

Sligo Local Authorities

Corporate Procurement Plan 2013-2016



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1. Introduction

Public Procurement can be defined as the acquisition, whether under formal contract or not, of works, supplies and services by public bodies. It ranges from the purchase of routine supplies or services to formal tendering and placing contracts for large infrastructural projects by a wide and diverse range of contracting authorities.

The aim of this Plan is to deliver effective, professional and well-managed procurement. It provides clear and challenging aims for procurement and defines the future direction and vision for the procurement function within Sligo local authorities.

In recent years the profile of public sector procurement has been raised with a greater understanding of the role it can have in delivering excellent quality services, whilst consistently demonstrating value for money and increasingly driving the modernisation and efficiency agenda. For the period 2010-2011 procurement initiatives are attributed with delivering €78.8m of efficiency savings for the Local Authority sector. Whilst 2012 saw further procurement driven savings of €30m as we endeavour to do more with less ([Local Government Efficiency Review Implementation Group, April 2013](#)).

Many changes have occurred in public sector procurement since the inception of Sligo County Council's first Corporate Procurement Plan which spanned the period 2009-2012. A [National Procurement Service](#) (NPS) was established under the auspices of the Office of Public Works in 2009, and its remit covered goods and services with many centralised contracts and framework agreements having been put in place for use by public sector bodies. The NPS has developed standardised template documents for tenders and contracts in relation to goods and services, and recommends that they be adopted by buyers across the public sector. In addition the NPS now oversees the [etenders website](#), the official public procurement website, a brand new version of which was released at the end of 2012, featuring significantly increased functionality in accordance with the

requirements of an e-procurement system. It is now technically possible to prepare, publish, and evaluate tenders online, and to then continue to sign and exchange contracts with a complete audit trail. Dept of Public Expenditure and Reform (DPER) [Circular 10/10](#) entitled *Facilitating SME Participation in Public Procurement* lowered the recommended threshold for advertising on etenders to €25,000 for goods and services and €50,000 for works.

Following from the recommendations of a DPER commissioned report in 2012, [Capacity and Capability Review of Central Procurement Function](#) prepared by Accenture, a Chief Procurement Officer has been appointed and work is underway to establish an Office of Government Procurement which will subsume the NPS. Increased use of centralised arrangements, promoting collaborative procurement initiatives and the development of procurement metrics will form a central plank of the government's policy to drive efficiency and reduce public sector spend.

LA Quotes – Kerry County Council have set up a procurement website, www.laquotes.ie, specifically for local authorities, and an upgraded version was released for 2012. It has largely become a single point of reference for all LAs and suppliers for sourcing road making materials, plant hire, concrete products, water chemicals, with recent additions of minor construction works and bulk fuel also being catered for. Suppliers are admitted to multi-operator framework agreements; LAs then run online mini-competitions amongst framework suppliers. There is also an online quick quote facility for numerous categories of goods and services. A separate website, www.labitumen.ie, was developed for bitumen transactions under a similar model.

As of May 2012 the Local Government Efficiency Review - Project Management Office has established a LA National Procurement Office based in Kerry County Council, which has been tasked with promoting aggregation, centralisation, improved compliance, standardisation and efficiencies across the LA sector.

Local Authorities have been bundled into [regions](#) with a Regional Co-ordinator being appointed to liaise between local Procurement Officers and the LA NPO.

It is recognised that there is potential for further savings locally in all areas of spend if the Sligo local authorities aggregate purchasing strategies. Procurement spend for both authorities amounted to €24.3m on the 2012 Revenue Accounts alone, whilst purchase orders (POs) to a combined value of €35.6m for goods, services and works, were issued for the same period when the Capital Accounts are included. Almost 9,000 POs in total were raised for approximately 1,400 trade suppliers. An analysis of existing procurement practices and procedures has identified areas where we as an organisation can implement effective change. A procurement function and a dedicated Procurement Oversight Group have been established to support these activities and to ensure that the purchasing practices in Sligo local authorities are continuously evaluated and improved.

