



SOUTH DUBLIN COUNTY COUNCIL PROCUREMENT PLAN 2015 - 2017



SOUTH DUBLIN COUNTY COUNCIL

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1. CONTEXT

1.1 Public Procurement Reform

Public procurement reform was identified as one of the key initiatives in the [Public Service Reform Plan](#) published by Government in 2011. The Office of Government Procurement (OGP) was subsequently established within the Department of Public Expenditure & Reform to centralise public sector procurement arrangements for common goods and services. The OGP have adopted a Category Council model with sixteen Category Councils, each operating as a working group to address a particular category of spend across the Public Service. These are made up of representatives from across the Public Service to ensure broad involvement, particularly from those areas with significant spend. The role of each Category Council is to develop the category management strategy including policy setting, demand management, sourcing strategy and executive decision-making on strategic sourcing initiatives, including implementation and compliance measurement.

1.2 Local Government Procurement Reform

Within the local government sector the Local Government Strategic Procurement Centre has been established to promote and co-ordinate procurement for the sector while the Local Government Operational Procurement Centre complements this by managing specific operational procurement matters within and across the sector. These reforms of public sector and local government procurement functions are aimed at delivering sustainable savings for the tax payer and contributing to the deficit reduction programme.

2. HIGH LEVEL OBJECTIVES

A number of critical high level objectives were decided upon to inform the information and actions in this Plan:

2.1 Strengthened Governance & Procurement Framework

Ensuring that a strong governance framework is prevalent is critical to procurement and this Plan ensures it is given the highest priority. To achieve this South Dublin County Council has established a Procurement Steering Group together with the appointment of a dedicated Procurement Officer and Procurement Unit to oversee and monitor the implementation of this plan. Clearly communicated procurement rules and thresholds together with training will ensure all staff are aware of and adhere to good procurement practice.

2.2 Value for Money across costs and contract performance

A critical objective of this Procurement Plan is to achieve efficiencies and savings through ensuring compliance and making improvements where appropriate. Good contract management will ensure the actual performance of suppliers is as set out in the requirements, service and quality specified in contracts. Efficiencies and adherence to standards will be monitored through the reporting on performance indicators identified in Section 7.2

2.3 Collaborative approach to procurement

Procurement in South Dublin County Council will be approached in conjunction with the Office of Government Procurement and local government procurement structures. National and regional frameworks will be prioritised over standalone local procurement to ensure that all opportunities are maximised.

2.4 Business Engagement

As part of our commitment to the development of enterprise, we will look to improve supplier and market engagement. Improved information resources on procurement will be made available to suppliers on www.sdcc.ie and information briefings will be provided to improve awareness of our procurement processes, in collaboration with the Local Enterprise Office. Requirements in tendering will be proportional and reasonable ensuring that there are no unnecessary barriers for suppliers particularly SMEs. Open procedures for tendering for contracts below the threshold of €134,000 and the division of contracts/frameworks into lots as recommended in government guidelines ([Circular 10/14](#)) will both be used where practicable.

2.5 Sustainable Procurement

South Dublin County Council will work within the local government sector to participate in green procurement initiatives. Environmental factors will be taken into account where feasible as part of a procurement cost-benefit model.

