

- *Procurement Reform*
- *Organisational Change*
- *Training*

SOUTH TIPPERARY COUNTY COUNCIL

Corporate Procurement Policy

December 2008



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1. Introduction

1.1. Introduction

As required under the new National Procurement policy Framework, South Tipperary County Council management team agreed this procurement plan at a meeting on 15th December 2008. The Corporate Procurement policy (CPP) will seek to meet the obligations under the policy framework and in doing so reinforce the managements commitments to effective and efficient resource allocation and service provision as prescribed by the Public Services Management Act, 1997 and the Controller and Auditor General (Amendment) Act 1993. This Plan will be subject to periodic review.

In order to progress the preparation of a Corporate Procurement Policy an internal working group composed of officers from Corporate Affairs, Finance, Roads and Machinery Yard, and it was agreed that the group would address the requirements under Circular PPP 3/06 and PPP5/06.

The stages identified are as follows:

Stage 1: Procurement and Contract review (Spend Analysis)

Stage 2: Preparing a Procurement Policy (policies are generally already in place or agreed but need to be documented and people of responsibility identified with delegation orders in place).

Stage 3: Preparing a Plan of Action (consider use of DCC used Microsoft Project: this would enable the main tasks to be set out as a programme with defined time lines)

The stage 1 Spend Analysis included:

1. Base Data Preparation
2. Data Re-categorisation
3. Spend Overview
4. Pareto Analysis (80 / 20 Rule) Reports on top 20 spend areas where 80% of spend takes place
5. Skill analysis of staff
6. Workshops with staff

Example of items to be included into a Table on Spend Overview include:

Category, Spend, Number of suppliers, Number of Cost Centres, Number of Buyers, Number of items.

The focus of the project going forward will be on the following:

1. Developed a value for money approach to spending
2. Focus on strategic sourcing
3. Increase centralisation
4. Develop suitable reporting and analyse approaches
5. Re-define spend categories
6. Increase use of central-based purchasing
7. Develop supplier relationships

In order to obtain a more comprehensive understanding of Procurement within South Tipperary County Council and identify areas for improvements the following analysis was conducted. The findings and recommendations contained within this report are based on information obtained from a series of meetings of the Procurement Sub-committee, interviews with employees, liaising with the different departments, extracting data from agresso and from analysis of documentation and reports relating to procurement activities. Statistical data is applicable from the 1st of January 2007 to the end of December 2007.

This review included:

- A Spend Analysis including spend profiling, study of supply markets and an analysis of the associated risks
- Role & Structure – Who has responsibility for procurement activity;
- Policies and Procedures – do we have rules in place?

- Systems & Processes – does our systems support the process?
- Skills & Capabilities – what procurement knowledge do we have across the authority

The main focus of the analysis and recommendations is in the area of supplies and services procurement. Capital works procurement is largely project-based and cannot easily be considered in isolation from the wider project management and contract management elements. While some of the conclusions and recommendations in the report are applicable to capital works, the report recommends that further study be required in order to address the specifics of procurement in this area.

While the report focuses on areas for improvements, it is important to highlight that existing procurement policies and procedures do exist and are strictly adhered to.

1.2. Recommendations

This review has revealed a number of opportunities for improvement. Proposed recommendations are listed throughout the document. Each recommendation requires additional investigation, analysis and it is suggested that they be prioritised in order of importance to South Tipperary County Council. Section 6 proposes ‘The Way Forward’, a number of projects are examined and realistic project plans drafted.

1.3. Financial and Non-Financial Benefits

The implementation of recommendations outlined in this study will result in savings to the Council. These savings will be in both real money terms and improved employee and process efficiency. Support from departments is essential to achieve these savings. A clear policy on the calculation, treatment and enforcement of savings needs to be investigated, reported, agreed and implemented.

2. Overview of Current Environment

2.1. Expenditure for 2007

The total revenue expenditure in South Tipperary County Council in 2007 was €84,831,910. Of this total amount, the net procured expenditure (with staff costs, grants and non-procured items removed), amounted to €30,692,122. Breakdown as follows:

Table 1: Total revenue 2007	
Total Revenue Expenditure 2007	€84,831,910
Payroll	€34,951,531
Grants	€3,984,374
Non Procured Expenditure	€15,203,883
Net Procured Expenditure	€30,692,122

Capital expenditure accumulated to €190,253,396. This resulted in the overall spending of €274,645,306. A breakdown of the two types of budgets is contained herein.

A 1% saving in total expenditure would yield **€2,746,306** based on figures for 2007. This is a substantial amount and is growing in proportion with annual budgetary figures.

	Amount	1% Savings
Revenue Expenditure	€84,831,910	€848,319
Net Procured Expenditure	€30,692,122	€306,921
Capital Expenditure	€190,253,396	€1,902,539

Procurement Review is about potential, it's about the challenge of maximising the advantages we get from our considerable spending power. It's about generating internal operating efficiencies. It's about enabling smaller, lesser-used suppliers to offer goods to the State. Good Corporate Procurement policy and practice is about growth and it's also about national competitiveness.

2.2. Procurement Practices and Processes

The policy and procedures for goods and services are developed in line with the financial management system, i.e. Agresso. The procurement of goods and services is subject in all cases to the availability of financial resources. That is:

- Financial Provision has been approved in the Annual Budget as adopted.
- Or
- Departmental Sanction has been received in writing and has been formally approved by the Manager/Delegated Manager and the Finance Officer has approved the funding arrangements.

2.2.1. Procurement Policy and Procedures

The procurement of goods and services in South Tipperary County Council may be broadly defined into three phases under the Purchase to Pay Cycle. These stages may be defined as:

- Raising and Approving the Purchase Order - The Commitment
- Receiving the Goods and Services - The Accrual

- Receipt of Invoices - The Payment Stage

The Policy document will cover the guiding principles in each of these areas and set out procedures, which should be adhered to in all cases.

The operation of this process in practice is demonstrated by the following example: -

Example: Area Roads Office Purchasing Overview

1. The Area Administrative Staff raise the Purchase Order. (The order sets out the chargeability, quantity required, product required, supplier details and unit price).
2. The Purchase Order is routed to the Budget Holder i.e. Area Engineer for approval.
3. The approved Purchase Order is forwarded to the Supplier before goods are procured.
4. On receipt of the goods the GRN (delivery docket) is signed and forwarded to the Area Roads Office.
5. The Area Administrative Staff input GRN details into the system and ensures that the GRN details agree to the Purchase Order details.
6. The Finance Section will receive the Supplier's Invoice directly.
7. The Area Roads Office will only receive a copy of the invoice where the invoice details fail to match the Purchase Order entry. Any amendment to the original order will require the re-approval of the Area Engineer.
8. In all other cases the payment will be made by the Finance Section on the basis of the invoice agreeing to the Purchase Order and the GRN.

2.3. Organisation and Management

2.3.1. Organisation Structures

Purchasing activities are centralised in a number of areas within South Tipperary County Council

- The central stores department purchase and store a range of items that are commonly used across a number of departments.
- Tar is purchased for the roads programme by the central stores.
- The central stores department also purchase fuel for South Tipperary County Council vehicles.
- Corporate Services is the central point for the purchase of stationery and office supplies. They also coordinate advertising for the Council.
- IT handles all hardware and software purchases.
- The Machinery yard purchases most of the vehicles owned by the Council. Where this is not the case, the machinery yard will firstly perform an assessment and evaluation on behalf of the relevant department (namely Environment). Based on the findings and recommendations, departments then proceed with procuring the vehicles.

These centralised purchases represent a relatively small proportion of total purchasing spend within South Tipperary County Council. Designated individuals within each department carry out all other purchases and they are concerned primarily with regulatory compliance rather than the provision of strategic value adding procurement activities such as strategic sourcing and contracting. Decentralised structures exist for the following reasons:

- Geographical spread of the County.
- Range of services provided by Area Offices
- Supplier Base

2.3.2. Purchasing Unit

Procurement expertise, knowledge and skills within South Tipperary County Council are dispersed throughout the different sections. Consistency varies and there is little or no co-ordination between each section. It is highly recommended that a dedicated sub-committee (made up of key purchasing staff and Finance staff) develop and direct the strategic and operational purchasing activities of the

Council. A proposal has been put forward for the recruitment of a regional procurement manager. This regional procurement manager would on a pilot basis initially work with South Tipperary County Council and Waterford County Council, once good procurement practices were embedded in these two organisations they would advance to include all other local authorities in the South East.

While expertise in procurement does exist within specific areas of the Council, (e.g. some engineers are highly skilled at procuring equipment for use on technical engineering projects) there is no crossover of their expertise into other areas. There is a need to ensure that technical expertise and existing knowledge are augmented with procurement structures that facilitate information sharing and coordination across all purchases.

2.3.3. Training

With the introduction of Agresso, came a formal, standardised approach to the development of procurement skills South Tipperary County Council. However the continuing needs to expand these key skills to implement effective procurement practices is an on-going challenge. Another impediment that further compounds the situation is the mainly decentralised procurement structure that operates within the Council and the extensive amount of procurement knowledge that is required within each section.

To-date South Tipperary County Council has used two main methods of training to acquire the skills and expertise required to perform procurement activities.

- On the Job Training (OJT) – this type of training is conducted informally. One of the major concerns of this type of training is that personnel may not receive all of the necessary information.
- Off-site professional training – leading training organisations are hired to provide a range of suitable procurement courses designed for the public sector. These courses can be quite expensive. Another drawback to these courses is, that apart from the centralised procurement activities, other sections would be procuring goods/services on an infrequent basis. Therefore, the time lapse between attending the course and actually using the information may be a problem.

In 2008/9 there are plans to develop and rollout a training module covering “the essentials of purchasing”. The program will promote and support the development of procurement skills sets and behaviours. Targeted training and development interventions for all key participants in the procurement process within South Tipperary County Council will be delivered. Training will be based on best practice procurement framework and an awareness of cost consciousness to be applied across the Council at all times.

2.3.4. Change Management and Communications

Most projects encompass process change, system change and cultural change. The procurement vision will require the implementation of significant culture, process and system change in the procurement environment at all levels across the organisation. Achieving this vision is substantially dependent on having an effective approach to managing this change process and in particular having robust mechanisms in place for communicating and promoting the changes proposed. Some of the crucial messages that this change management and communications programme must address include:

- Increasing awareness on the benefits of the recommended procurement environment.
- Promoting a positive attitude towards the new procurement environment among the key stakeholders in the process as well as South Tipperary County Council suppliers.
- Promoting a ‘Value for Money’ culture as one of the primary dimensions of the recommended procurement environment.

It is very important not to underestimate the changes that will be required and the process in adopting this change. This potentially is the greatest stumbling block in implementing the procurement vision and will need to be managed with extreme precision and care. Senior level sponsorship is a prerequisite to making it work.

In order to achieve our stated aims and objectives, we would need to re-engineer and re-align elements of our existing business infrastructure. Process re-engineering, such as LAQuotes, will change the way many people do their jobs and it impacts everyone who purchases or approves the purchase of goods and services. New processes always feel uncomfortable at first but effective communication and training will counter inertia. Successful change management for Corporate Procurement can be achieved by:

- **Consultation:**
 - Identify and engage key stakeholders at the earliest possible opportunity
 - Consult impacted business areas on the scope of the project and the change process.

- **Communication:**
 - Effectively communicating the impact of Corporate Procurement on different business functions and where necessary on individuals and their jobs.
 - Use ‘local champions’ to take the message back to their colleagues.
 - Commit to an effective communication strategy for before, during and after implementation.

- **Issue Resolution:**
 - Resolve any issues quickly and effectively.

2.3.5. Legal and Regulatory Environment

Considerable progress has already been made in creating a supportive legal and regulatory environment. Key developments in relation to electronic procurement include:

Electronic Commerce Act, 2000 – This Act gives legal validity to electronic signatures, electronic contracts, electronic writing and electronic originals. It also provides for the admissibility of electronic communications and documents in court proceedings. The Act underpins and gives security to the new ways in which business is transacted over the Internet and positions Ireland as one of the first jurisdictions to introduce comprehensive legislation in this area.¹

2.4. Revenue & Capital Expenditure Analysis

A complete analysis of all categories is outside of the scope of this review. When reviewing categories of spend it is important to distinguish between revenue and capital expenditure. The following sections briefly examine the various programme groups within the two types of budgets, (Capital and Revenue) and a high level breakdown of expenditure for 2007.

2.4.1. Revenue Expenditure

The revenue account covers the everyday expenses of the Council, such as maintenance of housing, roads, water and sewerage schemes, land-use planning, administration and support costs, repayment of loan charges, etc. Table 3 summarises revenue expenditure for 2007.

Programme Group	Expenditure	% Of Total
	EUR	-
Housing & Building	€7,015,792	8%
Road Transportation & Safety	€9,200,543	46%
Water & Sewerage	€12,629,913	15%
Development Incentives & Safety	€3,846,749	5%
Environmental Protection	€10,581,648	12%
Recreation & Amenity	€3,685,337	4%
Agriculture, Education, Health & Welfare	€6,125,996	7%
Miscellaneous Services	€1,745,934	2%
Total	€84,831,910	100%

¹ New Connections – Government Action Plan, March 2002

2.4.1. Roads Transportation & Safety

Roads transportation and safety accounts for 46% of the revenue budget. A breakdown of the account elements for this section is detailed below.