This Corporate Procurement Plan (hereinafter called the Plan) has been prepared following consultation with stakeholders and has been approved by Sligo Local Authorities Management Team. The Plan seeks to meet our authorities' obligations under the national policy framework and, in so doing, strengthen senior management's commitment to effective and efficient allocation of resources and service provision as prescribed by the Public Service Management Act, 1997. The Plan will be subject to regular monitoring and review.

This is a challenging agenda which will require the co-operation and support of all areas and departments in order to be successful. In practical terms it requires a stronger focus on procurement planning, information sharing and collaboration between the different purchasing units throughout the local authorities in Sligo. The Directors of Services shall play a lead role in the implementation of this policy and promote a culture of efficiency, effectiveness and economy within their areas of delegated responsibility.

2. Corporate Procurement – Strategic Goal

The strategic procurement goal for Sligo local authorities is to ensure that the best value for money is achieved using procurement methods that fully comply with EU and National legislation. This goal is achievable through the successful implementation of various plans and strategies across the organisation.

Value for money (VFM) is defined as providing a service in a way which is economical, efficient and effective.

- Economy means doing things cheaply
- Efficiency means doing things well
- Effectiveness means doing the right things

3. Procurement Overview

A comprehensive review identified opportunities for procurement management reform.

This review looked at two key elements:

- An analysis of the authorities' spend profile for 2012 ([2012 Procurement Analysis](#))
- An examination of the authorities' existing procurement capacity and function ([2013 Procurement Review](#))

The findings of both exercises informed the development of this Plan.

The spend analysis provided a profile of expenditure by product category, supplier and department. It also identified the volumes and values of POs which, in turn, provided a picture of the transactional activity and indicated where process efficiencies may be achieved either as individual units or through aggregation with other purchasing departments. Separate exercises looked at the capacity and function of the organisation and involved: (i) consulting budget

holders and buyers; (ii) reviewing existing internal policy documents; (iii) identifying information deficits; and (iv) observing purchasing practices.

Procurement is an activity which is commenced before a purchase order (PO) is created on the Agresso financial management system. Procurement refers to the process of acquiring goods, works and services. It includes acquisition from third parties and also from in-house providers. The process spans the whole cycle from identification of needs [Demand Management], through to the end of a service contract [Contract Management], or to the end of the useful life of an asset [Asset Management]. It involves options appraisal and the critical “make or buy” decision - whether to provide services in-house or to procure services in other ways. Public Sector procurement in Ireland is governed by EU Directives and National Regulations, which in turn are underpinned by a suite of National Guidelines, Departmental Circulars, template documents, etc. The nature and potential value of a contract ultimately determines the minimum appropriate procurement regime to be used. The purpose of the legislation and guidance is to ensure that all public procurement is accountable, competitive, non-discriminatory, fair and transparent.

Purchasing is defined as the actual process of buying goods and services or engaging a works contractor i.e. raising a purchase order on the Agresso system (the commitment), receiving the goods and services (the accrual) and receipt of invoice (the payment stage)

4. Procurement Principles and High Level objectives

This Plan is underpinned by four core procurement principles:

- Achieve optimum value for money
- Carry out procurement and purchasing activities in a manner consistent with EU and National procurement law whilst adhering to official Government policy and guidelines
- Follow best procurement practice, seeking to achieve the procurement reform policy objectives as set out in the [National Public Procurement Policy Framework](#) and other Government led initiatives
- Promote an increasingly sustainable approach to Sligo local authorities procurement activities in terms of environmental, social and financial considerations within applicable legislative constraints

Sligo local authorities are committed to meeting their obligations under the National Public Procurement Policy Framework, which is the National policy underpinning public procurement reform. This involves ensuring that the procurement function formally supports Sligo local authorities' key business activities and is focused on delivering value for money outcomes through analysis-based purchasing strategies that are consistent with EU and National Guidelines. This will require an undertaking to improve procurement structures and expertise in the organisation on a continual basis, ensuring that purchasing practices are professional and that staff involved have the necessary skills to operate in line with best practice.

Practical implementation of the core principles will be advanced by pursuit of 8 high-level procurement objectives.