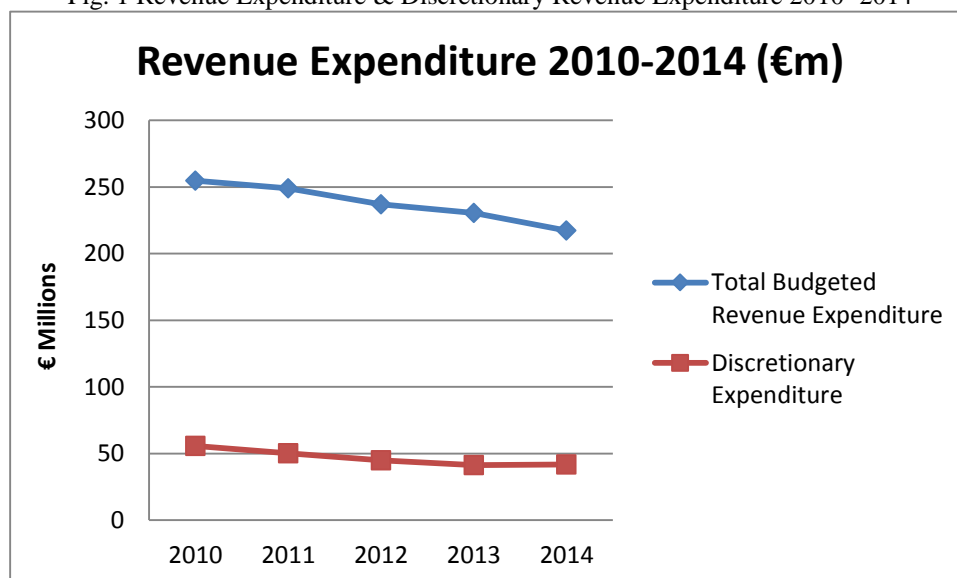
We will participate in researching the potential for pilot social clause initiatives in conjunction with the Office of Government Procurement and will explore opportunities for the use of such clauses in future contracts.

3. CURRENT ORGANISATIONAL POSITION

3.1 Expenditure Analysis

Over a five year period from 2010 to 2014 the Council's annual revenue expenditure budget reduced from €254million to €217million due to economic circumstances, service reorganisation and funding changes. An expenditure analysis incorporating the Council's discretionary expenditure on revenue account elements for the period 2010 to 2014 was undertaken to inform this Plan. Discretionary expenditure was determined by excluding payroll costs, statutory, agency, grant and other mandatory payments. It accounted for approximately 19% of total budgeted revenue expenditure over the five year period. Savings through negotiation, agreement and central government decisions are possible in the non-discretionary areas but the analysis focused on the potential scope within the remaining discretionary expenditure for savings through procurement and efficiencies.

Fig. 1 Revenue Expenditure & Discretionary Revenue Expenditure 2010 -2014



The main conclusions of the expenditure analysis are as follows:

- Periodic procurement values per supplier approaching or above relevant thresholds;
- Large number of suppliers with single or low volume transactions;
- Large number of low value transactions (especially within specific organisational areas);
- The current use of the Financial Management System (FMS) does not facilitate immediate capture of procurement procedures which inhibits measurement and control;
- A need to improve coding of expenditure to facilitate in-depth expenditure analysis.

3.2 Spend Per Supplier

The following table shows the breakdown of spend per supplier per year over the period 2010-2014 derived from the spend analysis:

Fig. 2 Number of Suppliers per Discretionary Expenditure Thresholds 2010 -2014

No. Suppliers per Discretionary Expenditure Thresholds 2010 -2014						Cumulative 2010-2014
	2010	2011	2012	2013	2014	
< €25k	1,809	1,827	1,812	1,716	1,576	3,912
€25k - €50k	86	85	72	71	64	190
€50k - €207k	109	106	113	91	68	228
€207k – €5.186m	36	38	33	34	36	155
Above €5.186m	1	0	0	0	0	5
Totals	2,041	2,056	2,030	1,912	1,744	4,490

This shows the number of suppliers potentially over the various thresholds for procurement that are outlined in Section 5.2.

3.3 Number of Purchase Orders per Supplier

As can be seen from table below (fig.3), of the 4,458 suppliers used by South Dublin County Council for discretionary expenditure over the period 2010 to 2014, 1,779 or 69.3% were engaged for just one purchase order (PO) while an additional 1,422 were engaged for 5 or less POs during that period. The combined value of these purchase orders was only €12,814,896.40 or approximately 5.83% of the discretionary expenditure. Low Value Purchase Cards (LVPCs) are point-of sale cards that can be used for purchasing once-off items below a pre-determined value and they are in place in a limited number of areas already in the Council. They can remove the need for multiple purchase orders and payments for minor or infrequently purchased items.

Such a high proportion of low value transactions together with the processing costs for such transactions is a concern and highlights the need for expansion of the use of LVPC.

