Dynamic Purchasing System (DPS)

Impact of EU Exit on Dynamic Purchasing Systems

The UK has left the EU and as a result, the trading transition period ended at 11 p.m. on 31 December 2020.

You should continue to publish your contract notices via **Public Contract Scotland (PCS)**. However, there has been some changes on how your contract notice will be advertised and whether you use an **ESPD** or an **SPD** as follows:

If your DPS contract notice or PIN (if used as a call for competition) was published on PCS before 11 p.m. on 31 December 2020:

- Your contract notice will have been published throughout the UK via OJEU
- Suppliers (and subcontractors, where appropriate) will have been asked to complete an **ESPD**
- Any future call offs/notices/awards under this DPS will continue to be made via OJEU (as these will be linked to the original DPS contract notice raised in PCS)
- Any future call offs will require an ESPD to be completed by suppliers (and subcontractors, where appropriate)

If your DPS contract notice or PIN (if used as a call for competition) was published on PCS at or after 11 p.m. on 31 December 2020:

- Your contract notice will be published via the Find a Tender Service (FTS) throughout the UK. This will happen automatically and you should therefore raise your contract notice in **PCS** as normal.
- Suppliers (and subcontractors, where appropriate) need to complete an **SPD**
- Any DPS future call offs/notices/awards will continue to be made via FTS (as these will be automatically linked to the original DPS contract notice raised)

More information can be found in **EU Exit** and **SPPN 11/2020**

Definition of a Dynamic Purchasing System

A Dynamic Purchasing System (DPS) is an electronic system that can be established to purchase goods and services which are:

- commonly used by your Organisation, and
- readily available on the market

Using a DPS provides a simple, straightforward form of access to contracts for suppliers. When used appropriately, it is a cost effective method that can limit the need for complex tender processes and benefit both supplier and tendering organisation. The approach lends itself well to self-limiting market places where new activity is to be encouraged.

Points to Consider

The decisions on whether to use a DPS as a delivery option is one that needs careful consideration before making any formal commitment to do so. The intended benefits can be clear to list but what can be more challenging is actually quantifying these and selling the benefits to a wider audience.

DPS arrangements are best suited or targeted in areas of spend where certain elements come together, in particular a large volume of suppliers (with no recognised single or natural marketplace or connection between those suppliers) combined with a large volume of transactions.

Whilst there is no single metric on what would constitute ‘large volumes of suppliers’ or ‘large volumes of transactions’, it is reasonable to expect that if the services required are to benefit from availability of multiple suppliers then ‘large’ would be expected to be in excess of 20 suppliers. Below that number other options might provide more suitable alternatives, for example the option of setting up multiple supplier frameworks. Transaction volumes would certainly be in the hundreds and beyond per annum, with no option to consolidate the service provided and/or limit the resulting individual transactions.

The total anticipated spend is also a key factor in order to ensure that the effort involved returns the expected benefits from a DPS arrangement. Whilst there is not a defined figure in ‘what constitutes large volumes of suppliers/transactions’ equally there is no minimum spend per annum criteria. It is worth noting, however, that in the case of smaller spend the effort required to implement a DPS weighted against the intended benefits, may not represent Value for Money.

Larger spend is a major consideration to focus on when considering whether to implement a DPS, and would certainly be advisable where the implementation is the first one within an organisation.