Table 4: Breakdown of the Roads and Safety accounts		
Account Element	Description	Amount
60000	Basic Pay	6,384,701
60050	Pensions	1,609,605
60100	ER PRSI	613,909
60200	Overtime	457,453
60400	Sick Pay	473
60530	Tipp SR Bonus Scheme	371,632
60600	Travel/Subsistence	190,100
60700	Eating on site allowance	50,252
60800	Acting Allowance	135,379
61990	Other Allowances	119,019
63000	Gratuities	226,267
65000	Land Purchase/Compensation	24,500
65500	Minor Contracts- Trade Services & other works	6,310,853
65600	Inter Department Transfers	1,843,040
65650	Apportionment of Central Management Charge	3,250,163
65700	Transfer to Fixed Assets/Capitalisation-Assets	118,035
66500	Non-Capital Equip Purchase - Fire Services	1,791
67000	Non-Capital Equip Purchase - Machinery Yard	21,631
67500	Non-Capital Equip Purchase – Computers	23,028
68000	Non-Capital Equip Purchase - Office Equip/Furn	9,093
68500	Non-Capital Equip Purchase – Other	71,882
69000	Hire (Ext) - Plant/Transport/Machinery & Equipment	1,481,752
69150	Repairs & Maint - Buildings (excl. LA Housing)	1,663
69200	Repairs & Maint – Plant	41,941
69250	Repairs & Maint -Computer Equip	7,229
69260	Repairs & Maint - Other Equip	44,699
69270	Repairs & Maint - Parks & Other Areas	68,023
69300	Capital Contracts Expenditure	6,044,439
69350	Agency Services - Other Local Authorities	742,888
69360	Agency Services - Non Local authorities	51,020
69400	Transfers from Machinery Yard	4,245,045
69600	Other Vehicle Expenses	629
70000	Materials	1,443,962
70990	Issues from Stores	437,651
70991	Returns to Stores	-685
71000	Insurance	8,405
71500	Arts Activities	7,550
72100	Higher Education Grants	40
72200	Amenity Grants	194,540
73300	Members Allowance	79,704
73320	Members Conferences – Home	16,504
73330	Members Conferences – abroad	6,780

73400	Staff Travelling & Subsistence Expenses	255,948
73440	Other Travelling & Subsistence Expenses	7,098
74500	Entertainment Expenses	26,237
75000	Computer Software and Maintenance Fees	46,439
75100	LGCSB	38,551
76000	Communication Expenses	49,593
76100	Postage	42,614
77100	Courier	1,858
77200	Security- Property	942
77250	Security - Cash Delivery	68,582
78000	Training	108,742
78100	Recruitment Expenses	282
79000	Legal Fees and Expenses	17,565
79900	Consultancy/Professional Fees and Expenses	647,999
80000	Advertising	41,308
81000	Printing & Office Consumables	67,563
82000	Voluntary Contributions to Other Bodies	304,599
85000	Rent	32,673
85100	Rates and Other LA Charges	5,162
85200	Cleaning	3,907
85300	Canteen	1,342
86000	Energy	575,355
91150	Audit Fee	14,440
91200	Prompt Payment Interest	3,996
99000	Miscellaneous Expenses	62,017
99050	Refunds	19,145
Grand Total		39,200,542

2.4.2. Capital Expenditure

As a general principle, capital expenditure may be described as that which is incurred on the creation of an asset having a life extending beyond the year in which it is provided such as, purchase of land, house building, major road improvement works, new and improved water schemes, new fire stations, new and improved office buildings, etc. Table 5 summarises capital expenditure during 2007.

PROGRAMME Group	Expenditure	Principal Expenditure Projects	Euro
	EUR		
Housing and Building	23,874,020	L.A. Construction, Maintenance Repair & Improvement	12,703,615
		Voluntary Housing Schemes	9,438,521
		Disabled Persons Grant	1,660,823
		Miscellaneous	71,061

			23,874,020
Roads Transportation & Safety	152,561,788	National Primary Roads Improvement	150,248,069
		National Secondary Roads Improvement	1,002,367
		Misc Minor Projects	1,311,352
			152,561,788
Water & Sewage	6,403,392	Public Water Supply Schemes	4,620,205
		Public Sewage Schemes	1,783,757
			6,403,962
Development Incen. & Controls	508,417	Land Use Planning	12,375
		Industrial Development	496,042
			508,417
Environmental Protection	1,749,322	Waste Management	771,092
		Burial Grounds	
		Fire Services	978,230
			1,749,322
Recreation & Amenity	1,562,478	Parks, Open Spaces, Recreation Centres etc	1,562,478
			1,562,478
Miscell	3,593,409	Land Acquisition and Development	3,169,155
		Purchase of Plant	163,539
		Miscellaneous	260,715
			3,593,409
			190,253,396

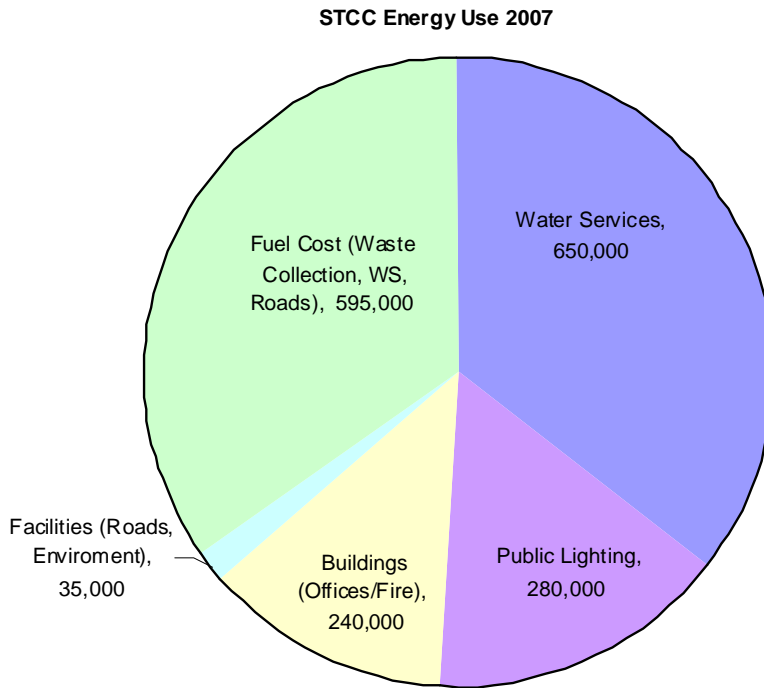
2.5. Category Analysis

A number of categories such as energy, telephone & mobile charges, and a sample number of account elements have been investigated as part of this study. These are detailed in the following pages.

- Recommendations: An analysis of all categories and a more in-depth analysis of capital and revenue expenditure are recommended as a follow on to this report.

2.5.1 Energy

In 2007, €1.8million was spent on energy in South Tipperary County Council. The majority of this was paid to the E.S.B, with others such as Airtricity to a lesser extent.



* Excluding energy provided by Airtricity to some environment section sites.

Energy use is part of the procurement in many different area's of the councils business. Whether it is the capital purchase of energy using equipment or the design of water schemes that will use energy in the future, life cycle energy costs need to be taken into account in the purchasing process.

Why Energy Efficient Procurement?

South Tipperary County Council invests significant amounts of money on equipment and facilities each year that use large amounts of energy each year. Careful consideration of future energy costs was not done in the past as energy was cheap with respect to capital costs. In order to cope with the rising energy prices and rising energy demand, it is now necessary to include the future cost of energy in any investment decisions.

There is a legislative basis for considering energy efficiency as a central core to procurement. The European "Energy Services and End Use Directive" calls for public procurement to lead the way in energy efficiency and environmental awareness. The Irish "Climate Change Strategy 2007 – 2020" calls for public procurement to move the market towards the competitive provision of sustainable products and services. The 2007 Energy White Paper: "Delivering a sustainable energy future for Ireland" details how the government will require best in class green public procurement by 2010. The National Energy Efficiency Action Plan details how there will be guidelines issued in 2008/09 on green public procurement.

South Tipperary County council will be tasked with achieving a 33% reduction in energy use by 2020. That will require significant changes in the way energy is used in the public sector.

There is little point in reducing existing energy use while at the same time procuring new inefficient equipment or facilities

What is Energy Efficient Procurement?

Energy efficient procurement is the inclusion of total life cycle energy costs up front in a purchasing decision, or requiring facilities to be designed in an energy efficient manner by way of including energy performance on a design specification.

Principles of energy efficient procurement:

- Life cycle cost of energy to be included up front.
- Expected energy inflation to be taken into account
- Can Energy use be designed out or lowered by changing design
- Energy efficiency must not decrease performance of a facility or service.

Examples energy efficient procurement:

- Buying a diesel car when doing a large number of miles per annum.
- Buying an energy efficient lightbulb for high use area's.
- Designing in high insulation levels in a new buildings to ensure low energy requirements in the future.
- Designing larger reservoirs to ensure majority of pumping can be completed at cheaper night rate electricity

Planned work includes:

- Management of the ESB billing tariffs to insure the electricity unit cost is kept at a minimum in each station.
- Installation of high efficiency plant and controls in Waste Water Treatment Plants.
- Adjust lighting levels and install energy saving boiler optimiser in the County Buildings.
- Installation of a combined heat and power plant in the Clonmel borough council swimming pool and supplying the County Museum
- Installation of advanced controls in water pumping stations to make best use of time of day electricity cost and reducing cost per volume flow rate, This has been completed in the Tipperary town water supply saving €1,000 (25%) of the energy cost with <€1000 investment.
- Training of Site Managers and caretakers in energy awareness has led to significant reductions in energy waste. Reduced lighting levels at night, better use of heating controls etc.

- Recommendations: An in depth tender of electricity supply should be completed at least on a bi-annual frequency.
 - In depth Energy management plan per department adopted, water services, roads, environment and public buildings being the key energy using departments
 - Energy Efficient procurement adopted for capital purchase/ design of energy intensive equipment or facilities particularly water services.
 - Inclusion of energy efficient aspects of procurement on any procurement training program
- Targeted Projects are designed to deliver 2003,000 over next 3-years:
- Micro wind turbine for Wallers Lot
 - New public lighting controls for Tincurry
 - Natural Gas to Cashel Town Council
 - Solar PV Array for Cashel
 - Insulation and heating upgrade and connection of CHP to County Hall
 - Wind turbine for water plant at Fawnagown, Tipperary.
 - Pool covers for Tipperary and Clonmel Pools.
 - Hydro plant for intake at Rossadrehid lake.

2.5.2 Telephone & Mobile Charges

The cost of operating the Council phones, both landlines and mobiles is significant, both systems are therefore kept under constant review by our Corporate Affairs Department, in particular, the following recent initiatives have been taken:-

Landlines

- ❖ All Calls from headquarter to and from area offices and Town Councils have been included as part of the internal phone system and no call charges for these now apply. This represents an annual saving of several thousand euro to the County Council as well as savings to the Town and Borough Councils.
- ❖ A monitoring package was installed which indicates duration and cost of calls per extension – high cost and high duration calls are then notified to users/supervisors who are asked to ensure that private calls are paid for and business calls are dealt with efficiently.
- ❖ A hierarchy of communication methods in terms of cost and efficiency is notified to staff on a monthly basis.
- ❖ Periodic review (annual) of standing charges for fixed line networks are carried out to ensure only necessary rentals are maintained.

Mobile Phones

The number of South Tipperary County Council financed mobile telephones has increased significantly in recent years. As part of the Corporate Policy for Mobile Telephones a number of initiatives were introduced to streamline the processing of mobile telephone bills and ultimately to reduce the expenditure incurred.

- ❖ A “group corporate account” was negotiated with the present service provider, Vodafone; this included reduced tariffs in terms of monthly rental costs and call charges. All existing individual accounts were moved to this corporate account.
- ❖ New procedures for processing monthly telephone bills, in co-operation with the Finance Department were introduced. Phone holders must certify the value of private calls made on their monthly Vodafone bill before signing the bill, which is then forwarded to the Budget Holder for approval. The phone holder is then obliged to refund to the Council the cost of private calls made.
- ❖ Telephones will only be provided or upgraded where justification for and approval is received from the appropriate Budget Holder.
- ❖ The average cost of mobile phones on a monthly basis is monitored regularly to ensure that patterns of cost changes are identified and explained.

2.5.3 Breakdown of a sample number of Account Elements

A high level breakdown of a sample of twelve account elements is shown in table 7. The table shows the budget spent on Roads for the various account elements and the % that this accounts for.

Account Element	Description	Revenue Jobs 1-8* ^R	Jobs 9* ^R	Capital Jobs	Total	Revenue Roads	% of Total
75000	Computer Software	103,275	143,267	78,561	325,103	46,439	14%
75100	LGCSB	64,163	375,477	0.00	439,640	38,551	9%
76000	Communication Expenses	188,252	168,390	17,920	374,562	49,593	13%
77100	Courier	9,383	552	339	10,274	1,858	18%
78000	Training	196,974	271,001	23,872	491,847	108,742	22%
78100	Recruitment Expenses	1,282	18,002	500	19,784	282	1%
79900	Other Fees and Expenses	2,151,432	4,155,281	1,959,371	8,266,085	647,999	8%
80000	Advertising	180,897	42,341	73,893	297,131	41,308	14%
81000	Printing & Office Comm	222,671	127,513	86,658	436,842	67,563	15%
82000	Voluntary Contrib	621,193	546	0.00	621,739	304,599	49%
85000	Rent	48,515	483,409	0.00	531,924	32,673	6%
85200	Cleaning	21,052	7,236	0.00	28,287	3,907	14%

*9, is any costs that are associated with Central Management Services ‘Capital Jobs’, expenditure on Capital Jobs.

The ‘Total’ is the sum of ‘Revenue Jobs *1 and *2 and ‘Capital Jobs’.

The Revenue budget spent on Roads for the various account elements and the % that this accounts for.

2.6 Supplier Analysis

Managing suppliers and strategic sourcing are discussed in sections 3.4 and 3.7; these are some of the recommended stepping-stones to a successful procurement process.

- Recommendation: Additional supplier analyse is required in managing suppliers and focusing on strategic sourcing. A full review of our existing supply base is advised.

2.6.1 Breakdown of frequent Suppliers per Section

Table The following report is a list of frequent suppliers per section. It identifies suppliers where greater than 50 purchase orders were raised against them during 2007.