Fig. 3 Number & Value of Purchase Orders per Supplier 2010 -2014

No. POs per Supplier (2010 to 2014)	No. Suppliers (% of total suppliers)	Total No. of Purchase Orders	Value of Discretionary Expenditure (% of total value)
1	1,779 (39.91%)	1,779 (2.83%)	€4.57m (2.08%)
>1, ≤ 5	1,422 (31.90%)	4,153 (6.60%)	€8.25m (3.75%)
>5, ≤ 25	824 (12.76%)	9,785 (15.55%)	€28.03m (12.76%)
>25, ≤ 50	169 (3.79%)	6,099 (9.69%)	€14.57m (6.64%)
>50, ≤ 100	137 (3.07%)	9,669 (15.36%)	€51.06m (23.25%)
>100, ≤ 250	96 (2.15%)	15,517 (24.65%)	€66.82m (30.43%)
>250	31 (0.70%)	15,942 (25.33%)	€46.29m (21.08%)
Total	4,458	62,944	€219.5m

Additionally, the majority of POs in terms of volume (65.34%) and value (74.76%) were issued to just 5.92% of our suppliers (i.e. those suppliers in the table above with over 50 POs issued to them).

4. GOVERNANCE

4.1 Procurement Steering Group & Procurement Officer / Unit

A Procurement Steering Group comprised of procurement personnel at middle and senior management levels across the various Departments and Directorates of the Council is also in place to address both strategic and operational procurement issues. The Steering Group is required to meet on a bi-monthly basis. A Procurement Officer and Unit have been established within South Dublin County Council to monitor and co-ordinate procurement in the organisation.

4.2 Chief Executive's Order for Procedures and Requirements

A revised Chief Executive's Order reflecting the procurement procedures and requirements in this Plan will be introduced to strengthen governance (see Appendix 1)

4.3 Reporting

An annual procurement report will be delivered including relevant quantitative and qualitative measures of procurement activity and progress. This will be in addition to local team and departmental reporting procedures.

5. PROCUREMENT FRAMEWORK

5.1 Procurement Hierarchy

A developed procurement framework now exists within local government and the wider public sector. Emerging legislation and guidelines from central government will continue to shape the approach to procurement. This involves a procurement hierarchy prioritising participation in public sector, local government and regional procurement over standalone local procurement.

At national level, the Office of Government Procurement establishes frameworks for use by the whole public sector. Shared tendering processes facilitated by LGOPC (including www.LAQuotes.ie / www.supplygov.ie) within the local government sector provide additional procurement options. Engagement with public sector and local government contracts frameworks is critical to ensuring that the results of national demand aggregation benefit us. It will also reduce costs incurred in conducting procurement processes. **All staff involved in procurement must work to ensure that all such contracts and frameworks are fully utilised throughout the organisation where appropriate.**

