

RE-PROCUREMENT AND RENEWAL OF SCHOOL TRANSPORT CONTRACTS

Transport and Allowances



PLYMOUTH
CITY COUNCIL

I. EXECUTIVE SUMMARY

The report recommends that the Local Authority adopt an internally managed Open Framework as the procurement route for all contracted Home to School Transport services. This would include Social Care transport, commissioned through the Home to School transport department, for the next eight years.

This change is essential due to the expiry of the existing Dynamic Purchasing System (DPS).

An interim arrangement will operate from January 2026 to August 2027. On approval of the Open Framework approach, we will be able to progress with the design, development, and implementation of the Framework, enabling approved Suppliers to participate in procurements for individual routes, with all current routes expected to transition by August 2027. Home to School Transport services will continue without interruption during this period. Students' access to school will not be affected.

2. BACKGROUND

The current DPS has been in place since January 2016. This enabled open market competition, ensuring competitive pricing and preventing monopolies. This approach has supported to minimise cost increases and has allowed new companies to join at any time, thus promoting competitive pricing and supporting local businesses.

The DPS expired on the 3rd of January 2026. Under the Procurement Act 2023, there is no direct replacement for the DPS model. The Home to School Transport contracts are currently working under an interim arrangement ensuring all Home to School transport routes remain operational. Tendering arrangements also remain in place for new routes to secure the operational requirements of the service.

The DPS was a procurement system that allows suppliers to join at any time to form pre-qualified contractors for purchasing goods, services, or works, providing ongoing access to competitive quotes and up-to-date contract opportunities. It offered flexibility to tender routes where needed instead of the more traditional methods of procurement, whilst ensuring all standards were maintained to the terms and conditions of service.

Prior to the DPS, the previous framework only had four operators and did not allow for the addition of new contractors to the framework until its expiry or early termination, limiting opportunities for savings and retendering when required. This created a closed market with limited competition increasing prices at the time.

3. PROPOSED CHANGES AND REASONS

It is recommended that the Local Authority adopts an internally managed Open Framework as the procurement method for all contracted Home to School Transport services for the next eight years. This approach builds on the previous Dynamic Purchasing System model, providing the most robust balance of cost efficiency, operational efficiency, supplier flexibility, long-term resilience, and compliance with the Procurement Act 2023. It also removes the need for repeated due-diligence exercises required by Contract Standing Orders, as suppliers are vetted once at framework admission. Through scheduled reopenings, the Local Authority can maintain

competitive tension and support local market development, while mini-competitions ensure competitive pricing and quality standards throughout the term.

4. ALTERNATIVE OPTIONS

- **Do nothing**

This would mean that Plymouth would not fulfill the statutory obligation to provide Home-to-School Transport

Strategic Options (Approach to procuring and managing all contracted routes)

- **Traditional Closed Framework**

A Traditional Closed Framework is created for a fixed period, typically four years, with no route for admitting new suppliers once the framework is awarded. All due-diligence takes place at the outset, and subsequent route awards are competed only among the suppliers initially appointed.

How it Works:

Suppliers apply once at the start of the process, and those judged to meet the necessary standards are appointed to the fixed supplier list for the life of the framework. All route-level competitions are then carried out within this limited pool of suppliers until the framework expires. Once the term concludes, the Local Authority must undertake a new framework procurement.

Advantages:

A closed framework is straightforward to manage once in place because all supplier checks and documentation are completed at the outset. The model also provides predictable pricing and a stable supplier base during its four-year term, which can make contract administration easier.

Disadvantages:

The inability to add new supplier's mid-term means competition weakens as the framework ages. If suppliers leave the market or reduce capacity, resilience is diminished and route coverage becomes more difficult. The shorter four-year term also means the Authority must carry out more frequent re-procurements, increasing administrative and operational costs.

Value for Money Considerations:

Value for money is strongest early in the framework's life but gradually reduces as competition erodes. Additionally, the Local Authority must procure a new framework more often, overall administrative costs increase compared to longer-term, more flexible options.