Table 8: Breakdown of frequent Suppliers per Section			
Section	Supplier	No. of PO's	Amount
Housing	Binchy, Sols	104	398,956
	Chadwicks	82	7,149
	Maurice Kavanagh	51	16,088
	Spotless Drains	68	29,074
	Lee Electrical Services	58	31,802
Planning	Dowlings	53	11,462
Machinery Yard	Sean O Donoghue	85	15,899
	Roadbinders Ltd	72	545,822
Roads	Burke Bros	201	65,119
	EB Plant Hire	58	94,702
	Chadwicks LTD	54	15,234
	William Costello	71	100,647
	Dairygold	103	14,264
	Tarrant & Son	190	97,730
	Gleeson Concrete	82	48,613
	Gleeson Quarries	91	1,330,446
	Matt Keating	83	14,231
	Kellys Fantane	58	455,778
	Maher Plant Hire Ltd	141	86,720
	Glenstone Quarries Ltd	61	1,727,013
	Glenstone Quarries Supply	175	100,720
	Roadstone Provinces	313	154,301
	Gleeson Precast	90	45,448
Water Services	Burke Bros	63	11,312
	Campion Electrical	52	99,135
	Cantwell Electrical	177	148,452
	Denis Tarrant & Sons	63	10,003
	Dwoney Plant Hire	79	548,887
	Maher Plant Hire(clm)	96	31,475
	Tipp FM	109	17,458
	Glenstone (Supply)	87	39,048

2.6.2 Suppliers with the Greatest Number of Purchase Orders

The twelve Suppliers listed below account for just less than 2% of Purchase Orders raised in 2007. At the time this report was compiled, South Tipperary County Council had more than 6000 Suppliers registered in its database.

Table 9: Suppliers with greatest number of Purchases			
Supplier	# of PO's	Amount (€)	Average per PO
Dairygold	161	19,961	124
Datapac	173	45,421	263
Bob Fitzgerald	195	20,688	106
Donal P. Binchy	203	456,281	2248
Spotless Drain Cleaning Ltd.	228	109,226	479
Denis Tarrant & Sons Ltd.	256	118,367	462
Fieldmaster (Clonmel) Ltd	260	49,306	190
Maher Plant Hire (CLM) Ltd.	266	125,389	471
Cantwell Electrical	274	232,278	848
Glenstone Quarries(Supply only)	278	151,902	546
Burke Bros	286	83,523	292
Roadstone Provinces (Supply only)	350	164,709	471
		1,577,051	

2.6.3 Highest Paid Suppliers

The top 20 Suppliers account for 67% of the total spend, each of these suppliers received payments in excess of €600,000 in 2007 from South Tipperary County Council.

Table 10: Highest Paid Suppliers			
Supplier	# of PO's	Amount (€)	Average per PO
Roadbinders Ltd	72	658,869	9,151
Downey Plant Hire	92	678,374	7,374
Presto Construction Ltd	4	703,641	175,910
Thomas O'Brien	2	712,506	356,253
Slievenamon Homes	5	781,612	156,322
James Kelly Construction	4	850,632	212,658
Kellys of Fantane Ltd.	67	904,600	13,501
Ridgeway Construction	3	948,698	316,233
MMT Builders	4	1,163,598	290,899
Roadstone Prov Ltd	17	1,261,425	74,201
Lagan Asphalt Ltd.	17	1,340,826	78,872
IPBMI LTD	31	1,487,057	47,970
C & M Construction Ltd.	3	1,504,862	501,621
Gleeson Quarries Ltd	31	1,524,756	49,186
Glenstone Quarries	59	1,960,132	33,223
Halcrow Barry Ltd	11	2,102,980	191,180
Regan Civil Engineering Ltd	1	2,434,536	2,434,538
Earth Tech Ireland Ltd.	50	3,580,173	71,603
Laing O'Rourke Utilities Ird Ltd	2	5,624,921	2,812,460
SRB Civil Engineering Ltd	2	125,151,153	62,575,577

2.7 Potential Categories of Savings and Opportunities

The following tables contain a summary of expenditure on selection of product categories for 2007, based on revenue jobs. The tables outline the potential savings achievable in each category.

Table 11 Minor Contracts			
Breakdown of Spend	Amount	% Savings	€Savings
Supply & Lay of Tarmacadam	5,279,932	2.00%-4.00%	€ 105,599 -€211,197
Road Marking	941,616	2.00%-4.00%	€ 18,832 -€37,665
Recycling	849,962	2.00%-4.00%	€ 16,999 -€33,998
Leachate Treatment	154,438	2.00%-4.00%	€ 3,089 -€6,178
Plumber	116,651	2.00%-4.00%	€ 2,333 -€4,666
Erection of Fencing	99,715	2.00%-4.00%	€ 1,994 -€3,989
Electrician	95,468	2.00%-4.00%	€ 1,909 -€3,819
Waste Disposal	80,425	2.00%-4.00%	€ 1,608 -€3,217
Builder	53,913	2.00%-4.00%	€ 1,078 -€2,157
Horse Control	47,168	2.00%-4.00%	€ 943 -€1,887
Pest Control	41,386	2.00%-4.00%	€ 828 -€1,655
Painter	25,425	2.00%-4.00%	€ 508 -€1,017
DRAINCLEANING	24,037	2.00%-4.00%	€ 481 -€961
Joiner	21,317	2.00%-4.00%	€ 426 -€853
Tiler	21,070	2.00%-4.00%	€ 421 -€843
Plasterer	16,349	2.00%-4.00%	€ 327 -€654
Carpenter	15,997	2.00%-4.00%	€ 320 -€640
ESB Minor contract	13,237	2.00%-4.00%	€ 265 -€529
Bird Control	12,099	2.00%-4.00%	€ 242 -€484
Removal of Illegal Vehicles/Caravans	8,143	2.00%-4.00%	€ 163 -€326

Table 11a Materials			
Breakdown of Spend	Amount	%Savings	Savings
70% CATIONIC	1,511,190	2% - 4%	€ 30,224 / €60,448
65% CATIONIC	278,421	2% - 4%	€ 5,568 / €11,137
10MM CHIPS - LOADED	203,513	2% - 4%	€ 4,070 / €8,141
14MM CHIPS - LOADED	188,602	2% - 4%	€ 3,772 / €7,544
READYMIX CONCRETE	140,731	2% - 4%	€ 2,815 / €5,629
SIGNS - SUPPLY ONLY	102,670	2% - 4%	€ 2,053 / €4,107
CLAUSE 806 - WETMIX - DELIVERED	101,275	2% - 4%	€ 2,026 / €4,051
LANDFILL HESSIAN COVERING	71,619	2% - 4%	€ 1,432 / €2,865
PURCHASE RECYCLING BAGS & TAGS	70,556	2% - 4%	€ 1,411 / €2,822
2"/4" STONE - DELIVERED	61,062	2% - 4%	€ 1,221 / €2,442
PVC PIPES	58,668	2% - 4%	€ 1,173 / €2,347
CLAUSE 804 - DELIVERED	54,440	2% - 4%	€ 1,089 / €2,178
GENERAL HARDWARE	50,328	2% - 4%	€ 1,007 / €2,013
DELAY SET MACADAM - LOADED	48,281	2% - 4%	€ 966 / €1,931
SALT FOR ROADS	46,185	2% - 4%	€ 924 / €1,847
CONCRETE BLOCKS	43,966	2% - 4%	€ 879 / €1,759
2"/4" STONE - LOADED	38,382	2% - 4%	€ 768 / €1,535
6MM CHIPS - LOADED	33,002	2% - 4%	€ 660 / €1,320
LEAN MIX CONCRETE	32,784	2% - 4%	€ 656 / €1,311
6MM CHIPS - DELIVERED	32,478	2% - 4%	€ 650 / €1,299
LAB CHEMICALS-RE-AGENTS	27,098	2% - 4%	€ 542 / €1,084
CLAUSE 806 - WETMIX - LOADED	22,610	2% - 4%	€ 452 / €904

STONE MASTIC ASPHALT-SUPPLY LAY ROL	22,565	2% - 4%	€ 451 / € 903
KITCHEN UNIT FITTINGS SUPPLY OF	19,739	2% - 4%	€ 395 / € 790
CARPET/VINYL SUPPLY & LAY	19,658	2% - 4%	€ 393 / € 786
LAB CHEMICALS-STANDARD MATERIALS	19,626	2% - 4%	€ 393 / € 785
CONCRETE POST & RAIL FENCING-SUPPLY	18,397	2% - 4%	€ 368 / € 736
LANDFILL OTHER COVERING	17,001	2% - 4%	€ 340 / € 680
PAINT	16,916	2% - 4%	€ 338 / € 677
GATES- SUPPLY ONLY	16,899	2% - 4%	€ 338 / € 676
CEMENT	16,135	2% - 4%	€ 323 / € 645
WATERMAIN FITTINGS	14,617	2% - 4%	€ 292 / € 585
PIT RUN GRAVEL - LOADED	14,565	2% - 4%	€ 291 / € 583
WIRE FENCING-SUPPLY ONLY	13,133	2% - 4%	€ 263 / € 525
WEED KILLER	12,814	2% - 4%	€ 256 / € 513
10MM CHIPS - DELIVERED	11,732	2% - 4%	€ 235 / € 469
LIGHT BULBS	11,089	2% - 4%	€ 222 / € 444
BIN MILL WASTE - DELIVERED	10,898	2% - 4%	€ 218 / € 436
CONCRETE KERBS	9,872	2% - 4%	€ 197 / € 395
14MM CHIPS – DELIVERED	9,678	2% - 4%	€ 194 / € 387
LAB GENERAL CONSUMABLES	9,636	2% - 4%	€ 193 / € 385
LAB CHEMICALS-MICROBIO MEDIA	9,510	2% - 4%	€ 190 / € 380
INSULATION MATERIALS	9,351	2% - 4%	€ 187 / € 374
SCREENINGS - DELIVERED	9,266	2% - 4%	€ 185 / € 371
MANHOLE COVERS	8,540	2% - 4%	€ 171 / € 342
RAILINGS- SUPPLY ONLY	8,485	2% - 4%	€ 170 / € 339
BUILDING STONE	7,946	2% - 4%	€ 159 / € 318
SODIUM HYPO CHLORIDE (CHLOROS)	7,710	2% - 4%	€ 154 / € 308
DRAINAGE PIPES	7,446	2% - 4%	€ 149 / € 298
SWIMMING POOL RETAIL GOODS	7,407	2% - 4%	€ 148 / € 296
WINDOWS & FITTINGS - SUPPLY ONLY	7,055	2% - 4%	€ 141 / € 282
FENCING ACCESSORIES-SUPPLY ONLY	7,049	2% - 4%	€ 141 / € 282
SWIMMING POOL CHEMICALS	7,028	2% - 4%	€ 141 / € 281
HORTICULTURAL PRODUCTS	6,886	2% - 4%	€ 138 / € 275
MTCE/SUPPLY OF DOOR FITTINGS	6,467	2% - 4%	€ 129 / € 259
FIREPLACES SUPPLY OF	6,389	2% - 4%	€ 128 / € 256
PLUMBING MATERIALS	6,142	2% - 4%	€ 123 / € 246
CLAUSE 806 - SUPPLY LAY & ROLL	5,789	2% - 4%	€ 116 / € 232
PAVING BRICKS- SUPPLY	5,423	2% - 4%	€ 108 / € 217
CONCRETE PIPES	5,411	2% - 4%	€ 108 / € 216
LOCKS – VARIOUS	5,162	2% - 4%	€ 103 / € 206
FLASHER LAMPS	4,840	2% - 4%	€ 97 / € 194
TIMBER ROUGH	4,732	2% - 4%	€ 95 / € 189
DELAY SET MACADAM - DELIVERED	4,447	2% - 4%	€ 89 / € 178
WASHED SAND - DELIVERED	4,123	2% - 4%	€ 82 / € 165
TIMBER POST&RAIL FENCING SUPPLY ONL	3,446	2% - 4%	€ 69 / € 138
ENVIRONMENTAL AWARENESS MATERIALS	3,282	2% - 4%	€ 66 / € 131
PEA GRAVEL – LOADED	3,191	2% - 4%	€ 64 / € 128
SIGN NO DUMPING	3,037	2% - 4%	€ 61 / € 121
SAND	2,777	2% - 4%	€ 56 / € 111
DOWNPIPES	2,679	2% - 4%	€ 54 / € 107
PIT RUN GRAVEL - DELIVERED	2,604	2% - 4%	€ 52 / € 104
CONCRETE MARKER POSTS	2,436	2% - 4%	€ 49 / € 97
BIN MILL WASTE - LOADED	2,385	2% - 4%	€ 48 / € 95

CENTRAL HEATING FITTINGS	2,378	2% - 4%	€ 48 / € 95
LIQUID BITUMEN - SUPPLY ONLY	2,059	2% - 4%	€ 41 / € 82
VEHICLE PARTS	2,030	2% - 4%	€ 41 / € 81
ROAD GULLIES	2,021	2% - 4%	€ 40 / € 81
GLASS SUPPLY OF	2,005	2% - 4%	€ 40 / € 80

Table 11b Computer Software			
Breakdown of Spend	Amount	% Savings	Savings
COMPUTER SOFTWARE	112,150	2.0%-4.0%	€ 2,243 -€ 4,486
COMPUTER SOFTWARE LICENCES	134,391	2.0%-4.0%	€ 2,688 -€ 5,376

Table 11c Communication Expenses				
Breakdown of Spend	Amount	% Savings	Savings	
Landline calls and rental	243,002	2.0%-4.0%	€ 4,860	- € 9,720
Mobile calls and rental	110,018	2.0%-4.0%	€ 2,200	- € 4,401
Leased Lines	1,707	2.0%-4.0%	€ 34	- € 68
Internet Charges	1,094	2.0%-4.0%	€ 22	- € 44