Current Procurement Hierarchy

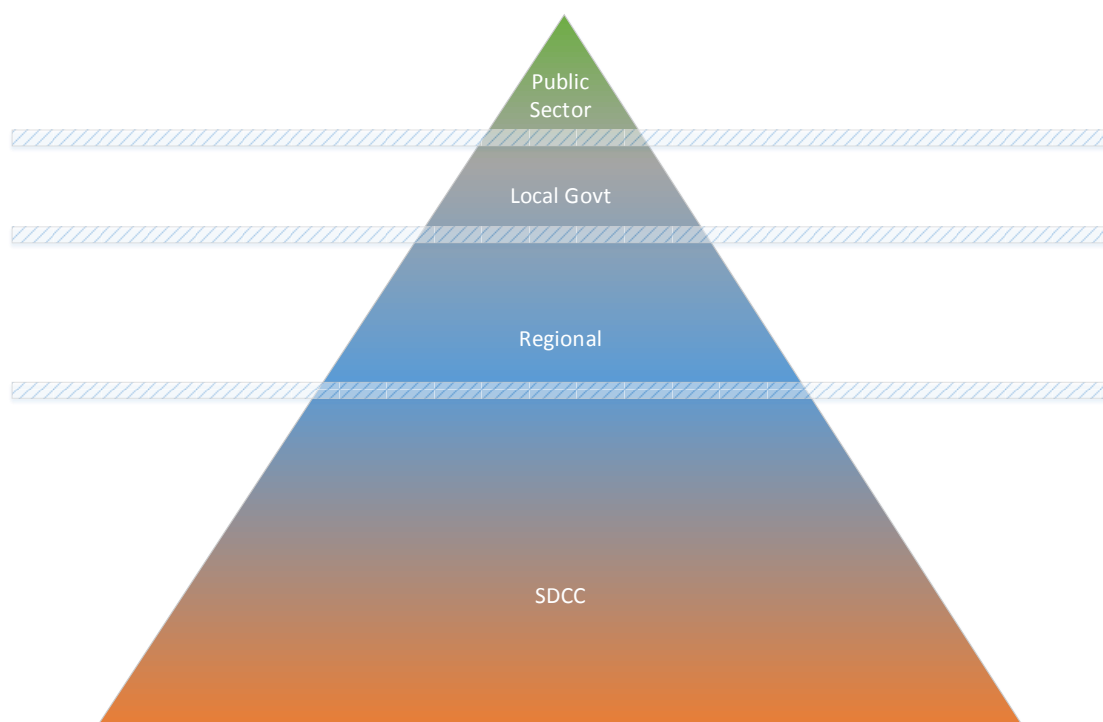


Fig. 4 Current Procurement Hierarchy

At regional level the Dublin local authority procurement officers have established a regional forum which examines potential common procurement opportunities using the combined purchasing power and synergy of the region along with examining developments and addressing emerging issues.

5.2 Procurement Value Thresholds

Procurement rules are in place governing how contracts of certain value are to be advertised and these must be followed by all purchasing staff. Presently, all contracts over the value of €207,000 for goods/supplies/services and over €5,186,000 for works and/or subject to European Procurement Directives must be advertised in the Supplement to the Official Journal of the European Union (OJEU) and on the Irish government procurement portal www.etenders.gov.ie. Contracts below these thresholds and not subject to European Procurement Directives but above the value of €25,000 for goods/supplies/services and over €50,000 for works must be advertised on www.etenders.gov.ie. In addition the local government sector has developed the www.LAquotes.ie and www.supplygov.ie facilities for suppliers to register their interest in a number of areas.