- **Outsourced Open Framework**

Under a fully outsourced model, the Local Authority commissions an external organisation to design, establish, operate, and continuously manage the entire Open Framework for Home to School Transport on its behalf. The third party becomes responsible for all framework governance activities over the term, including market engagement, drafting and maintaining the framework documentation, onboarding and re-admitting suppliers at scheduled re-opening

points, verifying supplier legal, financial and technical credentials, setting and updating standard contract terms, and administering all route-level call-off competitions, direct awards and Contractual awards. Day-to-day interactions with suppliers, performance monitoring methodologies, KPI dashboards, and issue resolution processes are owned and delivered by the outsourced provider, with the Authority retaining a client role focused on strategic oversight, policy direction, and assurance.

How it Works:

The Local Authority first undertakes a competitive procurement to appoint the outsourced framework operator for the full framework term. Following award, the operator conducts market engagement and establishes the Open Framework, including all entry criteria, compliance checks, and standard terms. Suppliers apply directly to the operator for admission; those passing due diligence are placed onto the framework. When transport requirements arise, the operator runs route or package-level mini-competitions, evaluates bids against pre-agreed criteria, makes award recommendations, and issues call-off documentation under delegated authority or for Authority sign-off, depending on the governance model agreed in the appointment contract. The operator is also responsible for supplier performance monitoring, KPI reporting, rectification plans, and contract variations, and for delivering scheduled re-openings to refresh the supplier base, while the Authority receives periodic assurance reports and conducts proportionate audits to confirm probity and compliance.

Advantages:

A fully outsourced approach can significantly reduce internal workload during both set-up and steady-state operations, since the external provider supplies specialist framework, governance and transport procurement expertise and runs the end-to-end process at scale. The model can accelerate market engagement and supplier onboarding if the provider has an established network and tested processes, potentially broadening participation, including SMEs. The Authority benefits from standardised documentation, mature systems for supplier due diligence and performance management, and the continuity of a dedicated delivery team focused entirely on running the framework.

Disadvantages:

The model requires a separate procurement to appoint the outsourced operator, which introduces additional time and cost before any benefits are realised. It also embeds ongoing management fees for the duration of the framework and creates a structural dependency on a third party for a core statutory enabling function. There is an inherent risk of misalignment between the provider's commercial drivers and the Authority's service outcomes, particularly around local social value priorities, market development choices, and nuanced operational decisions (for example, balancing SEN route complexity with broader network efficiency). The Local Authority's direct control over call-off design, evaluation nuances, and supplier development can be diminished, and changes to process or documentation may require contractual change control with the provider, slowing responsiveness. Knowledge and data may sit primarily with the provider's systems, increasing exit and transition risk at contract end.

Value for Money Considerations:

While outsourcing can substitute some internal costs with external capability, the provider's fees and the preliminary competition to appoint them reduce net financial benefit against an internally managed Open Framework. Any efficiency gains from specialist processes must outweigh management fees, profit margins, and contract administration overheads to deliver better value in aggregate; in practice, for a portfolio of predominantly sub-£50k routes, those

gains are unlikely to exceed the cost of outsourcing. Moreover, the additional procurement step defers the point at which the Authority can begin calling off under the framework, delaying savings and operational improvements. Over the medium term, reduced agility and the cost of change controls can further erode value, especially where frequent adjustments to route packaging, evaluation approach, or KPI sets are needed to optimise outcomes.

Operational Options (Approach to Procuring Individual Routes)

- **Single Supplier Contract**

A Single Supplier Contract involves procuring all Home to School Transport routes under one consolidated contract awarded to a single provider.

How it Works:

Following a single competitive tender process, the Local Authority would award a contract to one supplier who would then deliver all contracted Home to School transport services. All route planning, operations and performance management would be carried out under this sole contractual relationship.

Advantages:

This approach simplifies contract management, performance monitoring, and communication because there is only one supplier to oversee. It can also offer economies of scale if the successful supplier has significant capacity and can deliver the service efficiently.

Disadvantages:

Awarding all routes to a single supplier creates a high-risk dependency, meaning any disruption or performance issue would affect the entire service. Competitive pressure declines once the contract is awarded, reducing incentives for continued innovation or cost efficiency. The model is also inflexible in adjusting to changes in demand or route requirements.