Table 11d Training			
Breakdown of Spend	Amount	% Savings	Savings
Training Other	308,348	2.0%-4.0%	€ 6,167 -€ 12,334
Health Safety & Welfare Training	52,520	2.0%-4.0%	€ 1,050 -€ 2,101
LAT Training Levy	32,590	2.0%-4.0%	€ 652 -€ 1,304
Information Technology Training	22,283	2.0%-4.0%	€ 446 -€ 891
Civil Defence Training	11,234	2.0%-4.0%	€ 225 -€ 449
Fire Training	9,696	2.0%-4.0%	€ 194 -€ 388
Water/Waste Training	8,678	2.0%-4.0%	€ 174 -€ 347
In House Training	8,288	2.0%-4.0%	€ 166 -€ 332
Conference Fees/ Expenses	6,674	2.0%-4.0%	€ 133 -€ 267
Senior Staff Training	4,385	2.0%-4.0%	€ 88 -€ 175

Table 11e Professional Fees			
Breakdown of Spend	Amount	%Savings	€Savings
Environmental Consultancy	904,825.36	2%-4%	€ 18,097 - € 36,193
Project Management Consultants	486,554.89	2%-4%	€ 9,731 - € 19,462
Engineering Consultancy	154,636.77	2%-4%	€ 3,093 - € 6,185
Archaeology	115,252.54	2%-4%	€ 2,305 - € 4,610
Marketing Consultant	11,0340	2%-4%	€ 2,207 - € 4,414
Art Consultancy	84,803.89	2%-4%	€ 1,696 - € 3,392
Museum Consultancy	82,671.33	2%-4%	€ 1,653 - € 3,307
Occupational Therapist	65,350	2%-4%	€ 1,307 - € 2,614
Coroner	64,667.97	2%-4%	€ 1,293 - € 2,587
Site Investigation	59,389	2%-4%	€ 1,188 - € 2,376
Landscaping Consultancy	46,947.29	2%-4%	€ 939 - € 1,878
Laboratory	35,946.85	2%-4%	€ 719 - € 1,438
WWTP Licence Applications	30,000	2%-4%	€ 600 - € 1,200
SURVEY WORK	28,523.64	2%-4%	€ 570 - € 1,141
Medical	22,600.85	2%-4%	€ 452 -- € 904
Consultant	16,987.38	2%-4%	€ 340 € 679
Translation Services	9,772.95	2%-4%	€ 195 € 391
Sports Management Consultants	4,265.25	2%-4%	€ 85 € 171
Valuers	3412	2%-4%	€ 68 € 136
Hire of Photographer	28,32.92	2%-4%	€ 57 € 113
Financial Consultancy	2,722.5	2%-4%	€ 54 € 109

Table 11f Advertising			
Breakdown of Spend	Amount	% Savings	Savings
Local Newspapers	113,148	2.0%-4.0%	€ 2,263 -€ 4,526
National Newspapers	52,545	2.0%-4.0%	€ 1,051 -€ 2,102
Radio	28,458	2.0%-4.0%	€ 569 -€ 1,138
Television	18,244	2.0%-4.0%	€ 365 -€ 730
Recruitment	5,499	2.0%-4.0%	€ 110 -€ 220
Magazine	1,600	2.0%-4.0%	€ 32 -€ 64
Internet	1,418	2.0%-4.0%	€ 28 -€ 57
Public Notice	1,180	2.0%-4.0%	€ 24 -€ 47
EU Journal	837	2.0%-4.0%	€ 17 -€ 33
Tender Notice	311	2.0%-4.0%	€ 6 -€ 12

Table 11g Printing & Office Consumables			
Breakdown of Spend	Amount	% Savings	Savings
PRINTING-CHARGES	54,732	2.0%-4.0%	€ 1,095 -€ 2,189
Paper – Copying	38,118	2.0%-4.0%	€ 762 -€ 1,525
TONER: CARTRIDGE	33,429	2.0%-4.0%	€ 669 -€ 1,337
PRINTING-OTHER	25,831	2.0%-4.0%	€ 517 -€ 1,033
IT-TONERS & CARTRIDGE PURCHASE	25,068	2.0%-4.0%	€ 501 -€ 1,003
Labels	17,365	2.0%-4.0%	€ 347 -€ 695
WATER BOTTLED (WATER ONLY)	16,634	2.0%-4.0%	€ 333 -€ 665
NEWSPAPERS & MAGAZINES	16,437	2.0%-4.0%	€ 329 -€ 657
BOOK PURCHASE	13,648	2.0%-4.0%	€ 273 -€ 546
Pens / Pencils	12,544	2.0%-4.0%	€ 251 -€ 502
Envelopes	9,342	2.0%-4.0%	€ 187 -€ 374
MAINTENANCE WATER COOLER UNITS	8,529	2.0%-4.0%	€ 171 -€ 341
Binders :Spines	4,964	2.0%-4.0%	€ 99 -€ 199
DIARIES	4,666	2.0%-4.0%	€ 93 -€ 187
Stamps : Date	4,352	2.0%-4.0%	€ 87 -€ 174
Boxes : Storage	4,326	2.0%-4.0%	€ 87 -€ 173
Binder : Ring A4	4,239	2.0%-4.0%	€ 85 -€ 170
Covers : Binder	3,430	2.0%-4.0%	€ 69 -€ 137
PRE PRINTED FORMS	3,199	2.0%-4.0%	€ 64 -€ 128
Ink For Stamp Pads	2,939	2.0%-4.0%	€ 59 -€ 118
COPYING OF MAPS	2,911	2.0%-4.0%	€ 58 -€ 116
File Covers	2,896	2.0%-4.0%	€ 58 -€ 116
PHOTO PRINTING	2,635	2.0%-4.0%	€ 53 -€ 105
Kit First Aid	2,428	2.0%-4.0%	€ 49 -€ 97
WATER BOTTLED (CONTAINER DEPOSIT)	2,314	2.0%-4.0%	€ 46 -€ 93
IT –TONER & CARTRIDGE REFILL	2,294	2.0%-4.0%	€ 46 -€ 92
PRINTING-MATERIALS	2,282	2.0%-4.0%	€ 46 -€ 91

Table 11h Energy			
Breakdown of Spend	Amount	% Savings	Savings
ESB	1,350,697	2.0%-4.0%	€ 27,014 -€ 54,028
AIRTRICITY	157,485	2.0%-4.0%	€ 3,150 -€ 6,299
Diesel	129,790	2.0%-4.0%	€ 2,596 -€ 5,192
Heat Oil	78,507	2.0%-4.0%	€ 1,570 -€ 3,140
GAS	54,447	2.0%-4.0%	€ 1,089 -€ 2,178
Petrol	9,791	2.0%-4.0%	€ 196 -€ 392
Fittings	2,911	2.0%-4.0%	€ 58 -€ 116

Table 11i Non Capital Equipment Purchases			
Breakdown of Spend	Amount	% Savings	Savings
Hardware	153,298	2.0%-4.0%	€ 3,066 -€ 6,132
Other Small Equipment	53,084	2.0%-4.0%	€ 1,062 -€ 2,123
Protective Equipment	47,101	2.0%-4.0%	€ 942 -€ 1,884
Waste Disposal Equipment	31,340	2.0%-4.0%	€ 627 -€ 1,254
Office Furniture	25,772	2.0%-4.0%	€ 515 -€ 1,031
Water Services Equipment	24,509	2.0%-4.0%	€ 490 -€ 980
Small Office Equipment	23,371	2.0%-4.0%	€ 467 -€ 935
Laboratory Equipment	19,795	2.0%-4.0%	€ 396 -€ 792
Small Equipment Roads	19,140	2.0%-4.0%	€ 383 -€ 766
Street Furniture	17,128	2.0%-4.0%	€ 343 -€ 685
Vehicle Parts	15,920	2.0%-4.0%	€ 318 -€ 637
Photographic Equipment	11,714	2.0%-4.0%	€ 234 -€ 469
Uniforms/Protective Clothing	11,144	2.0%-4.0%	€ 223 -€ 446
Photocopying Machine	6,698	2.0%-4.0%	€ 134 -€ 268
Plate Compactor	6,534	2.0%-4.0%	€ 131 -€ 261
Helmets	5,849	2.0%-4.0%	€ 117 -€ 234
Breathing Apparatus	5,487	2.0%-4.0%	€ 110 -€ 219
Extinguishers	5,386	2.0%-4.0%	€ 108 -€ 215
Hoses	4,829	2.0%-4.0%	€ 97 -€ 193

Table 11j: Commercial Hire of Plant			
Breakdown of Spend	Amount	% Savings	€Savings
JCB	1,652,040	2%-4%	€33,041 -€66,082
Compactor	194,169	2%-4%	€3,883 -€7,766
Dumper	102,966	2%-4%	€2,059 -€4,119
Excavator	89,479	2%-4%	€1,790 -€3,579
Hedge cutter	66,045	2%-4%	€1,321 -€2,642
Tractor & Hedgecutter	91,828	2%-4%	€1,837 -€3,673
Pick-Up Small	96,875	2%-4%	€1,938 -€3,875
Drain Cleaning Vehicle	83,108	2%-4%	€1,662 -€3,324
Mini-Digger	169,414	2%-4%	€3,388 -€6,777
Skips	60,882	2%-4%	€1,218 -€2,435
Traffic Lights	50,018	2%-4%	€1,000 -€2,001
Small Equipment	124,932	2%-4%	€2,499 -€4,997
Generator	30,591	2%-4%	€612 -€1,224
Tractor & Dump Trailer	128,841	2%-4%	€2,577 -€5,154
Portaloo	23,037	2%-4%	€461 -€921
Van	48,302	2%-4%	€966 -€1,932
Bomag Roller	26,615	2%-4%	€532 -€1,065
Pump	18,861	2%-4%	€377 -€754
Slurry Tank Lorry	17,383	2%-4%	€348 -€695

2.8 Technology and Corporate Procurement

Developments in the use of the Internet and in the application of electronic solutions are having a profound effect on business processes. This is apparent by the now commonplace use of terms *eCommerce* and *eBusiness* to capture the way in which traditional transactions are being modified by technological developments.² Companies are now focusing on leveraging the technology to enable their overall business and procurement strategies – a change from before when attempts were made to make the business fit the solution.³

2.8.1 Agresso

Agresso is the financial management system used in South Tipperary County Council. Upon implementation, it meant that South Tipperary County Council were moving for the first time from cash-based accounting to the more customary accrual accounting as used generally in business. The first phase of *agresso* was the 'Expenditure module', which became operational in 2001. This module enabled improved budgetary management and provided greater financial analytical detail across the organisation. *Agresso* is the foundation on which a fully complete Corporate Procurement system will evolve.

For the spend analysis, the NPPPU recommends using SUPREM – the Supply Positioning and Risk Evaluation Matrix – analysis tool developed by Queensland Purchasing in Australia. This has been offered, free of charge, to any public body that wishes to register for access. SUPREM will provide a profile of an organisation's procurement activity, by mapping the various categories of goods and services in a four-quadrant matrix, whose axes relate to the level of expenditure and the relative difficulty of ensuring supply (that is, the level of risk involved) of the categories in question.

Most information contained within *Agresso* is geared towards financial and budgetary control. Extraction of procurement data requires users to have knowledge of the system. There is a challenge to the Council to obtain more detailed procurement information and conduct the necessary analysis.

2.8.2 Etenders Website

The first visible evidence of the Government's delivery on eProcurement is the www.etenders.gov.ie site. This site pulls all public sector tenders into one location, to facilitate both suppliers looking for opportunities and contracting authorities trying to manage tendering processes. It is designed to advertise tender notices, provide and track tender documents and display award notices. Public sector procurement opportunities currently being advertised in the OJEC, trade journals, national and local papers are being published on a daily basis on this site.

Since its introduction in 2001 South Tipperary County Council stopped advertising full tender notices in the national and local newspapers and started using www.etenders.gov.ie as their primary source for advertising tenders. All that appears on the newspapers now is a small ad highlighting the titles of all tenders and referring interested suppliers to the *etenders* website. In some circumstances, particularly the larger tenders, we refrain from publishing any notifications in the newspapers. Adopting the *etenders* site as the main advertising method for tenders has proved a huge success with numerous benefits as outlined below:

- Substantial Savings
- Target a wider audience
- Introduced standardization within Awarding Authorities
- Improved service to suppliers
- Reduced the number of non value add tasks
- Promoted eCommerce
- Introduced streamlined processes and stimulated change

² An Economic Analysis of Electronic Marketplaces by Europe Economics

³ A guide to eProcurement for the Public Sector – Autumn 2002

South Tipperary County Council have advertised over 200 tenders on this website since its introduction and have made savings in doing so. While these savings do not constitute direct savings to the Council it does mean that there is additional funding available to spend on public services. Example, savings on a Roads project may result in savings to the NRA or the NDP.

2.8.3 EU Notification Manager

As a result of the new European Commission Directive imposing, from the 1st May 2002, the use of standard forms for contract notices published in the EU's Official Journal and requests from numerous departments within South Tipperary County Council and other local authorities, we set about piloting an online tender notice solution. ”.

The wizard guides users through the process of preparing a tender notice i.e. advice on OJEC or National tender/type of procedure/lead times/etc. Using built-in business logic and templates to automatically generate all parts of a notice for publishing to the www.etenders.gov.ie website & EU Journal. Posting of completed notices to both sites is incorporated into the overall solution.

2.8.4 Request for Quotations (LAQUOTES) Online

In April 2003, Kerry County Council took the initiative to pilot an LAQUOTES system. Due to its success and potential to streamline processes and achieve value for money this project was extended South Tipperary in July 2007. It is envisaged that the suppliers would fully embrace this new technology and so they did.

The LAQUOTES solution provides the purchaser with a tool to request quotes for materials from one or multiple suppliers. Each supplier is pre-registered on the system and received training prior to the system being used. Request for Quotations are generated with one or more lines, the quote is then sent to the selected suppliers. Suppliers are prompted via email that South Tipperary Local Authorities are looking for a quotation. They are then obliged to logon to the system and complete the quotation before a pre-defined deadline.

When a supplier submits a quotation the buyer receives an email alerting him/her of the response. The buyer may at any stage (depending on the settings selected) logon to the system and view the responses. A number of reports can be obtained from the system, which will aid decision-making and provide the necessary audit trails for future references.

