

## Appendix 3 Checklist for considering use of Dynamic Purchasing System (DPS)

**Note: 'Yes' responses would indicate that a DPS could be considered as a suitable procurement procedure.**

Key questions			Other comments
1	Is the marketplace/sector dominated by a large number of independent suppliers?	Yes No	If no, considerations should also be given to alternative options, for example frameworks. In terms of large as a guide this would be >20 suppliers
2	Is the marketplace/sector is dynamic and fluid in respect of the supply base (eg regular new entrants/suppliers exiting the market, etc)	Yes No	Where the nature of the market place is likely to see new suppliers entering the market or the desire to stimulate the market to attract new entrants, this may well be a characteristic that indicates benefit from a DPS being established.
3	Is the market suited to local/geographical supply for the services?	Yes No	Typically the more local the provision potentially the better The match for a DPS
4	Is there is no opportunity, or very limited opportunity, to otherwise shape or stimulate the marketplace?	Yes No	In terms of shaping the market/sector is it possible to do things differently? For example to set up a prime supplier model or alternative call off models?
5	Is overall annual spend significant enough to warrant setting up specific arrangements for this spend?	Yes No	Annual spend should be significant to warrant the effort to set up and manage a DPS – where anticipated spend is less than £1 million careful attention should be placed on the business case to see if a viable option (especially where DPS is not currently in place in that organisation). Also could collaboration be an option to raise the spend levels?
6	Are there lots of transactions/ordering which are not able to be dealt with differently?	Yes No	Lots of transactions or ordering can make a DPS an attractive Proposition, but consideration also needs to be made in terms of what can make the current processes more efficient. For example, can other activities be put in place, like transactions be consolidated, or bulk buy arrangements put in place?
7	Are there lots of low average unit price per transaction orders being raised?	Yes No	This should be seen as a potential characteristic to make a DPS a suitable arrangement, but note, in the case of certain services (eg care arrangements) this may see a higher individual unit price due to the nature of the service provided.
8	Would the type of services benefit from ongoing competition around price / delivery due to ongoing volatility in the market?	Yes No	The greater the market sector volatility the potentially more suited is a DPS arrangement to help drive out value for money. The volatility could be driven by numerous influencing factors including commodity/product price and/or variable numbers of suppliers.

### Footnote

**The above checklist should be used as a guide to whether setting up a DPS should be seen as a credible option. It does not require all 'yes' responses and should not detract from the need to undertake further due diligence work to prove if this is the right option to take forward.**