

**Report for:** July Cabinet

**Title:** Extension of a Dynamic Purchasing System for Residential and Nursing categories

**Report authorised by:** Charlotte Pomery Assistant Director Commissioning

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**Ward(s) affected:** All

**Report for Key/  
Non Key Decision:** Key Decision

**1. Describe the issue under consideration**

- 1.1. To extend the Dynamic Purchasing System (DPS) procurement sourcing tool for the provision of Residential and Nursing care requirements. The current DPS for these categories was awarded in 2017 for a period of 4 years at a value of some £19 million. The DPS will expire on 31<sup>st</sup> July 2021 with no provision for extension.
- 1.2. The proposal is to extend the DPS for Residential and Nursing categories for a period of 1 year to 31<sup>st</sup> July 2022 with provision to extend for up to a further 6 months, subject to utilisation value.
- 1.3. The DPS is available for other contracting authorities to access, to support the wider strategic approach for collaboration and obtaining parity in prices across these sectors. This will enhance the sustainability and resilience in these sectors.

**2. Cabinet Member Introduction**

- 2.1. We want residents who need residential and nursing care to have access to the widest range of provision possible to meet their needs. We are gradually understanding the impact of the Covid-19 pandemic on local communities and the local care economy and the Council is keen to support local, high quality services delivering care and support. Care providers have continued to offer critical support to local residents throughout the pandemic despite the additional challenges.
- 2.2. The Dynamic Purchasing System (DPS) is an important tool for providing local businesses, and small and medium sized enterprises (SMEs) better access to Council contracts. Extending the DPS in these categories may provide opportunities to our local companies not only to support the Council but also to extend their services to other authorities and to help support the Community Wealth Building agenda.
- 2.3. During these very challenging times in the wake of Covid 19 and its negative effect on the market, it is important that the Council maximises opportunities for local businesses in these sectors to ensure their continued survival, with minimal disruption. Many local care providers employ local residents and contribute directly

to the local economy. Effectively using the DPS as recommended in this report, will avoid the need for our suppliers to go through an elongated and protracted procurement process. I therefore fully endorse the recommendations in this report to extend the DPS in these categories.

### 3. Recommendations

- 3.1. That pursuant to Contract Standing Order 10.02.1(b) Cabinet approves the extension of the Dynamic Purchasing System for 1 year with the option to extend for 6 months for the following care provision in the values outlined below:

Care Category	Up to 18 months £	Full value over life of the DPS £
Residential	6,935,000	20,805,000
Nursing	2,565,000	7,695,000
<b>Total</b>	9,500,000	28,500,000

### 4. Reasons for decision

- 4.1. The Dynamic Purchasing System (DPS) is a supplier e-sourcing tool and a compliant route to market under the Public Contract Regulations, which enables suppliers to enrol, accredit and be approved to bid for Council contracts. The Council's overall spend for residential and nursing over the past financial year was in the region of £25,545,000 and £9,496,000 respectively (a combined value of £35,041,000) the Council already holds a DPS enterprise license through until November 2022 and would not incur any additional expenditure on licenses for this period.
- 4.2. Due to the exigencies of the Covid-19 pandemic a significant amount of additional work was generated for the commissioning team, which meant insufficient time was available to enable a tender process to renew fully the DPS for this market. Moreover, Commissioning had to rationalise work and focus on the renewal of the Home Support DPS, as well as managing the daily communications with the provider market around testing, PPE, infection control and vaccinations. Had there been sufficient resources DPS renewals could have been undertaken simultaneously.
- 4.3. The DPS provides a compliant route to market for care provision, which ensures transparency in the procurement process, equal treatment of suppliers and that the requirements of both the Public Contract Regulations 2015 and the Council's Contract Standing Orders (CSO) can be met, particularly as much of care provision is purchased on an individual basis and the Regulations do not provide for hitherto 'spot contracts'. Purchasing compliantly outside of a DPS would require either a resource intensive approach, whereby each requirement would be commissioned separately, and suppliers would go through the accreditation checks for each opportunity. This could prevent suppliers from bidding for the services and place the provision of these services at risk or we would need to establish a framework, which could exclude many local SMEs from meeting the criteria to qualify under a framework. In addition, a framework does not allow for suppliers to join at any time

and prevents new start-ups and entrants from accessing Council contracts during the term of the framework.