Value for Money Considerations:

Although initial bid prices may be competitive, long-term value is weakened by reduced competition, increased risk exposure, and the lack of flexibility to adjust service models cost-effectively.

- **Multiple Supplier Contract (Lotted Approach)**

The lotted approach divides routes into logical groups, such as by geography or transport type, with separate procurements and contracts for each lot.

How it Works:

Each lot is subject to its own competitive process, and suppliers submit bids for the lots that match their operational capability. Successful suppliers then deliver only the routes in their awarded areas, resulting in multiple concurrent contracts for the Authority to manage.

Advantages:

This approach can encourage SME participation and enables tailored service delivery models that reflect the specific needs of different groups of routes.

Disadvantages:

Managing multiple procurements substantially increases administrative effort and demands additional contract management capacity. Service standards may vary between lots, and coordinating multiple suppliers can be challenging. Due to the specific nature of school transport in Plymouth—including the complexity of student needs and the requirement for a single contractor per school—this approach is not feasible for our local market.

Value for Money Considerations:

Although each lot may achieve good competition, the increased administrative workload and contract fragmentation reduce the overall financial benefits compared to the more streamlined Open Framework approach.

- **Multiple Spot Contracts (Route-by-Route Procurement)**

Under this approach, each route is procured individually following the Local Authority's Contract Standing Orders. Since historically most Home to School Transport routes fall under £50,000, each route requires between one and three written quotes and individual due-diligence checks.

How it Works:

For every route, the Authority must gather the required number of quotations, conduct legal, financial, and technical assessments for each prospective supplier, evaluate submissions, and issue a standalone contract. This process is repeated each time a route expires, changes, or requires replacement.

Advantages:

This approach encourages engagement with small, very local operators and enables hyper-tailored solutions for individual routes.

Disadvantages:

This is the most administratively burdensome model, as due-diligence and quotation processes must be repeated for every route, often multiple times per year. There is no mechanism to leverage economies of scale or standardise contracts, leading to inconsistent pricing and service quality. The workload is unsustainable over the eight-year period.

Value for Money Considerations:

Although individual routes may appear competitively priced, the overall cost of administering repeated procurements and due-diligence checks is high. The lack of aggregation significantly reduces strategic value for money.

5. FINANCIAL IMPLICATIONS AND RISK

The Home to School Transport service is funded entirely from revenue, with a total budget allocation of £10.958m for 2025/26. Over recent years, significant collaborative work between the service, Finance, and the SEND team has ensured robust budget monitoring and accurate forecasting of growth pressures arising from increased independent special school placements.

The forecasted annual expenditure on external transport providers for 2025/26 is £7.797m (see table below). This figure incorporates part-year costs for routes that have ceased, costs for the

current 254 operating routes transporting 1,066 pupils daily, and projected growth for the final quarter of the year.

	2022/23 Actuals	2023/24 Actuals	2024/25 Actuals	2025/26 Forecast
Fixed (minibuses)	£1.505m	£1.486m	£1.765m	£1.979m
Volatile (taxis)	£2.965m	£4.451m	£4.930m	£5.817m
Total cost	£4.470m	£5.936m	£6.696m	£7.797m
Pupils (year-end)	803	903	968	1,180
Routes (year-end)	219	262	239	280

Financial Risks

The financial impact of implementing a new Open Framework for procuring transport services cannot be fully quantified until new route contracts are awarded and operational. While no savings are anticipated, the transition is essential due to the expiry of the current Dynamic Purchasing System (DPS) in January 2026, which cannot continue under the Procurement Act 2023.

Moving to an Open Framework is critical for legal compliance, service continuity, and alignment with updated procurement legislation. It will enable competitive tendering for new transport contracts, ensuring flexibility to meet rising demand. Although no adverse budgetary impact is expected, there remains a risk of cost escalation associated with market volatility and the introduction of new procurement arrangements.

By converting to an open framework, Plymouth gains access to a broader, dynamic provider marketplace, improving cost effectiveness and innovation. However, rigorous financial control, procurement governance, and operational planning will be critical to manage cost escalation, compliance risk, and potential overhead increases.