppliers, the framework maintains market competition and broad operator coverage.
3. We will collaborate with procurement and legal colleagues to review available options and their suitability for different contract types (regular, ad-hoc, above and below threshold). An options appraisal will inform the future business case, alongside supplier engagement. This will be taken through the relevant decision process to seek agreement.

Key considerations

4. Herefordshire Council has used a Dynamic Purchasing System (DPS) for passenger transport since 2018, following its approval 26 October 2017. The Council's DPS replaced a traditional framework to provide greater flexibility, allowing suppliers to join at any time and streamlining call-off processes. The DPS allows new suppliers to join any time, critical in a fragile market where operators frequently enter and exit. Passenger transport services are being delivered daily by suppliers by way of over 400 contracts awarded under the DPS.
5. The DPS enables rapid response to statutory transport needs and ensures best value. Running separate tenders for each contract would be impractical given the volume and complexity of the services. The dynamism of the DPS enables the Council to mobilise on a daily basis in response to constant issues and challenges amongst SEN transport needs.
6. New public procurement legislation (the Procurement Act 2023) is now in effect as of 24 February 2025. Under its transitional provisions, existing dynamic purchasing systems procured under the Public Contracts Regulations 2015 (PCR) must be extended by 23 February 2026 and end by February 2029 at the latest. The value and complexity of any new agreement coupled with a lack of suitable precedents for similar agreements under the Procurement Act 2023 suggest that the process to procure a new agreement will take a

considerable amount of Council time and resource. It is therefore proposed that the current DPS is extended to:

- allow the Council sufficient time to procure a new agreement;
- ensure continuity while we assess the new legislation's implications and determine the best future approach;
- ensure the Council are clear on what we need to procure; and
- implement any new processes with clear communication and training for officers and suppliers.

Community impact

7. There are no community impact implications associated with the decision. Passenger transport contracts tendered through the DPS can provide access to education, employment, health services and leisure/recreational activities which can all have a positive impact on health and well-being and reduce social isolation. Extending the DPS will allow continuity of service and avoids disruption to statutory transport and supports local businesses to enable local taxi/operator participation.
8. All other aspects of service delivery including health and safety and duty of care for transported clients will continue to be assured through standard contract terms and individual work specifications.

Environmental impact

9. This decision has no direct climate change implications. However, tendering public transport contracts through the DPS supports alternatives to car travel, which could help reduce carbon emissions by increasing bus patronage. New suppliers can join anytime, enabling quicker uptake of innovative, eco-friendly transport solutions.

Equality duty

10. Due to the potential impact of this activity being low, a full Equality Impact Assessment is not required.
11. Passenger transport contracts under the DPS will continue to be tendered as before, allowing Transport Officers to specify requirements essential for meeting individual passenger needs. This decision does not alter the DPS, and no further implications have been identified.

Resource implications

12. There is no human resource implication associated with this decision, it will enable business as usual activity to continue.
13. The council spends between £13m - £16m through the DPS every year. Continuing with the DPS maximises supplier reach, driving competition and ensuring tenders deliver best value. While contract costs vary by requirement, the DPS supports cost-effective awards, and extending it is not expected to increase prices. There are no additional costs associated with the extension.

Legal implications

14. The Council has a variety of powers and duties under the Transport Act 1985, the Education Act 1996 and the Care Act 2014 to provide passenger transport services and meet the needs of its constituents. The proposed extension of the DPS will go some way to meeting these powers and duties.
15. The variation of the DPS is facilitated by the Local Government (Contracts) Act 1997.
16. The Procurement Act 2023 (Commencement No. 3 and Transitional and Saving Provisions) Regulations 2024 (as amended) (the Procurement Act Transition Regulations 2024) provide that PCR will continue to apply to DPSs procured under PCR provided that the period of validity of the DPS under reg 34 PCR is changed before 24 February 2026 and that the period of validity does not run beyond 22 February 2029.
17. Reg 34(28) PCR provides a contracting authority must submit a notice for publication on the UK e-notification where the period of validity of a DPS is being changed.
18. The Council must ensure that any variation to the DPS (including extension) complies with reg 18(1) PCR by treating economic operators equally, without discrimination and by acting in a transparent and proportionate manner.
19. The Council must also ensure that the DPS period is validly extended before 24 February 2026.

Risk management

Risk / opportunity	Mitigation
Compliance Risk - Future procurement legislation may impose restrictions or deadlines that affect DPS validity.	Monitor Procurement Act guidance; set internal review checkpoints during the extension.
Market Stagnation - Existing suppliers may dominate, reducing innovation or competitive pricing.	During the extension period, continue onboarding new suppliers and run engagement sessions to maintain competition.
Operational Delay - Extension could delay planning for a new procurement model, creating time pressure later.	Use extension period to complete options appraisal and draft future procurement strategy.
Supplier Uncertainty - Suppliers may be unclear about long-term arrangements, impacting engagement.	Communicate clearly about extension and future plans; publish FAQs and timelines. Hold sessions to attract more contractors and explain new system.
Supplier Uncertainty - Suppliers don't understand why the extension matters or what changes in the variation.	Document rationale for extension (continuity, statutory obligations) and share with stakeholders. Purpose of extension, what's changed/not changed, key dates, actions required, who to contact.
Reputational Risk - Perception that the Council is not progressing toward modern procurement methods.	Publish a formal deadline and consequence (e.g., temporary suspension from call offs until variation is signed).
Legal & Compliance - Suppliers fail to execute the contract variation by the deadline.	Enable e signature (DocuSign/Adobe Sign) and provide a one page "how to sign" guide. After T+7 days overdue, trigger an escalation email to the supplier's director; after T+14, flag for removal from future competitions until resolved.
	Identify Priority A routes and their current suppliers; create a replacement pool of pre-approved operators.

Administrative Burden - High volume of variation tracking overwhelms team, delays in status updates.	Use a single live tracker (SharePoint/Excel) with fields: supplier, contact, sent date, opened, signed, overdue tier, next action, owner.
	Set a deadline for supplier responses and internal updates.
	Standardise email reminders to reduce manual effort.
	Send in daily batches to smooth inbound queries and signatures.

Disengagement or Exit of Suppliers - Some suppliers choose not to extend (commercial strategy change, capacity, fleet changes). Reducing supplier base in specific geographies or vehicle types.	Capture reasons; identify gaps (e.g., accessible vehicles) and run a targeted recruitment drive for those capabilities.
	Offer smaller packages to attract new entrants and community operators.

20. The Risks associated with the extension of the Passenger Transport Dynamic Purchasing System have been reviewed and are considered appropriate and propionate to the nature of the procurement. These risks are being managed in accordance Herefordshire Council's risk management strategy. Ongoing oversight will be maintained through established contract and performance management processes to ensure that any emerging risks are identified, escalated, and mitigated in a timely manner.

Consultees

21. Political groups have been notified by email. Wider consultation is taking place on the decision to procure the new framework.

Appendices

None.

Background papers

None identified.