- 4.4. A DPS is beneficial in that it enables supply chain expansion as suppliers can join at any time during its lifetime, unlike a traditional framework where only suppliers at inception remain within it until expiry. This means that the supply chain can be renewed and replenished throughout its term, which lends itself to more competition and therefore better value for the Council and its users.
- 4.5. A DPS enables the Council, to undertake time efficient tender processes, which facilitates speed of award and service delivery. The DPS streamlines the Council's procurement/commissioning, contract administration and finance processes, which can be undertaken under the one system.
- 4.6. Importantly, extending the DPS for up to eighteen months in total will provide an opportunity for the Commissioning and Strategic Procurement teams to review their strategies going forward, and identify what sourcing and contractual arrangements options will provide access to high quality care, best value and process efficiency. Additionally, Commissioning will be able to assess the impact caused by the recent Covid pandemic, as well as update documentation to account for current circumstances, emergent need, or identified gaps in provision, for example to meet specialisms like dementia care, end of life and palliative provisions.
- 4.7. Moreover, Strategic Procurement will support the care supply chain during the extension period by holding market events to identify any issues and assist suitable economic operators to enrol, accredit and effectively use the DPS system to compliantly deliver the Council's Residential/Nursing Care requirements

## **5. Alternative options considered**

- 5.1. Do Nothing – this option would require the Council to seek alternate procurement arrangements incurring significant additional costs and resource effort to facilitate procuring over 714 placement per year, each needing the supplier to re-present accreditation requirements, that will then need to be evaluated.
- 5.2. Establish a framework for Residential and Nursing Care – this option was discounted in preference to the use of a DPS for commissioning these services. This is primarily due to the restrictions applied to the duration of a framework and the limitation of suppliers only being able to be admitted at the point of establishment of the framework. In comparison to a framework, a DPS enables an unlimited number of suppliers to join at any time; provided they meet the accreditation and enrolment criteria. The call off process from a framework is much more administratively intensive than that of a DPS.

## **6. Background Information**

- 6.1. Haringey operates the largest portfolio of DPSs within local government with an estimated spend of circa £100m p.a. and has a dedicated team that is well placed to support the Council, maximising the potential of a DPS. The Council operates several other DPSs including passenger transport, home support, semi-independent living, supported housing. In general, the Council's DPSs provide significant access to Council contracts for SMEs both locally and regionally, with

around 35 % of the spend going to Haringey located business and a further 56% p.a. going to other London based SMEs.

- 6.2. The Council currently spends around £35 million per year on residential and nursing services, although the majority of spend in this area has not gone via the DPS due to some market hesitancy in engaging with the system. Around 28.8% of expenditure in the Residential and Nursing categories is spent in borough. Looking at local spend and including the surrounding boroughs, of Enfield and Barnet this equates to 70% of spend:

<b>Borough Placements 2020/21</b>	<b>Percentage Placements p.a.</b>	<b>Expenditure £m</b>
Haringey	28.8%	9,488,000
Enfield	26.3%	7,634,000
Barnet	13.9%	4,113,000
Other	31.1%	13,807,000
<b>Total</b>	<b>100%</b>	<b>35,041,000</b>

- 6.3. The DPS has been designed to be “SME friendly” and promote local community wealth building. Suppliers can join the DPS at any time during its term, provided they meet the accreditation and enrolment criteria.
- 6.4. Each supplier must maintain their accreditation status throughout the duration of the DPS. This is monitored by the DPS team, where a supplier fails to maintain the accreditation (i.e. insurances, health, and safety certificates etc.) they are suspended until such time they have rectified the failures. The day-to-day contract management of the suppliers and the services they provide are managed within the relevant service area.
- 6.5. The Council holds an enterprise license to cover most of its DPSs; therefore, there is no additional license costs in extending these DPSs as any cost will be met by Digital Services.
- 6.6. The DPS is open for use to other boroughs; Strategic Procurement has developed a commercial offering for other LA’s to access the Council’s DPS should they wish to.