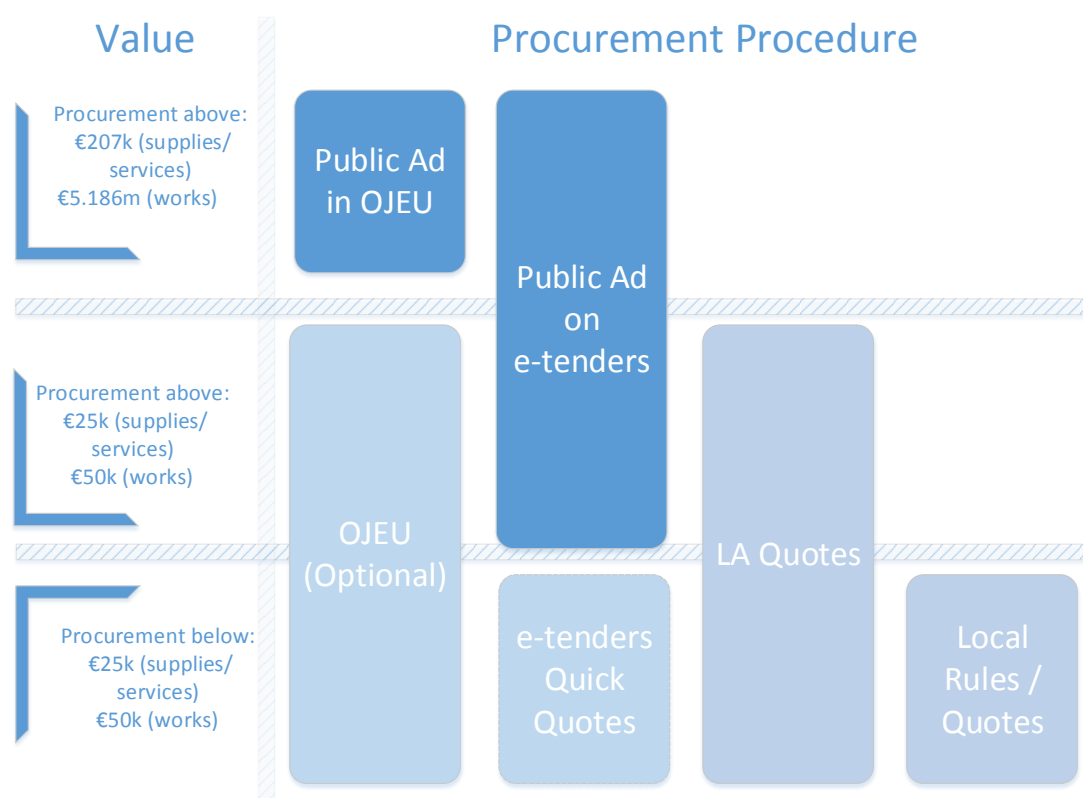


Fig. 5 Procurement Procedures for Various Procurement Values

Contracts below the value of €25,000 for goods/supplies/services and below €50,000 for works are primarily procured by seeking quotations at local level.

Measures to strengthen the procedures and guidelines for seeking quotations to increase transparency and reduce organisational risk are outlined in section 6.2 of this Plan.

5.3 Use of Standard Documents

The OGP is developing a standard suite of tender and contract documents. Where available, these documents must be used for all contracts publicly awarded by the Council above €25,000 without exception. This consistency will safeguard our procurement processes.

5.4 Use of Financial Management System

The Financial Management System will be used to capture procurement information (in respect of both hierarchy and procedure) to facilitate governance, analysis and measurement. Suppliers to individual sections and departments across the organisation that are approaching and above the various procurement value thresholds will be monitored and reported on by the Procurement Unit and proper procurement procedures are will be followed.

5.5 E-Procurement

E-procurement has been a longstanding objective [nationally](#) and within the [local government sector](#). The Council's inaugural Procurement Plan aimed to "reduce transaction and processing costs by adopting the use of available electronic systems". It is another important part of increasing the efficiency of procurement. The pending transposition of EU Directive 2014/24 into Irish law should see a mandatory requirement for all procurement to be conducted electronically.

6. KEY ISSUES

6.1 National and Regional Frameworks

The organisation will increase the proportion of our procurement conducted collaboratively by prioritising the procurement hierarchy outlined earlier. We will only procure at local level for particular goods, services or works where public sector, local government or regional options are not available or are not suitable. Where this happens we will continue to monitor future developments which may result in such options becoming available. Using all available, appropriate national and regional frameworks and tendering opportunities will ensure maximum benefits and savings accrue to the Council. Staff from purchasing departments and the Procurement Unit must actively monitor and spot check expenditure to ensure that available procurement options are utilised.