Buyers can view the details of all the proposals submitted, and accept the one that best matches their needs. The application offers a wide variety of functionality to support an efficient procurement process. Buyers and suppliers can attach documents to provide added information or legal terms and conditions as part of their LAQUOTES or Proposal.

Table 12 provides a breakdown of the categories and the number of suppliers registered under each category. A full analysis of the LAQUOTES system will be conducted in March 2009. The anticipated savings are evident at this initial stage, but definitive figures will be available only when purchases made using the system are compared with those made before implementation. (This table needs to be check P Slattery to revert)

Table 12: Breakdown of categories and number of suppliers	
Category	Number of Suppliers
Plant Hire	45
General	53
Supply of Tools	38
Road Materials	56
Hygiene Products	9
Chemicals	26
Safety Equipment	14
Sanitary Fittings	18
Truck Maintenance & Accessories	8
Total	267

A number of benefits are apparent from the use of such a system:

- Promoting efficiency and accuracy in purchasing by enabling procurement officers to process requests electronically. The system provides you with a single worksheet enabling you to compare prices from several suppliers for instant information access and improved decision-making.
- More responsive to customer quotations
- Immediate savings
- Reduction in storage requirements
- More competitive purchasing
- Real-time product descriptions and pricing - provides a virtual platform for on-line negotiation
- Less administration tasks
- Web-based purchasing
- Secure transactions
- Audit trail
- Promoting eCommerce amongst suppliers
- Excellent instant reporting functionality
- Simple to use
- Email notification
- No additional hardware or software required for buyers or suppliers
- Option to integrate with agresso, when creating Purchase Order.

- Recommendation: Expand the use of LAQUOTES technology across all sections of the Council and to Town Councils.

3 Strategy, Systems and Structures

3.1 Purchasing Policy

Purchasing activities within the Council are carried out in accordance with regulations that specify requirements for quotations and tenders prior to placing orders and for certification procedures prior to paying suppliers. These regulations can be found on the Intranet through the Agresso link.

3.2 Low Value Purchasing Cards - LVP Cards

In many organisations the use of purchasing cards as a means of acquiring low-value products and/or services is now a standard method of purchase and payment in an end-to-end Corporate Procurement system. Purchasing representatives achieve predetermined levels of control and review without front-end intervention of each purchase transaction. The establishment of transactional, daily and billing cycle spend limits for cardholders and placing restrictions on specific product or service categories through merchant category code blocking enables the purchasing card to provide the efficiencies and economies of processing myriad low-value repetitive transactions and pre-identified, specialised, one-off type acquisitions.

Depending on which study is referenced, results indicate that anywhere from 70% - 90% of the transactions account for only 10% - 30% of the Euro value; and the cost of processing low-value transactions is approximately €60. Processing low-value transactions through a purchasing card can reduce business-to-business purchase costs by as much as 85%.⁴

A Purchasing card is a form of charge card specifically designed for the purchase of low value/high volume goods and services. Except, liability rests with the organisation rather than the individual cardholder. Cards are issued to selected employees, empowering them to purchase certain low-cost goods and services on behalf of the Council for a pre-assigned cost centre. No purchase order is required. Under no circumstances should the card be used for personal purchases. Agreement would be reached with selected suppliers on the use of purchasing cards, for designated goods/services at agreed prices. Purchasing cards delivers highest value on high volume/low value and ad hoc purchases.

Contractual Arrangements: *Figure 1*

The operation of the card is relatively simple:

- The purchase can take place by telephone or face-to-face with the cardholder presenting the card details to the supplier.
- The supplier processes the order and requests approval from the bank authorisation centre.
- The bank authorisation centre checks the limits and any other control parameters.
- The supplier delivers the goods or service.
- The bank pays the supplier within 4-5 working days.
- The bank provides a monthly statement to the County Council and the cardholder. These reports can be used for consolidation or blanket order procurement in the future.
- The cardholder reconciles the statement and submits it for approval.
- The County Council pays the bank at month-end.
- The bank also provides monthly management information.

⁴ Bridging the Gap – Purchasing Cards and eProcurement with Enterprise Resource Planning Systems by Ken S Babich

Controls:

- Company credit limit
- Individual cardholder credit limit (per month)
- Individual cardholder transaction limit
- Supplier category blocking

Benefits to Buyer:

- Can reduce bureaucracy and costs
- Simplified, faster administration and a major reduction in paperwork and computer time.
- Environmental benefits – less waste
- Released time across purchasing cycle
- Elimination of a large number of purchase orders
- Reduction in the number and cost of payments issued to suppliers
- Devolving transactions to end users
- Greater compliance from end users
- Better management information
- Improved audit trails, (logs, statements)
- Improved relations with end users (empowered)
- Improved relationships with suppliers
- Frees up buyers to concentrate on value-added source evaluation, selection and negotiation.

Benefits to a Supplier:

- Competitive advantage from being P-card capable
- Better cash flow – paid within a couple of days by bank, no bad debts
- No payments chasing
- Fewer credit control staff

Issues:

- Supplier recruitment – may take time if suppliers can't see benefit (increased market share)
- Suppliers require systems
- Suppliers charged 2% (on average) transaction fee
- Negotiate transaction fee – requires time
- Ad hoc suppliers not interested
- Culture change – investment
- Head count reduction – negative affect on morale
- Training and support investment
- Be careful not to increase end-users workload
- Commitment accounting is not automatic
- Difficulty in feedback of information to the back end FMS. Each purchase must be coded to a specific job against a specific budget etc.

An analysis of South Tipperary County Council's purchases for 2007 indicated that 6,200 purchasing orders were for amounts of €200 or less and accounted for spending of €520,000 in that year. Each of these purchase orders requires the same amount of time and effort as purchase orders for much larger amounts. Table 13 is a breakdown of the number of purchase orders that were raised for amounts less than €200 and the total spend by each of the different sections on low value purchases.

Table 13: Analysis of Purchase orders		
Department	Amount	# of Low Value P.O.'s
Housing	44,637	496
Roads	141,429	1,610
Water & Sanitary	67,339	819
Planning & Development	39,547	537
Waste Management	33,222	358
Burial Grounds	4,992	62
Civil Defence & Safety	18,161	255
Fire	31,344	373
Pollution Control	5,096	87
Recreation & Amenity	31,918	374
Plant Hire & Maintenance	27,444	360
Finance	784	13
Elections	360	3
Justice/Consumer Protection	5,201	51
Support Services	72,448	850

3.3 Storage Costs and Stock Control

In the past number of years greater emphasis has been placed on stock levels and an awareness of the cost of storing goods. Annual stock takes are performed in most storage locations within the council and the area offices. In addition to the annual stock take, informal audits are conducted at least once a month in the main stores in the county buildings. Quality checks take place on goods received. In the event of a shortfall in the delivery, the order quantities are adjusted. There is no formal process for checking that user specifications are met in the quality of incoming goods. Quality problems become evident on subsequent use.

- Recommendation: Continue to measure central stores and depots on performance in the disciplines of inventory control and stock control. Set stock level targets for individual items, based on estimates of usage. Establish min/max levels and order quantities for each item, to maintain stocks within target levels.

Within Corporate Services a specific Operation Code: Q011 is setup for all purchases for the supplies store. This permits one to see everything purchased for the stores over a given period. A budget is assigned to Corporate Services annually to cover all costs, therefore purchases made through this section are not charged back to particular jobs.

3.4 Managing Suppliers

Supplier management has not been a feature of procurement practices within South Tipperary County Council to-date. The emphasis has been on satisfying the purchasing guidelines and obtaining quotations to get the best value for money for the Council. This approach leads to individual departments dealing separately with a large number of suppliers. At the same time no department has the responsibility for managing the performance of any supplier on an ongoing basis. At the time that this report was compiled (August 2007), South Tipperary County Council had over 6,000 suppliers registered on Agresso.

The purchasing unit needs to establish a 'supplier management process' to be applied to strategically important and/or high-spend suppliers. Aspects to be monitored include:

- Rigorous application of contractual agreements
- Evaluation of performance on cost, quality, delivery, convenience, flexibility, etc.
- SLA's and corrective action in response to problems
- Ease of on-going communication.

One of the key issues observed in this review was the scope for increasing the amount of contracted procurement taking place. Non-contract procurement (sometimes referred to as once-off or ad hoc procurement) usually results in higher prices and less favourable terms and conditions. Even with the existing policies and procedures that South Tipperary County Council adhered to, there is room for improvement. At present quotations are sought for all goods and services over €1,000 and in a number of sections quotations are sought for items less than this amount. One of the primary methods of achieving savings in overall procurement costs is to minimise the amount of non-contract procurement.

Supplier management is becoming increasingly important. Purchasers should not only be looking at the typical issues of quality, past delivery performance and financial stability but start to develop an understanding of the supplier's market, market share, trends in the industry and the strategic plans and research investments.⁵ Technology will be a key player in effective supplier management, providing the ability to share real-time and accurate information.

3.5 Market Places

Well-established competitive markets exist for many of the routine goods currently bought by South Tipperary County Council. There is scope for improvements in procurement, particularly by reducing transaction costs. Greater use of purchasing cards and more use of electronic catalogues would achieve this.

3.6 Quotations/Tenders

There are strict guidelines and procedures in place relating to the need for quotations and tenders. These guidelines are abided by in all departments and frequent checks are conducted to ensure that they are obeyed. They are applicable to the purchases of goods and services. In some cases, accumulated purchases of an item over a period of a year would exceed the formal quotation/tendering limit, even though each individual purchase would not.

South Tipperary County Council's procurement takes place within the context of the EC Procurement Directives, which establish a framework of rules for the award of certain supplies works and services contracts. Broadly speaking, public sector contracts are required to be awarded via a process of competitive tendering and there are processes, which must be followed for contracts above a certain value.

⁵ The Supply Management Process by Alan R. Raedels

3.7 Strategic Sourcing

Many large organisations had historically had a narrow transaction-based view of purchasing, with the emphasis on buying goods and services at the lowest possible price. However, companies are now re-evaluating the role of purchasing and focusing on developing channels of supply at the lowest total cost to the organisation, not just the lowest price. They are taking a wider, more strategic view of how procurement could be used to achieve broader corporate goals.

Strategic sourcing realigns the organisation with the aim of focusing the most time and energy on the strategic purchases that can provide advantages in quality, speed and cost effectiveness. It recognises the skills of purchasing professionals and maximises their involvement in purchases of high strategic importance. Rather than taking a blanket approach to securing products and services, strategic sourcing differentiates between items so that the most time and effort is spent on items that have the highest priority.

South Tipperary County Council have begun to adopt this approach, in particular within the central stores. Most items are classified depending on their usage and priority. One of the major changes in the Annual Quotations Process for 2008 will be the strategic sourcing of goods. The strategic importance of a product or service is determined by whether it has an impact on the Council's core functions. Purchasing needs of high financial impact are most likely to be high-value items or recurring levels.

- Recommendation: Develop a strategic sourcing model for South Tipperary County Council to provide a framework for adopting a strategic approach to procurement.

4 Machinery Yard and Stores

4.1 Introduction

The machinery yard and stores provides a support service to engineering based activities within South Tipperary County Council such as repair, restoration and maintenance of road networks, housing stocks and sanitary systems. The core service objective is to provide machinery (i.e. vehicles, plant and equipment) and materials at a reasonable cost to assist engineering staff carry out their functions.

South Tipperary County Council's machinery yard and stores, stocks a variety of machinery and materials, although machinery specific to particular functions (e.g. refuse trucks) is not considered part of it's stock, the relevant sections own these vehicles. Such machinery may however be housed in and maintained by the yard.

The purpose of this appraisal is to assess the extent to which the investment of time, capital and working capital is delivering value for money and where necessary, make recommendations to improve service delivery. The machinery yard and the stores operation will be discussed as two separate functions for the purpose of this report.

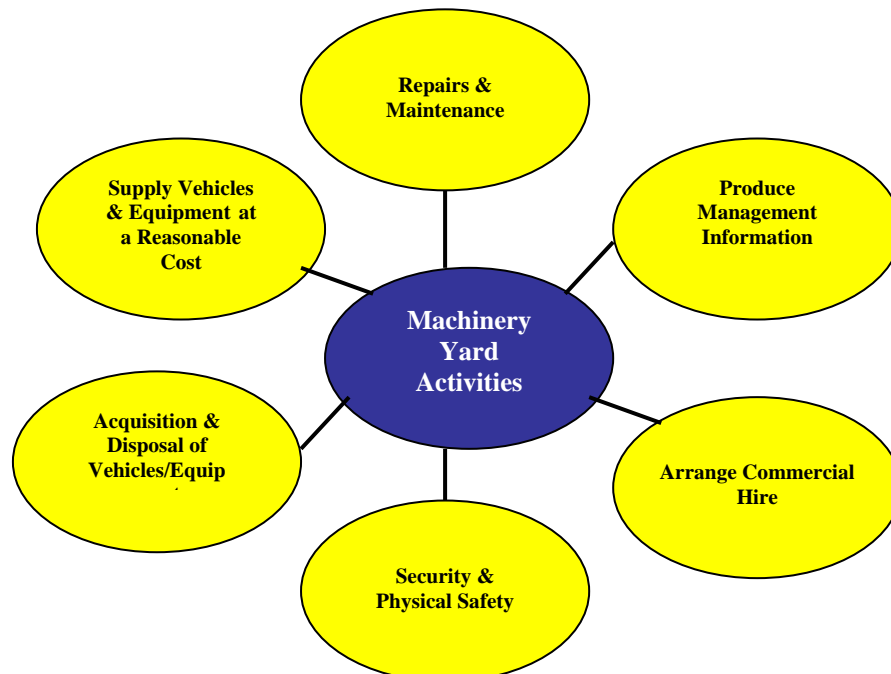
4.2 Machinery Yard

The rationale for operating a machinery yard is to:

- Provide machinery, which would not otherwise be available, in sufficient quantity from commercial operators.
- Provide machinery necessary to enable essential and emergency tasks to be undertaken.
- To maintain competition in the hire of machinery.
- Ability to control annual roads works programme.