## **7. Contribution to strategic outcomes**

- 7.1. The introduction of the DPS will support a number of Corporate Priorities:
- Creating a suite of procurement tools to support development, growth, and regeneration in the borough.
  - Alignment with the Council’s Procurement Strategy.
  - Promotion of Social Value Act through the suite of contracts contained within the procurements.
  - Promotion of SME engagement across London.
  - Promoting localism and community wealth building across the borough and London.
  - use of local labour and promotion of apprenticeships.
  - Efficiency gains through the use of collaborative procurement with other local authorities and public sector organisations.

## 8. Statutory Officers Comments

### 8.1 Finance

8.1.1 The proposal is to extend the DPS for Residential and Nursing categories for a period of 12 months to July 2022 with provision to extend up to 6 months to January 2023. Listed below is the projected spend for Residential and Nursing care as well as the allocation that could potentially be sourced from the DPS system:

#### Revenue Expenditure

Residential and Nursing Care	2021/22 £m	2022/23 £m
Gross Budget	36.0	36.5
Gross Projected Expenditure	36.0	36.5
Allocated Expenditure on DPS system	4.75	4.75

8.1.2 There is sufficient annual budget to meet the allocated expenditure of £9.5m for Residential and Nursing care through the DPS over financial years 2021 - 2023. This represents an allocated spend of £9.5m for a period of 18 months to January 2023. Licensing for extending the DPS system during this period will be met from other departments and will not have a financial impact on the ASC Budget.

### 8.2 Strategic Procurement

8.2.1 The services to be procured are within the remit of Schedule 3 of the Public Contract Regulations 2015 ("The Regulations"). The DPS itself was set up in accordance with Regulation 34 of the Public Contracts Regulation and an appropriate advert was published in the Official Journal of the European Union as required.

8.2.2 The recommendation to extend the DPS to support a compliant and efficient route to market is supported by Strategic Procurement and is in line with the Regulations, which permits extension; which a diligent Authority could not have foreseen. In this case due to the COVID pandemic and the significant additional work pressures on Commissioning to manage that alongside business as usual which meant a paucity of available resources to carry out tender process to renew this DPS. And that the extension should not exceed 50% of the original value, as per Regulation 72.1 (c). The request is also in line with Council Contract Standing Orders CSO 10.02.1(b), and the Procurement Code of Practice.

8.2.3 The DPS license will expire in November 2022 and there may well be a cost implication risk post this date, which SP is unable to indicate at this time.

8.2.4 Strategic Procurement recognise the challenges within these markets of fully utilising the DPS and will work with the markets and service area to establish a longer-term compliant sourcing strategy over the coming months.

### **8.3 Legal**

8.3.1 The Head of Legal and Governance has been consulted in the preparation of the report.

8.3.2 The extension of the Dynamic Purchasing System ("DPS") which the report relates to is in accordance with Regulation 72(1)(c) of the Public Contracts Regulations 2015 as the need for the extension has been brought about by circumstances which a diligent contracting authority could not have foreseen. The extension does not alter the overall nature of the DPS and any increase in value will not exceed 50% of the value of the original DPS.

8.3.3 Pursuant to Contract Standing Order 10.02.1(b) Cabinet has authority to approve the extension of the DPS.

8.3.4 The Head of Legal and Governance sees no legal reasons preventing Cabinet from approving the recommendations in the report.

### **8.4 Equality**

8.4. The Council has a Public Sector Equality Duty under the Equality Act 2010 (the Act) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

8.2. The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/fait, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

8.3. The proposed decision is to renew the DPS procurement e-sourcing tool for the provision of the residential and nursing requirements for a further two years. It is also proposed that the DPS should be opened for other contracting authorities to use. This would have the benefit of allowing local suppliers to contract with authorities outside of the borough, expanding the local supply chain, enhancing competition, and facilitating the delivery of high-quality care for residents accessing these services, among whom older and/or disabled people are likely to be overrepresented. The proposed decision will therefore have a positive impact in meeting the needs of these individuals, and therefore represent a measure to safeguard and promote their interests and advance equality of opportunity for them.

### **9. Use of Appendices**

Not applicable

### **10. Local Government (Access to Information) Act 1985**