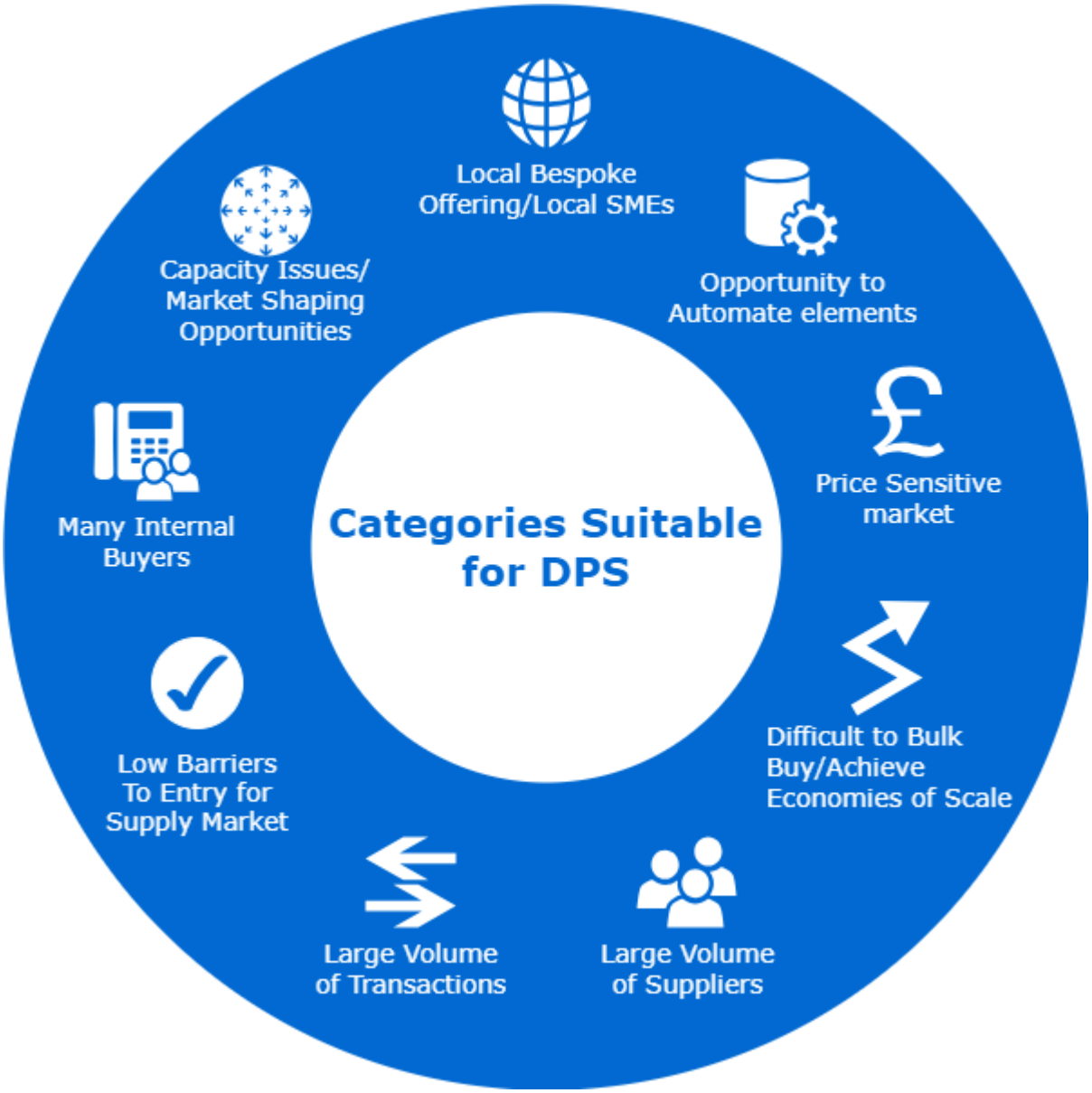
There are also other factors that need to be looked at. For example, the option of collaboration in the instance where an individual organisation does not have the accumulative spend themselves.

Other key characteristics are set out below:

Video Guide

Video Guide

Dynamic Purchasing Systems



Quickfire Guide

Quickfire Guide

DPS Benefits

- It enables new entrants into the market and ultimately inclusion onto any DPS arrangement (subject to satisfying qualification criteria) which can also offset the risk of losing suppliers.
- Suppliers can apply to join at any time once the DPS is ‘live’ or enabled, plus if they don’t match the selection criteria first time around they can re-apply if unsuccessful (unlike a closed framework arrangement).

- It increases competition through multiple suppliers bidding for opportunities, which can lead to the public sector organisation benefiting from capacity within and across those eligible suppliers on the DPS.
- It is a streamlined procurement process for buyers and suppliers, which may be helpful for new/smaller suppliers.

Checklist

Checklist

Decision Making Checklist

Suggestion	Description	Completed?
Speak to others who have set up or operate a DPS	Find out the objective views from both those who lead the project and those who have the responsibility of running a DPS. In addition, find out what their suppliers think of the arrangements.	
Engage with key stakeholders	It is important to gain support from key internal stakeholders, as selling a new idea can be challenging in some areas.	
Don't underestimate the potential challenge around cultural change	Introducing a DPS into an organisation, or to a specific service, should be viewed as a major change project. As a result, look to manage change effectively, including consideration of a project team to support this change.	

Build a robust business case	Get formal sign off and authorisation to progress. The business case should include setting out the intended benefits, risks and means of mitigations. Also, include an understanding of the qualitative and quantitative costs.	

Creation of a DPS

A DPS must be set up using the Restricted Procedure (with the caveat that you cannot limit the number of tenderers who qualify) and is open to any supplier who satisfies the selection criteria specified.

Organisations are required to communicate the period of validity of the DPS, as well as communicating any changes to it, in the relevant Contract Notice.