High Level Procurement Objectives

The following eight high level procurement objectives have been identified:

(1) Planning Framework

To develop a framework that will deliver a coherent and consistent approach to procurement across the organisation that will support the introduction and adoption of best practice initiatives.

(2) Infrastructure

To develop appropriate purchasing structures and capabilities to support the planning framework and to provide strategic direction and capabilities that deliver effective purchasing performance. This includes consideration of how best to group and coordinate internal resources to manage total purchasing expenditure on goods, services and capital works.

(3) Governance

To implement policies and procedures that will ensure all procurement activities are managed in an open, transparent and non-discriminatory manner with the highest levels of compliance, probity and risk awareness.

(4) Management Information / Technology

To ensure our authorities information technology systems; in particular our financial management and purchase-to-pay systems, support an information based procurement management and streamlined procurement processing.

(5) Supply Category Management

To develop a supply category management system that will enhance the capacity of Sligo local authorities to leverage the best value from the market for each supply category and to proactively manage its supplier base.

(6) Demand Management

To introduce initiatives designed to enhance demand management and purchasing strategy development

(7) Collaboration and Proactive Participation

To participate in public sector procurement initiatives as they arise and are deemed appropriate to the organisation, including e-procurement ventures and aggregation projects.

(8) Measuring and Monitoring

Develop, monitor and measure procurement-related activity to ensure that the adopted procurement policies and strategies are working efficiently and effectively.

5. Actions for procurement

Each of the eight High Level Objectives listed above are now outlined in more detail.

(1) Planning Framework

To develop a framework that will deliver a coherent and consistent approach to procurement across the organisation that will support the introduction and adoption of best practice initiatives.

Public sector procurement activity is slowly beginning to modernise and loose its tag as being a back office function. It is now being recognised as a function that plays a very crucial role within the organisation and that the development of practical and realistic procurement strategies is key to achieving value for money. In order to continue to make progress it is essential that certain actions be taken in this regard:

- 1.1 Ensure procurement reform is visibly supported at the most senior level of management within Sligo local authorities
- 1.2 Establish a Procurement Oversight Group made up of budget holders from all sections of Sligo local authorities. This Group will prepare and present an annual report on procurement for the County Manager that will subsequently be forwarded to the audit committee. [See [Appendix B](#)]
- 1.3 Ensure that procurement policy is recognised and included in future Corporate Plans

(2) Infrastructure

To develop appropriate purchasing structures and capabilities to support the planning framework and to provide strategic direction and capabilities that deliver effective purchasing performance. This includes consideration of how best to group and coordinate internal resources to manage total purchasing expenditure on goods, services and capital works.

The procurement review exercise carried out suggests that there is a requirement for the Procurement Officer to provide practical, professional procurement advice and guidance. The Procurement Officer will lead on the adoption of best practice procurement, working with staff throughout the local authorities in their day-to-day procurement activities.

This objective will be progressed through the following actions:

- 2.1 Give the Procurement Officer a remit to support and monitor procurement throughout Sligo local authorities.
- 2.2 Establish a network of lead buyers throughout Sligo local authorities who will liaise between the Procurement Officer and their departments.
- 2.3 Establish procurement policies and procedures that support the achievement of optimum value for money, greater efficiencies and compliance with national and European legislation and minimise procurement-related risk.
- 2.4 Develop a training strategy to promote best practice procurement activity throughout Sligo local authorities.

- 2.5 Design and implement the training strategy review its impact and update where appropriate.
- 2.6 Review the effectiveness of the newly implemented procurement infrastructure.
- 2.7 Standard procurement documentation, operational plans and guidelines appropriate to Sligo local authorities to be devised and made available to personnel involved in the procurement process.
- 2.8 Procurement practice and expenditure approval thresholds to be reviewed and updated.

(3) Governance

To implement policies and procedures that will ensure all procurement activities are managed in an open, transparent and non-discriminatory manner with the highest levels of compliance, probity and risk awareness.