4.2.1 *Figure 3* Functions of the Machinery Yard

All the primary functions of the machinery yard are discussed in the following section:



4.2.1(i) Supply of Machinery

The supply of machinery is the nucleus of the service provided by the machinery yard. The performance of this activity is affected by the performance achieved in the other support activities. A number of key criteria affect the efficiency and effectiveness of this activity such as user satisfaction, market share, machinery expense account, machinery stocked, good operator skills and policy strategy and business plan.

4.2.1(ii) Acquisition and Disposal of Machinery

Acquiring and disposing of machinery is not a daily activity in the machinery yard, but is generally carried out as per the planned replacement process. The machinery yard operate a replacement fund; this is a fund that is accumulated to finance the replacement plan. However this is dependent on the economic climate, the workload and utilisation of the machinery and the staff. The target is to achieve a surplus of approximately 8% - 10% of turnover per annum.

A frequent review of the replacement plan should be an integral part of the strategic plan of the machinery yard and is largely dictated by the Roads and Transportation development plan. 5 year replacement plans are produced based on the useful working life of machines. This is reviewed on an annual basis, to take account of changes of work practices, vehicle usage and the state of repair of the machines.

Plant purchasing decisions should be on the basis of *whole life cost*, i.e. fuel consumption, maintenance costs etc. Information should exist which identifies the optimum time to replace machinery-having regard to expected useful life and escalating maintenance costs.

When replacing machinery, contract hire ought to be considered as an alternative to outright purchase or leasing. With this method of hire, a contract is entered into for the continuous hire of the machinery, for a number of years. The supplier provides and normally maintains the item of machine for the lifetime of the contract. Contract hire is generally only suitable in instances where machinery is in constant use and is particularly suitable where a number of machines are involved. South Tipperary county council presently has a contract hire agreement for 12 No. 7.5 Tonne pickup trucks for a 6 year term.

4.2.1(iii) Optimum Asset Replacement Time

A number of techniques exist to facilitate organisations in deciding when it is more economic to replace, rather than maintain an ageing machine. A procedure called the minimum annual average cost (MAAC) is one method, which can be used to calculate the optimum time to replace machines.

The costs of operating the machinery yard can be categorised as:

- Running Costs
- Overheads
- Maintenance and Repair
- Depreciation

As overheads and running costs do not vary with age they are ignored for the purpose of this exercise. However, maintenance and repairs generally rise with age while depreciation is high in the years immediately following purchase and decreases significantly in later years. Accordingly, the average annual cost of owning a machine is high in the early years due to depreciation but reduces as the depreciation charge becomes less significant. However, maintenance costs tend to rise as a machine becomes older. Following the MAAC procedure the optimum time to replace a machine is when the minimum annual average cost ceases to fall due to lowering depreciation but begins to increase due to mounting maintenance costs.

South Tipperary County Council carries out an assessment of when to replace machinery. The technique used is a combination of a number of factors and techniques.

4.2.1(iv) Repairs and Maintenance

Within South Tipperary County Council repairs and maintenance are charged directly to the machine, which is then charged to the machinery account. There is a 'job card system' in place to track work completed.

4.2.1(v) Location and Security

The location of and access to the machinery yard are important considerations when appraising the delivery of services. There are plans to move the machinery yard to a new site and co-locate with a number of other activities including County Council Tar Depot, County Council Archives Section, and Clonmel Borough Council depot.

Security is not generally a problem for the machinery yard as assets are adequately protected.

4.2.1(vi) Commercial Hire

In meeting its needs, South Tipperary County Council has to augment its stock of machinery by hiring machines from the commercial sector. The value of this market is significant. During 2007, €3,070,679 was spent on hiring machinery from the commercial sector and an additional €158,191 was spent on tool hire. A breakdown of this spend by sections is outlined in Table 14.

	Tool Hire	%	Plant Hire	%	Total Spend	%
Roads/Area Offices	84,537	53.4	1,840,413		1,924,950	
Machinery Yard	167	0.1	115,559		115,726	
Sanitary/Environment	59,879	38.0	792,962		852,841	
Housing	11,964	7.5	240,420		252,384	
Others: Library, Fire Station & Motor Tax	992	0.5	80,126		81,118	
Total	652	0.5	1,199		1,851	
	158,191		3,070,679		3,228,870	

South Tipperary County Council hires machinery for the following reasons:

- (1) To satisfy machinery requirements during periods of peak demand
- (2) To avail of specialist machines, with skilled drivers, which would not normally be available from the machinery yard.
- (3) Cheaper to hire, on occasions, particularly with a driver, rather than to provide the machine internally.
- (4) The required machine is not available for whatever reason from within the machinery yard.

4.2.1(vii) Annual Quotations Process

One of the key steps in the commercial hire of machinery is the sourcing of suitable machinery for hire at an economic price. South Tipperary County Council will from 2008 seek quotations for the hire of plant and machinery each year through the LAQuotes process. Quotations received through LAQuotes are compiled in an electronic process and collates quotations from suppliers in an easy accessible way. This is a major improvement in the previous system where quotes were received and maintained in a list/book which shows details of each item of plant, the hire rate and the name of the contractor. This book contains details of all legitimate quotations received.

South Tipperary County Council needs to guard against the possibility of suppliers of hired machinery forming cartels, thereby regulating prices submitted in response to requests for quotations. Generally cartels will not form if new suppliers are encouraged to submit quotations. This reiterates the need and purpose of maintaining a machinery yard within the Local Authority.

4.2.1(viii) Machinery Scheduling Solution

In theory the machinery hire process is centralised and all hire should be obtained through the machinery yard, however in practice this is not always the case, as user sections frequently hire plant directly as required.

The introduction of an online tracking/scheduling system would facilitate the policy within South Tipperary County Council to ensure that all requests are channelled through a central division that being the Machinery yard. A number of benefits are apparent with implementing such a system.

Benefits:

- Increased visibility
- Less administration
- More control
- Promotion of forward planning and better management of resources
- Minimise the number of exceptions through better visibility and better planning.

Overview:

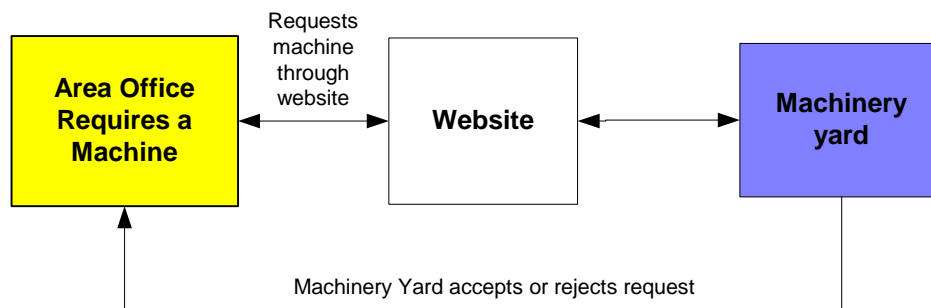


Figure 7

Website:

Example: An Area Engineer requires a Grader for one week, starting on the 8th of January 2008. The engineer would be required to logon to the Intranet and request this machine. This request is then routed electronically to the machine yard. The machine yard will then examine the request and check for availability of existing South Tipperary County Council machinery. If there is no South Tipperary County Council owned machine available the machinery yard will then source/hire one externally from private contractors, provided that there is no other workable solution, such as rescheduling the work. The machinery yard will then inform the engineer via the system of the availability/source of the grader. Machinery Yard Personnel will have full control over all requests.

In order to avoid block-booking machines when not required, Area offices will be penalised if the machine is not used. This will only apply if the machine has not been cancelled within an agreed time. (These conditions and others will need to be compiled and agreed before the system is rollout).

Look and Feel of Site:

The design will be similar to the existing "Corporate Calendar". It will be a restricted site, (users will require a username and password) and will be access through the Machinery Yard homepage.

4.2.2 Costing System within Machinery Yard

The machinery yard costing system operating within South Tipperary County Council requires that individual cost centres/jobs be charged with all appropriate costs. Accordingly, sections, which avail of council machinery, are charged for the use of that machinery at a pre-determined rate. When calculating the discharge rates, costs & levels of activity are estimated.

Table 15: Costing System within Machinery Yard	
	Euro
Tractor with Road Brush (hourly)	34.00
Tractor with Slurry Tanker (hourly)	34.00
Grader (hourly)	47.00
Phoenix Gritter 4.3M (Expanding) (hourly)	80.00
Phoenix Gritter 4.3M with Hook up man (hourly)	100.00
Phoenix Gritter (Compacting)(hourly)	63.00
Rubber Roller (PTR) (hourly)	47.00
17 Ton Truck (hourly)	37.00
26 Ton Truck (hourly)	47.00
30 Ton Truck (hourly)	58.00
Pickup Truck (hourly)	9.25
Small Van (Yearly)	10,100.00
Large Van (Yearly)	16,000.00
4 WD Jeep (hourly)	9.00
4 WD Pickup (Yearly)	19,800.00
Artic Trailer (hourly)	72.50
Low Loader (hourly)	75.00
+ Salt Spreader (hourly)	17.00
Loadall (hourly)	45.00
Pickup Patching Unit (hourly)	13.00
Patching unit & driver (hourly)	40.00
Patching unit, driver & lanceman (hourly)	58.00
Velocity patcher (hourly)	61.50
Patching Unit (per Gallon Sprayed)	5.00
Bitumen Sprayer (per Gallon sprayed)	60c
Bitumen Sprayer Surcharge (<1000Gal/Day)	400.00

Table 15 provides a listing of current rates at the time this report was being compiled. Additional costings include:

- Mechanics/Electricians Composite Rate = €37 per hour
- Apprentice Rate = €24 per hour
- Drivers Composite Rate = €23.5 per hour
- Overtime Rate = €9.00 per driver per hour, on all overtime hours worked excluding “Travelling Hour” (Trucks and Road Sweeper Only).

Most of the machines and vehicles are charged out on an hourly basis for time worked. Exceptions to this are the proposal for spraying, Bitumen, charged per gallon sprayed, and machines charged on a yearly basis to different sections.

Principles and Liabilities of the Machinery Yard:

- The method used to generate funds for plant replacement.
- Overheads, such as costs of the workshop, charged to the machinery expenses account.
- A slump in demand for hired plant, or an over supply of hired plant in the market place.
- Lower activity levels within South Tipperary County Council, this reflects machinery usage.
- VAT charged @ 21% on the purchase of machinery is non-reclaimable.
- VAT charged @ 21% on purchases of fuel, parts etc. is non-reclaimable.
- More specialist machines are engaged, which are seldom available from the private sector.

4.2.3 Management of the Machinery Yard

Day-to-day management of the machinery yard is the responsibility of an executive engineer who reports to the Senior Engineer Roads via a Senior Executive Engineer. The Senior Engineer is responsible to the Director of Service, Roads and transport for the overall management of the

machinery yard. The machinery yard engineer is responsible for the allocation of machinery in response to requests received, for ensuring that council machinery is properly maintained and for relevant statistical, costing and financial documentation. The machinery yard engineer within South Tipperary County Council is also responsible for the Stores operation as is discussed later in this report.

4.2.4 Machinery/Plant Owned by South Tipperary County Council

As of the 1st of August 2007, a total of 87 machines, with an estimated value of €2,038,775 were owned and operated by the machinery yard in South Tipperary Local Authorities. 99% of the machines were purchased outright. Leasing was used to finance a small percentage of machines in the past.

Outside of the machinery yard, all of the area offices would have purchased small plant and tools in the last few years. The move is towards purchasing small plant and tools as opposed to hiring.

4.2.5 Labour

1 General Services Supervisor and 18 full time drivers are employed by the machinery yard, with an additional 65 temporary drivers who are employed at peak seasons. The Workshop employs 1 Foreman Fitter, 1 chargehand fitter, 4 plant fitters and 2 apprentices. These staff would carry out work for sections other than the machinery yard.

There are also a number of additional resources employed in the machinery yard; 1 Executive Engineer, 1 Technical Services Supervisor, 1 Clerical Officer, and 1 General Operative

During 2007 €302,878 was spent on overtime for drivers in the machinery yard. Drivers are required to work overtime when demand for the vehicle is greatest, normally during periods of dry weather or in winter months when road gritting is required.

4.2.6 Recommendations for Machinery Yard

- Determine the future role and structure of the Machinery Yard; this should contain challenging but achievable targets and performance indicators.
- Hire of machinery is centrally managed by the machinery yard. We need to extend this practise across the organisation and ensure that this procedure is followed at all times.
- Better Management Information Systems –
 - The introduction of online scheduling of machinery (area engineers would be obliged to request all machinery and services through the intranet). This would increase visibility and reduce some of the administration burden.
 - The system would also contain the functionality for users to log problems/ideas/opinions regarding the machinery yard service.
 - The introduction of a common and compatible computerised system for the yard, stores and vehicle management information system for the recording and reporting of operation, utilisation and cost; details in relation to vehicle maintenance, fuel consumption, service details and other relevant matters should be recorded for each machine.
 - Promote better forecasting and forward planning.
- Different Rates Options
 - Consideration should be given to the use of increased discharge rates when machinery is required outside of normal working hours so as to discourage overtime working except where absolutely necessary.
- Consider Aggregated Purchasing between Area Offices and other Local Authorities
- Embed LA quotes system, monitor its usage. Complete rollout of this package to the Urban authorities.

- Increase in the use of purchasing contracts.

4.2.6.1 Other Recommendations

- Complete a detailed study on Purchase versus Hire of machinery and plant
- Good Management Practices – productivity targets and the evaluation of management principles.
- To minimise off-the-road days of vehicles, South Tipperary County Council should consider more planned maintenance.
- Spare capacity, if it exists within South Tipperary County Council could be sold/hired to neighbouring authorities in particular Town Councils. Perhaps recommending a national website to auction machinery.
- Continue to frequently review all components of plant discharge rates and yard operating costs for opportunities to reduce costs.
- Overhead costs should be minimised wherever possible.
- Continue to monitor the ‘value added’ of the machinery yard.