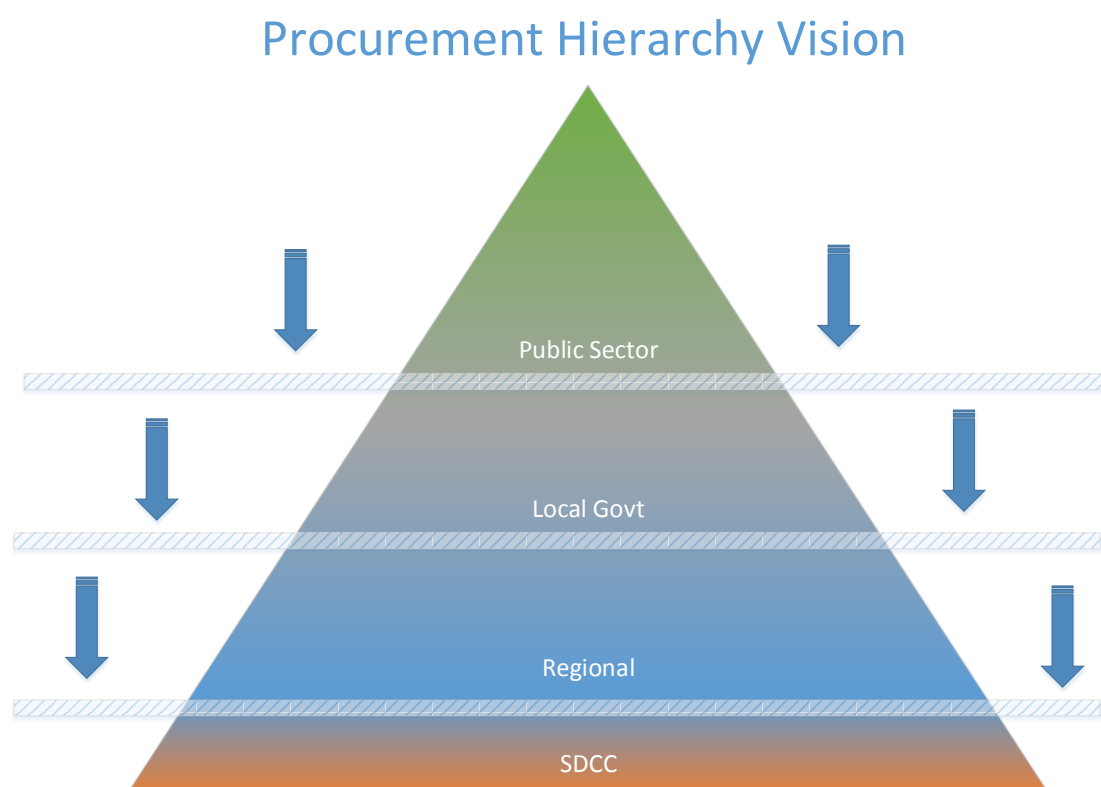


Fig. 6 Vision for Procurement Hierarchy

It is critical that all purchasing departments within the Council use the procurement procedures required for various levels of spend outlined previously to ensure compliance.

6.2 Quotations (Below €25,000)

Transparency for purchasing below €25,000 will be improved by using the Request for Quotations (RFQ) facility on www.supplygov.ie and/or the Quick Quotes (QQ) facility on www.etenders.gov.ie. This will provide an electronic record of quotations and can deliver better value by increasing the number of suppliers purchasers can request quotes from as well. Purchasers will use the RFQ or QQ facility to introduce a minimum of one new supplier each time quotations are being sought from three or more suppliers where possible. Purchasers should also seek to regularly rotate the suppliers from whom

quotations are sought and to seek quotations from as many suppliers as possible to generate better value.

6.3 Low Value Purchasing

Low Value Purchase Cards (LVPCs) are point-of sale cards that can be used for purchasing once-off items below a pre-determined value and they are in place in a limited number of areas already in the Council. They remove the need for multiple purchase orders and payments for minor or infrequently purchased items. The expansion of the use of LVPCs will reduce the administrative costs and burdens associated with the high volume of very low value transactions that comprise a majority of our transactions as outlined in the expenditure analysis.

6.4 Purchase Orders

Purchase order procedures will be improved to rationalise the high number of POs issued to certain suppliers. Correct coding on purchase orders will facilitate improved comparison and procurement planning. Work undertaken by LGMA on the use of product codes in this regard will be supported and embraced.

6.5 Procurement Pipelines

Departments will prepare annual procurement pipelines setting out a timetable of annual anticipated tendering opportunities. A consolidated organisational procurement pipeline can then be provided to allow co-ordination with regional, local government and public sector procurement. The pipelines will also facilitate communication with suppliers and enable market consultation including through publishing Prior Information Notices (PINs).

6.6 Contract Management

The introduction of a contract supervision and reporting system will provide increased emphasis on contract management to ensure that suppliers are aware of the importance of performance. It will also facilitate better relationships with our suppliers and aid assessment of prior performance for future procurement.