There are no restrictions on how long a DPS can now run for but any changes to the period of validity should be done in compliance with the **Principles of Procurement**.

The DPS must be run as a completely electronic process and the initial Contract Notice must specify the nature of the requirements and the approximate quantities or values envisaged. As with other procedures, the procurement documents should be freely available electronically from the date of the original Contract Notice and you must make these documents available electronically throughout the duration of the DPS.

It is possible for you to sub-divide the DPS into smaller categories that have been objectively defined as demonstrating common characteristics (e.g. geographical or service type). Where you exercise this option you may vary the selection criteria as

appropriate for each category. All selection criteria must be detailed in the original Contract Notice. You may wish to use a flexible approach to weighting when setting up a DPS e.g. use a % range.

Full specification information must be attached to the original Contract Notice together with any other essential documentation or information such as the electronic equipment used for the DPS, technical connection arrangements and rules regarding its operations. This information must again be provided with any subsequently published amendments to allow for immediate download by potential bidders.

There is a requirement that you allow a *minimum* time limit of 30 days from the advertisement date for receipt of requests to participate. When creating the DPS, you can only examine the content of requests to participate after the time limit for submission has expired and you must as soon as possible after reaching a decision concerning the admittance to a Dynamic Purchase System, inform each bidder of the decision reached.

Validity of the DPS

Suppliers may join the DPS at any point during its validity if they satisfy the selection requirements, and none of the grounds for exclusion apply. You are required to evaluate these requests to participate within 10 working days of receipt, this timescale can be extended to 15 working days where it is justified in individual cases, for example by the need to examine additional documentation. You can also extend this period so long as the first invitation to tender under the DPS has not been sent, and will not be sent during the extended evaluation period.

Any suppliers submitting requests to participate which meet the specified selection criteria must be allowed to join the DPS

At any time while the DPS is valid, you can request that suppliers submit an updated and renewed **Single Procurement Document (SPD)** or an **ESPD** if your notice or PIN as a call for competition was published before 11 p.m. on 31 December 2020. The supplier must submit the updated SPD (or ESPD as required) within five working days from the date the request was made.

There is no requirement to submit any form of award notice following the setting up of a DPS or when new suppliers are added to the DPS.

Awarding Contracts Under a DPS

You must invite all admitted participants to submit a tender for each specific procurement exercise conducted under the DPS. Where you have divided the DPS into sub-categories you must invite all suppliers who have been admitted to the DPS in relation to the category that corresponds with the specific procurement exercise you are conducting.

You must always use the original, advertised award criteria, although these may be “more precisely formulated” at tender stage. The contract must be awarded to the participant with the most economically advantageous tender as evaluated against the award criteria.

There is no obligation for you to undertake a standstill period, although it is recommended that you assess on a case-by-case basis whether there would be any benefit to your organisation in doing so.

You are required to publish **Contract Award Notices** for specific contracts awarded under the DPS. These must be sent for publication within 30 days of award; however, it is possible for you to group DPS contract award notices on a quarterly basis, which must be published on PCS within 30 days of the end of each quarter.

Implementation of a DPS

Following a structured and engaged approach to decision making that includes buy-in from senior stakeholders and ensuring formal authorisation of a business case should help lay firm foundations for the implementation to progress in an efficient and effective manner.

Implementation Suggestions

Run a pilot	Trial it before rolling out a DPS across a range of categories.

Adequate Resource	The resources required to get this up and running and then into business as usual may require considerable resource at the initial set-up if there are large supplier volumes but it can be less resource intensive than setting up a framework agreement. There is ongoing administration required throughout the life of the DPS.

Supplier Engagement	Engage with suppliers as early as possible. For any DPS to be successful it needs engaged and motivated suppliers, both interested in investing their time to get onto the DPS, but also once on the DPS, being involved in bidding and competing for opportunities that arise. Some specific examples of support that could be provided are: • demonstrations of the DPS technology for potential suppliers at roadshows with options to assist them in taking them through the registration process – remember, you may well be implementing a DPS in market sectors where electronic tendering is not commonplace • having a communications plan (and also making key details and information readily available, e.g. details on the qualifying factors required to be approved available on your website) • survey suppliers to find out how things are going and how things can be improved • use guides to help the supply base and help to make the setting up of the DPS sustainable • relevant ongoing engagement with suppliers once the DPS is up and running, including the opportunity for suppliers to provide feedback via six monthly or annual surveys, and sharing relevant statistics or data around how effectively the DPS is performing – likewise, ensure suppliers are kept up-to-date with changes in the process or system.