4.3 Stores

The stores department is responsible for purchasing and storage of commonly used items, specialized requirements and operational strategic items. Annual quotations are sought for a defined list of items per annum (this is a similar process to seeking quotations for the hire of plant and machinery each year, as mapped out in Figure 6) and a list of suppliers and prices is compiled for use by central stores and the area offices. The area offices would procure a lot of goods and supplies directly.

The objectives of maintaining a central stores are:

- To have available, when required, materials necessary for the repair and maintenance of the assets of a local authority
- To assist in the physical and accounting control over supplies held in stock for future consumption
- To avail of cheaper prices through bulk purchasing
- To maintain items of strategic importance

4.3.1 Background

Most local authority stores were set-up at a time when different commercial practices prevailed and when transport and delivery facilities were not as efficient as they are at present. However, the level of activity in stores has been reducing over the years due to a number of factors, in particular:

- Policy changes, whereby road improvement and house construction are mainly done by outside contractors.
- Main suppliers and agents have become more efficient in delivery their goods, thereby reducing the requirement on local authorities to carry large quantities of stock and enabling goods to be delivered directly to the job.

4.3.2 Stores System in South Tipperary County Council:

In 2001 South Tipperary County Council computerised their stores system, with the introduction of Agresso. However the requisition of goods from stores is not an integrated feature of Agresso at the time this report is being compiled. All Stores products are recorded in Agresso and their specific location within the actual stores. A commitment cannot be raised against store items on the system, so therefore it is of paramount importance that the relevant costs be recorded against the relevant job immediately upon the withdrawal of stock from stores.

In future versions/modules of agresso there is the ability to incorporate the latest techniques in system design for a fully online operation. The current version of agresso is integrated with the agresso payments and expenditure systems, thus ensuring compatibility of procedures.

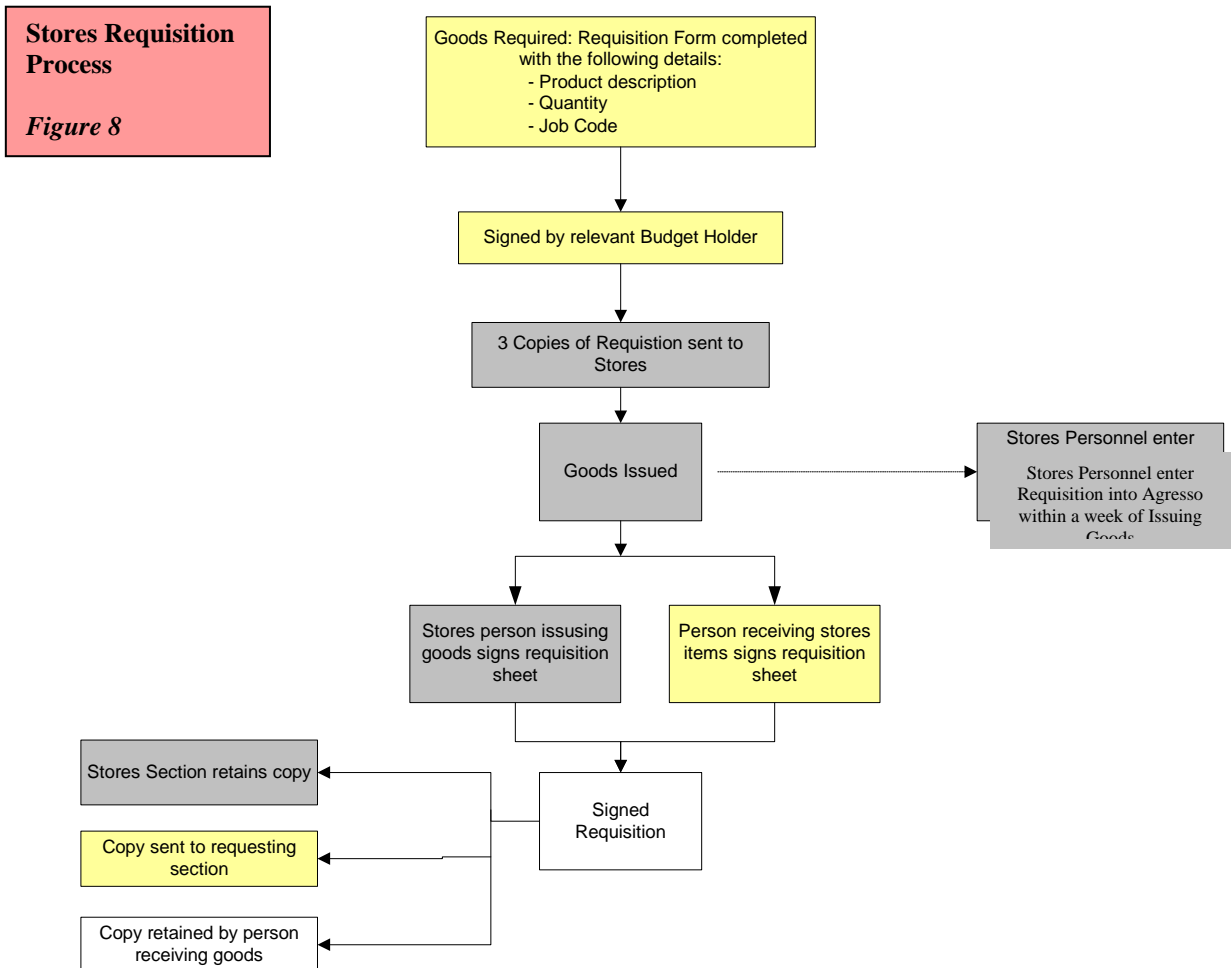
4.3.2(i) How the Stores Operates

The Requesting section sets out on a manual requisition form the product, quantity, description and most importantly the Job Code. The relevant budget holder responsible for that Job code then signs the completed requisition. Three copies of the requisition are then forwarded to Stores. On the issue of the relevant goods, the requisition sheets must be signed by the stores person issuing the store items and also by the person receiving the store items. The stores section retains the top copy, the second copy is forwarded onto the requesting section and the person receiving the goods retains the last copy.

The stores section enters the requisition into the Agresso Stores Module within a week of issuing the goods. It is at this stage that the cost of the stores items will be reflected against the Jobs. This is the reason why the manual requisitions must be keyed in quickly to be reflected in the Expenditure system.

On a monthly basis, the stores section issues a report to the user departments detailing the transactions that have been processed for those sections. The stores manager checks this report and countersigns it.

Each section checks this report against their requisitions to ensure accuracy.



Stores Requisition Process
Figure 8

4.3.2(ii) Location

The Stores is located adjacent to the machinery yard. It is a restricted area with limited access and adjoining the machinery yard complex. It is a centralised store, holding 1,700 different types of products. It is planned to relocate the stores as part of the machinery yard, tar depot and area depot to Carrigean Business Park.

4.3.3 User Departments of Stores

The Machinery Yard, Water Services and Environment are the main users of the Stores, they accounted for in excess of 74% of the transactions. In some cases 'protective clothing' accounts for a high percentage of what the sections procure, it is mandatory that all sections source protective clothing through the stores. This accounts for over 20% of all transactions.

4.3.3.1 Overheads:

The operating costs of the stores section consist of direct and indirect charges. The direct charges are wages, premises and administration costs. The indirect charges consist of management and the financial costs of carrying the stock on hand. At present the cost of operation and management of the stores section is calculated each year and the cost is recouped for each user section pro rata to its use in over the year, this works out at approx 11% of a surcharge for 2007, however as this overhead is levied at the end of the financial year when grant monies are expended the overhead is a cost to the local authority, whereas it would be far more practical to have, say, a 15% mark-up added to most products to recoup the costs from the operation using the service and this would reflect the true cost of the item to the particular job

4.3.4 Purchases made independently of the stores section:

Although this study did not quantify the level of purchases made independently of the stores section, many sections, in particular the area offices stated that they frequently bypass the stores section and use their local hardware suppliers for their requirements. Budget holders support this procurement decision primarily because it is often more economically advantageous and effective to purchase from the local hardware supplier than stores, because of distance from central stores.

4.3.5 Stock Take

In compliance with the Accounting Code of Practice and in the interest of good accounting procedures, an annual stock take is carried out as near as possible to the year end. In South Tipperary County Council this is conducted in December.

There are five stages to the stock taking process:

1. Printing the Stock Take Sheets
2. Carrying out the physical stock take
3. Entering the results of the stock take
4. Reviewing the unposted results
5. Posting the results of the stock take.

4.3.6 Bitumen

South Tipperary County Council operates its own storage depot for bitumen in the Machinery Yard, in Clonmel. Typically, there is a throughput of approximately 2 million gallons of bitumen emulsion each year. The NRA seeks tenders for the supply of bitumen products every six months and then issues a list of approved suppliers and costs (ex-works) to the local authorities. These price lists are produced on a monthly basis to an agreed formula that takes account of fluctuations in market prices and the Euro/Dollar rate. These suppliers also tender separately for the delivery/transport charges to each local authority every 6 months. There is very little difference in the overall cost of bitumen products from each of the suppliers when the delivery/transport charges are taken into account

South Tipperary County Council operates a 'Tar Account' to record all costs associated with the storage of bitumen products in the Machinery Yard, Clonmel. A 'handling charge' of 13% is added to the cost of the products to cover these costs, e.g. wages, fuel, insurance etc. as well as the cost of delivering the bitumen to site via ferry tankers. A small surplus should be generated each year to contribute towards a capital fund for the re-development/upgrading of the storage facilities. With the completion of the new Machinery facility and the transfer of the Tar Depot to Carrigeen, it is envisaged that the stock control and purchasing of Bitumen will pass to the Stores section.

4.3.7 Staff

South Tipperary County Council employs one storekeeper to operate and manage the stores. The overall responsibility of the stores resides with the Executive Engineer whom is also in charge of the machinery yard. A number of additional resources are also employed in the stores; 1 Clerical Officer, 2 store men and 1 Driver/Delivery man.

4.3.8 Policies and Procedures

It should be borne in mind that stock on hand valued at €229,674 , at the end of 2007 represents tied up working capital. Procedures should be put in place to ensure that the storekeeper/purchasing officer receives adequate advance notice of the authority's proposed work schedule for the year so as to determine the purchasing needs and thereby negotiate best deals with the suppliers.

4.3.9 Recommendations for Stores:

Existing and Ongoing Projects:

- Business Process Re-engineering and Rationalisation of stores and depots is required.
 - All items stored should be review and questioned as to their need and necessity to be stored.
 - All obsolete stock should be identified, segregated from current stocks and disposed of as quickly as possible.
 - Consideration should be given to charging the loss suffered on obsolete stock to the specific job for which the goods were originally purchased.
 - Slow moving stock should be segregated and valued. Procedures should be put in place for the continual reassessment of the necessity for carrying such stock.
 - With the increase in the number of courier companies providing speedy delivery of parts from main suppliers and the very competitively priced local firms, only spare parts which are clearly identified as emergency should be held in stock.

- Continue to ensure quality control of goods inwards and goods in storage.

- Continue revamp of the stores layout. On-going maintenance and housekeeping should be maintained. Continue to clearly label bins and racks in the store section.

- Continue to minimise overheads costs wherever possible.
- Increase the use of stock holding charges.

- Continue to review purchasing policies and procedures.

- Continue to streamline Annual Quotations process

- Classification and Categorization of Goods
 - Specialized Items, e.g. safety clothing/equipment, waterworks replacement parts, etc. The minimum stock levels for all specialised items should be determined and reviewed at regular intervals. The limit, if accurate, will ensure that no shortages occur and that only minimum stocks are carried at all times.
 - General Goods, products that are normally carried in stores but could be purchased as required, either in local hardware/suppliers or from the main supplier.

New Initiatives:

- Determine the future role and structure of the Stores; this should contain challenging but achievable targets and performance indicators. Management should set objectives for the efficiency and cost effectiveness of the operation and monitor its progress by reviewing the Profit and Loss statement on a monthly basis.

- Introduce a scanning system to track all goods entering and leaving the stores. This would provide more accurate and instant reporting.

- Consider Aggregated Purchasing between Area Offices and other Local Authorities.

- Overhead costs should be minimised wherever possible.

- Consider introducing stock holding charges

- Investigate turning on the automatic triggers for the replenishment of stock in Agresso.

- If an item, after the addition of overheads, is more expensive to the authority than the retail price it is possible to negotiate and is readily available then it should not pass through the stores system.
- Investigate the increased use of contracts. The use of properly constructed written contracts between the authority and its major suppliers is the best method of purchasing goods and services at keenest prices. Contract purchasing, if operated correctly, allows organizations to take full advantage of their purchasing power and to stipulate conditions with regard to delivery, specifications, quality assurance etc.
- If opportunities exist we should deal directly with distributors when purchasing stock – should get more competitive prices
- Metric measures should be used for all stores activities and published on a monthly basis.
- Good Management Practices – productivity targets and the evaluation of management principles.
- Implement Better Management Information Systems:
 - The introduction of a common and compatible computerised system for the yard, stores and vehicle management information system for the recording and reporting of operation, utilisation and cost; details in relation to vehicle maintenance, fuel consumption, service details and other relevant matters should be recorded for each machine.
 - Forecasting and forward planning are essential moving forward.
- Introduce continuous monitoring of prices and benchmarking against competitors.