6.7 Accessibility

The goods and services that the Council purchase must be accessible unless it is not practicable. All purchasing staff must ensure that they meet this requirement and should have regard for the National Disability Authority's [Procurement & Accessibility guidelines](#).

6.8 E-Procurement

We will now have to deliver on closing the remaining gaps for an electronic procurement process which will reduce costs, shorten procurement cycles, aid compliance and promote sustainability. This will include full electronic tendering and purchase to pay cycle. The use of the Requests for Quotations (www.supplygov.ie) and/or the Quick Quotes (QQ) facility on www.etenders.gov.ie for purchasing below €25,000 will be a significant development in progressing towards e-procurement.

7. IMPLEMENTATION AND MONITORING

7.1 Summary of the key actions within this plan:

Governance:

1. The Corporate Procurement Steering Group will meet bi-monthly to monitor and ensure the implementation of this Procurement Plan
2. A Chief Executive Order will clearly set out the Procurement rules and procedures that are to be adhered to across all thresholds in South Dublin County Council
3. An Annual Report on Procurement Activity will be published
4. Each department will prepare annual procurement pipelines setting out a timetable of anticipated tendering opportunities. This will then be compiled into an annual Corporate Procurement Pipeline and monitored by the Steering Group

Collaboration:

5. National and Regional frameworks / contracts will be fully utilised throughout the organisation. This will be co-ordinated by the Procurement Unit and monitored by the Steering Group.
6. The Procurement Officer will participate in the Dublin Regional Procurement Forum to monitor and maximise regional opportunities.

VFM on Cost and Contract Performance:

7. Purchasing staff will follow EU, National and local procurement procedures for appropriate value without exception.
8. Ongoing expenditure analysis will be conducted at both organisation and departmental level to:
 - monitor suppliers approaching procurement thresholds
 - measure contract/framework expenditure
 - measure procurement savings
 - report on the number of POs processed.
9. Staff training will be held on an ongoing basis in procurement practice and contract management.
10. The implementation of e-procurement will be progressed by increasing use of electronic only tender processes through the www.etenders.gov.ie website. The requirement for hard copy invoices from suppliers will also be reviewed.
11. The Procurement Unit will monitor the use of suppliers on the FMS across the organisation to ensure procurement thresholds are adhered to
12. The Requests for Quotations facility on www.supplygov.ie and/or the Quick Quotes facility on www.etenders.gov.ie will be used for all purchasing under €25,000 where possible.
13. The use of Low Value Purchase Cards will be expanded across the organisation
14. Product codes will be implemented once signed off by the LGMA.
15. OGP standard procurement documents will be used where available without exception.

Business engagement:

16. Improved information resources on procurement will be made available to suppliers on www.sdcc.ie
17. Information briefings on procurement will be provided to local businesses through the Local Enterprise Office
18. The Procurement Unit and purchasing departments will encourage supplier registration on both www.etenders.gov.ie and www.supplygov.ie in accordance with [Circular 10/14](#).

Sustainable Procurement:

19. South Dublin County Council will participate in green procurement initiatives on a regional / national basis as available
20. Environmental factors will be included for assessment within the cost-benefit model of procurement procedures
21. South Dublin County Council will participate in pilot social clause opportunities led by the OGP

7.2 Measurement and Monitoring Implementation

Reporting on procurement will include the following measures:

- Procurement savings (€), including value of savings generated through national, local government and regional contracts and frameworks
- Number of national /sector/regional procurement processes participated in
- Number of national/sector/regional procurement processes not participated in (outlining reasons for non-participation)
- Report on suppliers exceeding procurement threshold
- Number of quotations sought via Requests for Quotations (www.supplygov.ie) and Quick Quotes (www.etenders.gov.ie)
- Number of new suppliers from whom quotations were sought
- Report on information sessions for suppliers
- % of tender procedures conducted using open procedures
- Report by exception on any use of non-OGP documents
- % Increase in number and value of LVPC transactions
- Update on progress and measures in place to progress implementation of e-procurement
- Number of meetings of Procurement Steering Group and summary of issues considered