Responsibility for the use of public funds brings with it an expectation of sound policies and procedures, which will ensure transparency, non-discrimination and probity. This objective will be progressed through the following actions:

- 3.1 Develop procurement policies based upon best procurement practice that are designed to protect Sligo local authorities and their staff from governance-related challenge.
- 3.2 Develop procedures that provide a cost-effective procurement process while giving cognisance to each requirement's relative importance in terms of legal compliance as well as financial and other risks.
- 3.3 Ensure appropriate segregation of duties in all purchase to pay activities. The person who raises a purchase order must not be enabled to approve that order.

(4) Management Information Technology

To ensure our authorities information technology systems; in particular our financial management and purchase-to-pay systems, support an information based procurement management and streamlined procurement processing.

Sligo local authorities have invested time and effort in the design and roll out of the Agresso financial management system. The system can support automated purchase-to-pay and gather, record and process financial data in a structured, readily available, transparent and auditable way. This data, enhanced by category classification provides a platform upon which local authorities can develop future procurement strategies.

This objective will be progressed through the following actions:

- 4.1 Review spend and Purchase Order patterns, using the data to inform future procurement strategies and evaluate the impact of on-going initiatives
- 4.2 Configure procurement reports required from the Agresso financial management system to meet end-users' needs
- 4.3 Seek to reduce transaction and processing costs by adopting the use of available electronic systems, e.g. e-procurement; e-invoicing; and e-payment.
- 4.4 Training documentation will be developed and provided on the intranet, providing 'on-demand' information to staff
- 4.5 Develop and implement an on-line reporting facility through which staff can provide feedback on suppliers' performance and on our internal procurement and purchasing procedures
- 4.6 Review the Agresso financial system training from a procurement viewpoint to emphasise the critical importance of inputting accurate information such as product codes, quantities, units, price, etc.
- 4.7 Develop and roll-out an online contract register to track and monitor existing contractual commitments and to facilitate enhanced procurement planning. Assigning individuals within the organisation as contract managers will be a key development.

(5) Supply Category Management

To develop a supply category management system that will enhance the capacity of Sligo local authorities to leverage the best value from the market for each supply category and to proactively manage its supplier base.

The correct use of supply classification (product codes) will enable our local authorities to profile spend on a category basis. This analysis is used to gain an understanding of the relationship that the organisation has with its suppliers. Specifically, it concentrates on identifying:

- the number of suppliers in each supply category
- the value of business within each supply category
- the main suppliers by value
- the number of transactions conducted within each supply category

This objective will be progressed through the following operational elements:

- 5.1 Establish high level approaches for the different supply categories identified in the spend analysis.
- 5.2 Identify category specialists within Sligo local authorities who will develop or enhance their expert knowledge for particular supply categories
- 5.3 Develop and implement detailed procurement strategies for the high spend categories.
- 5.4 Maintain a sound understanding of changing legislation where it applies to our procurement activity.
- 5.5 Where appropriate, seek to reduce the size of the supplier base.
- 5.6 Develop a proactive approach to ensure an adequate number of quality suppliers and a competitive market place, wherever possible.
- 5.7 Develop and implement a supplier relationship management approach.

(6) Demand Management

To introduce initiatives designed to enhance demand management and purchasing strategy development

Demand Management consists of activities designed to monitor and manage procurement processes to ensure that the organisation optimises the benefits of supplier relationships over time. Some of the fundamental prerequisites of

demand management are a thorough understanding of the organisations needs, historical purchasing trends, and accurate projected future demand for specific products or services. A Demand Management approach will challenge the organisational culture of Sligo local authorities with a focus on real needs, specifications, alternatives and quantities.

This objective will be progressed through the following operational elements:

- 6.1 Introduce a requirement for Budget Holders to carry out procurement planning
- 6.2 Establish a buyers network amongst category specialists
- 6.3 Devise a procurement planning database

(7) Collaboration and Proactive Participation

To participate in public sector procurement initiatives as they arise and are deemed appropriate to the organisation, including e-procurement ventures and aggregation projects.

Aggregating our purchasing power with other organisations and sharing the work involved in setting up and managing collaborative arrangements will yield cash savings and process efficiencies for the participants.