4.4 Buying versus Hiring of Machinery/Tools & Equipment

There is a need to secure a much greater level of management information within local authorities if the correct decisions are to be made regarding the optimum mix between hire and ownership. Such information includes:

- **Future usage** – estimates based on past utilisation and projected usage.
- **Cost** – comparison between the cost of acquisition and the cost of hire.
- The proper division of costs between fixed and variable.
- **Available funding** – management need to put in place arrangements to ensure that funds are available to finance acquisitions. Without necessary funding South Tipperary County Council will be forced to hire even in situations where it is clearly not the most economical choice.
- **Staffing levels** – when making the decision to hire rather than purchase, South Tipperary County Council needs to have regard to the number of available drivers and operators.
- South Tipperary County Council should regularly review the levels of hire and when it is deemed prudent to do so, purchase rather than hire machines and tools. The additional administration overhead associated with hired plant should be taken into consideration when deciding whether to hire or purchase machinery and tools.
- Machines and tools should only be hired if the required machine is unavailable from the machinery yard or the local area office.

4.4.1 Change in Practice for South Tipperary Local Authorities

One of the objectives of this Plan is to begin a review of small plant and tool hire to establish the benefit of purchasing small plant and tools as opposed to hiring them, this is apparent from table 10. This is particularly true of the area offices. Table 16 provides a sample of the most frequently hired small plant and tools that were required in 2007 from local suppliers. It is clearly evident from this selection that there is still a substantial amount of money spent on hiring tools and machinery.

Table 16: Frequent Plant / Tools Hired during 2007		
Type of Plant / Tools	Total spend	No of transactions
Strimmer (Hand)	73	1
Saw	4,409	24
Powerwasher	4,503	15
Mini-Digger	169,414	38
Pressure Jetting Equipment	3,717	1
Kangohammer	3,953	37
Concrete Mixer	2,007	10
Concrete Saw	5,174	40
Traffic Lights	50,018	114
Cordless Drill	3937	34
Compressor	14,571	56

5. The Way Forward

The more important aspects of implementing of a Procurement Policy are the redesign of business processes and the management of change inside the organisation and in its interaction with the supply base. South Tipperary County Council realise the potential of electronic commerce to reduce costs of the procurement process and to allow for faster, more efficient acquisition of goods and services. Despite the encouraging progress made to-date, there still remains considerable potential to secure savings in terms of both better prices and more efficient procurement. Strategic Procurement is a key tool in delivering this.

South Tipperary County Council needs to recognise its role in building up confidence within suppliers by demonstrating that the market is open to fair competition. The Council will give suppliers early notice of what the council expects to buy in the future, and when and how it will go about buying these products and services. Suppliers will then be able to assess the future market size and the needs of South Tipperary County Council and plan to meet this.

South Tipperary County Council should apply the four Cs of best value to every procurement opportunity:

- **Challenging** why and how a service is being provided
- **Comparing** their performance with others
- Embracing fair **competition** as a means of securing efficient and effective services.
- **Consulting** with local taxpayers, customers and the wider business community.

a. Recommended Work Programme

In order to advance and achieve some of the recommendations detailed in the previous sections of this report, a number of projects are prescribed and detailed in the following few pages.

i. Requests for Quotations: LAQuotes

South Tipperary County Council will from 2007 seek quotations for the hire of plant and machinery each year through the LAQuotes process. Quotations received through LAQuotes are compiled in an electronic process and collates quotations from suppliers in an easy accessible way. This is a major improvement in the previous system where quotes were received and maintained in a list/book which shows details of each item of plant, the hire rate and the name of the contractor. This book contains details of all legitimate quotations received. The on-going use of this new developed system and the coding and implementation of the enhancements will result in a new improved reengineered process that has and will continue to yield significant savings both in time and financial savings.

ii. Plant Hire and Haulage Expenditure

In excess of €2.5m was spent on private and commercial hire of plant and haulage in 2006. 1% saving in this category of spend would result in savings of €25,000. The following projects are recommended to streamline existing processes.

- ◆ **Ongoing Statistical Analysis** – Continuous reviewing and statistical analysis is required to fully appreciate the value of this market. Monitoring and adopting Key Performance Indicators (KPIs) will help achieve value for money.
- ◆ **Increased use of contracts** - The use of properly constructed written contracts between the authority and its major suppliers is the best method of purchasing goods and services at keenest prices. Contract purchasing, if operated correctly, allows organizations to take full advantage of their purchasing power and to stipulate conditions with regard to delivery, specifications, quality assurance etc.
- ◆ **Electronic Online Quotations Process** – As discussed in section 5.1.1, a substantial amount of work was undertaken to streamline this process and eliminate the mundane task of seeking and gathering quotations.
- ◆ **Hiring versus Purchasing** – At the end of the year data will be extracted from Agresso that will highlight not only which Supplier, machines were sourced but in

addition, which machines, how long and at what costs. Based on these findings conclusion can then be drawn as to the hiring versus purchasing of machinery.

- ◆ ***Machinery Scheduling Solution-*** an overview of this project is outlined in section 4.2.1.7. The objective of this project is to develop an online tracking/scheduling system that would facilitate the policy within South Tipperary County Council to ensure that all requests for hire of machinery are channelled through a central division. Establishment of a 'working group' is currently being put in place to advance this initiative.

iii. Training Module

Training is essential in any organisation in any discipline. It is particularly important when it comes to the evolving role of procurement. The scope of responsibility has changed from simply purchasing the right materials from the right suppliers to the more challenging and dynamic role of supporting the organisation's overall goals and objectives and acquiring access to and then managing the capabilities of suppliers. Section 2.3.3 describes training within South Tipperary County Council to-date and a brief synopsis of the planned training programme that is currently being devised. Implementing and rollout this training module is high on the agenda for 2009.

iv. Managing Suppliers

As discussed in section 3.4, supplier management is becoming increasingly important. Purchasers should not only be looking at the typical issues of quality, past delivery performance and financial stability but start to develop an understanding of the supplier's market, market share, trends in the industry and the strategic plans and research investments.⁶ Technology will be a key player in effective supplier management, providing the ability to share real-time and accurate information.

Statistical analysis will reveal which suppliers are more strategically important. Managing all suppliers (6865 suppliers, at time report was compiled) is not feasible. It is recommended that on appointment the regional procurement officer will review three of South Tipperary County Council non-contractual primary suppliers in this exercise. Depending on the success of these preliminary cases, a number of additional suppliers could be enrolled in the programme of managing suppliers.

v. Purchasing Unit

In 2002 a high level strategy for the implementation of eProcurement in the Irish Public Sector was published. This high level strategy emphasised the need for procurement management reform supported by technology appropriate to the procurement related spend. In order to develop an integrated framework for better management of South Tipperary County Council procurement, ownership and responsibility must be assigned to a specific unit/group within the agency. This unit would be responsible for, among other things, developing concrete actions to implement a procurement strategy over the medium to longer term.

There are four aspects to implementation of a procurement strategy:

- Capacity building: organisational capacity to strategically manage procurement effort in order to maximise measurable savings and benefits.
- Training and education developing public sector staff through targeted procurement training and education to sustain measurable improvements in procurement performance.
- Aggregation: reducing costs by leveraging public sector demand in certain markets.
- eProcurement systems: improving efficiency through the use of cost effective technologies in support of various aspects of procurement.

Procurement expertise, knowledge and skills within South Tipperary County Council are dispersed throughout the different sections. Consistency varies and there is little or no co-ordination between each section. It is highly recommended that a professional purchasing unit develop, and direct the strategic and operational purchasing activities of the Council. This is discussed in greater detail in

⁶ The Supply Management Process by Alan R. Raedels

section 2.3.2. The appointment of a regional procurement manager will be a significant resource in this instance and their expertise will be used to coach and develop this unit.

vi. Low Value Purchasing Cards

Initial research indicates that 6250 of total purchase orders raised in 2007 were for amounts of €200 or less and accounted for 6% of total expenditure for South Tipperary County Council for that year. Roads, Housing and Water Services had the largest number of low value purchases, these three sections account for over 46% of all low value purchase orders. Based on the above statistics, it is proposed that further studies and research be conducted in relation to reducing the number of low value purchases, with the possibility of piloting low value purchasing cards and evaluating their usage.

vii. Fuel Costs & Cards – Analysis

A study on value for money of the purchase of fuel for the County would be a very worthwhile exercise. Annual quotations are sought for the supply of national fuel supply, local fuel supply and lubricants consumables. Research into quantities of fuel purchased on an annual basis would be a useful in seeking quotations and provide suppliers with a guideline in which they could quote. Due to altering prices on a frequent basis, it is difficult to substantiate that value for money is being achieved.

Analysing statements received to-date from the DCI fuel cards would provide a clearer picture into the benefits, if any of using them. To-date there is a total of X active DCI cards in use. Texaco fuel cards are also used within the council but on a much smaller scale. It would also be worthwhile reviewing the option of expanding this service and perhaps seeking competition from additional fuel companies.

viii. Continue work with Stores

It is hoped that with the move to the new Machinery Yard at Carrigeen Clonmel further efficiencies can be achieved and that the service provided by stores will be shared more readily with Clonmel Borough Council.

ix. Ongoing Statistical Analysis

Without the necessary research and analysis, it is impossible to measure results and understand the operational aspect of our business. Throughout the report, ‘continuous improvement’ is echoed as the core to achieving value for money. However, without ongoing analysis and tangible evidence of results and ‘pitfalls’, it is unattainable to measure progress and execute and achieve end results. Most of the recommendations listed herein require a certain amount of research. While some analysis was conducted as part of this review it is suggested that more in-depth examinations be completed as a separate study, in particular in relation to category and supplier analysis.

b. Timetable and Dependencies

The Gantt chart (on the following pages) outlines a suggested sequencing for each of the recommended projects described in section 5.1. It takes account of the interdependencies between initiatives and tasks within initiatives. Each project will require a separate dynamic detailed project plan prior to commencing and will involve updating on a frequent basis. The following Table provides an overview of the timeframes for identified projects that should commence within the next twelve months.

Table 17: sequence of Tasks			
Sequence	Task	Start	Finish
1	Introduce Request for quotations technology system i.e. LAQuotes: Copies of tender forms and list of suppliers to be sent to KCC. Training to be organised for suppliers not yet on the list.	July 2007	October 2007
2	Review of Plant hire expenditure, and introduce contracts were such use is	March 2009	August 2009

	warranted		
3	Hiring Versus Purchasing	August 2009	December 2009
4	Training Programme	ongoing	
5	Expand procurement/purchasing sub-committee to include town council/area expertise		
6	Fuel cost analysis	January 2010	March 2010
7	Appoint Regional Procurement Manager	April 2009	
8	Ongoing statistical analysis		

c. Key Risks and Assumptions

The successful implementation of the recommended projects is dependent on a number of assumptions, the following being the most important:

- There are no delays in adopting the recommendations
- Support and co-operation from the various sections is forthcoming.
- Resources assigned to projects.
- Detailed project plans constructed for all projects and each project thoroughly assessed prior to commencing.
- Active participation and buy in from suppliers.
- Necessary training provided.

d. Guidelines on Accessibility

Section 27 (part 3) of the Disability Act states that “Where a service is provided to a public body, the head of the body shall ensure that the service is accessible to persons with disabilities”. This refers to both the provision of services and the supply of goods.

It is the policy of South Tipperary County Council to ensure that relevant accessibility requirements for people with disabilities are included in all stages of the tender process. The objective of South Tipperary County Council is to go beyond minimum compliance with legal regulations (e.g. Part M building regulations, WAI WCAG) to achieve a high standard of accessibility for people with disabilities, where it is practical and cost-effective to do so.

Accessibility requirements should be clearly stated in requests for tenders/contracts/quotations where applicable. Staff preparing tenders may need to consult with external advisors and/or people with disabilities in identifying these requirements. Suppliers may be asked to highlight features of their product or service which meets accessibility requirements for people with disabilities. Where there are no accessibility requirements relevant to the goods or services being procurement or the accessibility requirements are deemed to be not practicable or causing undue cost or delay, this should be recorded in a file note.

Accessibility requirements should be given appropriate consideration and weighting during scoring and evaluation stages. Where suppliers are asked to make presentations, accessibility should be an agenda item for such presentations.

Accessibility requirements to be included in the tender process.

Key Features:

- Consideration given to needs of product/service user
- Accessibility requirements stated in request for tenders/contracts
- Tendering organisations adhere to relevant standards and/or guidelines
- References of tendering organisation verified
- Future maintenance/development is accessibility proofed
- Technical specifications for accessibility included
- Monitoring and compliance system for purchasing is in place

e. Key Implementation Challenges

The work programme recommended in this report will see Procurement technologies being leveraged to facilitate the introduction of a radically new framework for procurement within South Tipperary County Council. This is in parallel with that proposed in the national and sectoral procurement strategies. While the potential benefits to be derived from the successful implementation of these initiatives are significant, the implementation will present a number of key challenges that will need to be addressed if targeted benefits are to be realised. These challenges (in no particular order) include:

Viewing technology as an enabler and not a solution: While technology has undoubtedly has a key role in facilitating the programme of change recommended herein, experience elsewhere has shown that Corporate Procurement initiatives that are not based on a foundation of sound procurement practices and processes and appropriate organisational structures are unlikely to deliver the expected benefits. It is crucial therefore that the implementation effort addresses all elements of the procurement framework and does not place an over reliance on technology to deliver the targeted benefits.

Encouraging the participation of both the enterprise sector and buyers: A number of projects proposed depend on the participation of the buyers and the suppliers. It is important that change management and consultation process associated with the implementation of the initiatives makes adequate provision to understand and address the concerns and requirements of both the enterprise sector and the buyers.

Realising and measuring the benefits: The proposed investment programme is justified on the basis that it will facilitate the realisation of significant financial and non-financial benefits to South Tipperary County Council. Monitoring performance against targets is therefore critical. We need to ensure that efficient and effective measuring systems and processes are in place to provide an accurate picture of the initiatives progress without placing an unreasonable reporting burden on participating sections. In the case of non-financial benefits, it is essential that their ultimate financial impact be identified through a ‘cause and effect’ assessment so that it can be incorporated into suitable performance metrics.⁷

Achieving senior management support: This Report will be presented and discussed at management team following signing off by the working group. It will be discussed at senior management and when agreed will be forwarded to all sections in order to deliver the proposed workload.

⁷ Strategy for the Implementation of eProcurement in the Irish Public Sector