This objective will be progressed through the following operational elements:

- 7.1 Identify and where beneficial, participate in new or use existing national, regional and other procurement arrangements e.g. Framework agreement and contracts put in place by NPS/OGP, LA NPO, or any collective of LAs or other public bodies in the region.
- 7.2 Identify opportunities to streamline the purchase-to-pay process through the adoption of e-procurement techniques and functionalities, e.g. Low value purchase cards, Purchase cards, Fuel Cards, and e-invoicing / EFT.

8) Measuring and Monitoring

To develop, monitor and measure procurement-related activity to ensure that the adopted procurement policies and strategies are working efficiently and effectively.

The development and implementation of this Plan will be assessed continuously in terms of the benefits to our local authorities. A spend / PO analysis for 2012 provided a snap shot of the local authorities' procurement activity in transactional terms and this data will now form an objective baseline against which the implementation of the Plan can be measured and monitored. We will measure and assess our identified procurement Plan successes and where strategies do not appear to be effective they will be reviewed and amended as necessary.

This objective will be progressed through the following operational elements:

- 8.1 Develop a system of capturing and reporting cash savings and efficiency gains arising from the adoption of better procurement practices.
- 8.2 Develop a set of procurement metrics that will be used to monitor our procurement and purchasing activity on an annual basis.
- 8.3 Review and analyse annual spend data to measure past performance and inform any future procurement Plan.

In support of this plan, operational plans will be prepared setting down the key milestones and timelines for the attainment of the Policy's goals and objectives.

Conclusion

The goal of this plan is to deliver value for money whilst at the same time ensuring compliance with public procurement law. This means continuously examining spend in all non pay related activity and shifting to new procurement and purchasing paradigms which are not restrained by a rigid adherence to the departmental silos which have characterised the organisation to date. The successful implementation of this plan will require leadership from the Management Team along with the support and commitment of the elected members, budget holders, buyers and other stakeholders in pursuit of the objectives of this plan. In so doing a significant and valuable contribution will be made to delivering the objectives of our corporate mission statement to the people of Sligo by providing the best possible level of service within available resources.

Local Authority Regional Procurement Structure

Region 1 Connaught & Ulster	Region 2 Munster & South Leinster	Region 3 North Leinster	Region 4 Dublin
Cavan	Limerick	Louth	Dublin City
Galway	Kerry	Westmeath	Fingal
Mayo	Cork	Kildare	South Dublin
Sligo	Tipperary	Meath	Dun- Laoghaire Rathdown
Leitrim	Clare	Wicklow	
Donegal	Waterford	Longford	
Monaghan	Wexford	Laois	
Roscommon	Kilkenny	Offaly	
	Carlow		

Mr. John Maughan, Procurement Officer, Mayo County Council, has recently been appointed as the Regional Procurement Co-ordinator for Connaught – Ulster.

Sligo Local Authorities Procurement Oversight Group

Director of Services and Head of Finance
Procurement Officer
AO - Community & Enterprise
Arts Officer
Authorised Officer - Motor Tax
Chief Fire Officer
Civil Defence Officer
County Librarian
Cranmore Regeneration Project Leader (SBC)
Financial/Management Accountant
Head of Information Systems
Heritage Officer
Procurement Officer
RE - Land Asset Management, etc
SE - Environment Section
SE - Roads Section
SE - Water Services Section
SEE - Parks Section (SBC)
SEE - Roads Section (SBC)
Senior Planner
SEO - Enforcement Section
SEO - Housing Section
SEO - HR & Corporate Services Section
AO - Corporate Services Section (SBC)

This committee will be appointed by the County Manager and is representative of all areas/sections of Sligo local authorities. The committee members will be the designated Budget Holders for the Revenue Accounts of Sligo County Council and Sligo Borough Council. The primary function of the committee is to contribute to the development of the procurement function. This committee, under the chairmanship of Bartley Gavin, A/Director of Services will submit an annual report on procurement to the County Manager that will subsequently be presented to the audit committee.