



A Strategic Public Procurement Policy For Ireland

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1 Foreword

“By making itself more sensitive to the needs of micro and small enterprises, public procurement can inject demand into the market for goods and services at local, regional and national level and even encourage the commercialisation of innovative products and services that can be used in the delivery of public services. This has the potential to create employment and sustain local economies.”¹

The National Procurement Service Annual Survey, 2012

“Public procurement is discussed at policy level not only in terms of achieving cashable savings but also in terms of offering growth opportunities to small indigenous suppliers who have borne the brunt of the downturn in the domestic and international economy”

Minister Brian Hayes in response to a written question from Pearse Doherty TD (27th February 2013)

Public procurement is big business. Estimates vary greatly as to its worth. The Department of Public Expenditure and Reform suggest the market is worth €16bn.² This amounts to over 10% of GDP.

Accessing these contracts can be vitally important for the survival of many businesses, particularly micro-enterprises and Small and Medium-sized Enterprises (SMEs). These are the businesses that give life to local communities and provide much needed employment throughout the country.³

TenderScout suggest that public sector contracts worth €9bn will be available in Ireland in 2014.⁴ However, they claim that in 2013 only 10% of companies participated in any of the 7,500 opportunities to sell through the public procurement process. Furthermore, they note that a disproportionate number of procurement contracts from tendering authorities in Ireland are won by companies outside the State.⁵

While the Minister has defended this by stating that most of the contracts remain on the island of Ireland, going north of the border, this is of little comfort to struggling SMEs in the State who are obliged to conform to the much more stringent regulatory and legislative environment around employment.

Furthermore, the *value* of contracts going to other territories is 8.8%, much higher than the EU average of 3.5%.⁶ This amounts to almost €800 million worth of public contracts not going to Irish businesses.

The view that public procurement should be used as a strategic policy tool is recognised by the coalition Government. This is explicitly stated in the Action Plan for Jobs 2014⁷ and statements such as those above appear regularly in documents and discussions on the subject. It is now accepted that procurement must be more than a cost saving exercise. It must not merely be an administrative exercise to reduce public spending.

¹ http://www.procurement.ie/sites/default/files/opportunities_report_final_version_pdf.pdf

² <http://www.merrionstreet.ie/index.php/2013/10/hayes-urges-smes-to-tap-into-island-of-ireland-e16billion-public-procurement-market-at-meet-the-buyer-event/?cat=94>

³ SMEs account for 99.8% of all enterprises in Ireland and employ 70% of the total workforce. For example see: <http://www.intertradeireland.com/media/AccessstoFinancereportFINAL10.01.14.pdf>

⁴ <http://tenderscout.com/posts/37>

⁵ TenderScout estimate that this figure is 28%; however, other estimates place it at around 15%: http://ec.europa.eu/internal_market/publicprocurement/docs/modernising_rules/cross-border-procurement_en.pdf, p. 41

⁶ *Ibid.*, p. 41

⁷ <http://www.djei.ie/publications/2014APJ.pdf>, p. 93

Procurement must mean something more than purchasing. Priorities must be about more than pricing.

However, while the idea that procurement can be used in a more strategic way appears frequently, the reality is somewhat different. In this paper it will be argued that public procurement in Ireland is primarily still treated as a cost saving exercise.

Instead, a genuinely strategic policy on public procurement must be implemented to stimulate the economy, incentivise innovation, support business and promote job creation.

Attempts to generate savings in public expenditure through public procurement can have a greater cost. This cost comes when small companies are excluded from the tendering process resulting in business closures, job losses, and the subsequent reduction in tax revenue and increase in social welfare.

Many micro-enterprises and SMEs feel further excluded from public procurement as it involves a process which many simply do not have the time or resources to engage with. Even at the pre-qualification stage many public bodies require an amount and depth of information that is disproportionate to the size and value of the contracts on offer.

This paper comes at a significant time. Public procurement is high on the agenda within Government and the business community.

At a European level, the European Parliament adopted new rules on procurement on the 15th January 2014.⁸ It is thought that these will come into force by mid-2014. Individual Governments will have 24 months to transpose them into national legislation.

At a national level, a new Office of Government Procurement has been established within the Department of Public Expenditure and Reform and a Chief Procurement Officer appointed.

This paper is the result of collaboration between Chambers Ireland, staff from Chambers throughout Ireland, business representatives and subject matter experts within the field of procurement from a legal and academic background.

This mix of individuals brought unique insights and experiences, resulting in a paper which makes a significant contribution to the narrative on public procurement.

In this paper, problems with the existing system of public procurement are identified before alternatives are suggested which could help to produce a genuinely strategic public procurement policy.

⁸ <http://www.europarl.europa.eu/news/en/news-room/content/20140110IPR32386/html/New-EU-procurement-rules-to-ensure-better-quality-and-value-for-money>

2 Recommendations for a strategic public procurement policy

1. Mandate the OGP to always consider the wider impact that procurement reform has on the economy when measuring success, rather than a simple metric of how much money has been taken out of the procurement budget. Facilitate this by moving the OGP to the Department of Jobs, Enterprise and Innovation.
2. Transpose the new European Union directives into national law in a timely fashion, without any gold-plating. Where options are available, the most business friendly one must be chosen.
3. Reduce the number and types of contracts being awarded on the basis of price alone. An appreciation of the benefits to the Irish economy in terms of jobs created or revenue raised through taxation should become the norm in tendering procedures.
4. Complete the pilot Small Business Innovation Research (SBIR) programme, announced in the Action Plan for Jobs 2014, in a timely fashion; guarantee funding for its further use and encourage contracting authorities to maximise its potential.
5. Help SMEs to become part of the supply chain for major capital works.
6. Guarantee the Office of Government Procurement employs fully professional staff, with specialist qualifications in procurement.
7. Simplify the process of pre-qualification and reduce the amount of material that must be provided by suppliers at this stage. Make the process of 'banking' or saving information on the system for use in subsequent tenders work better for SMEs.
8. Make 'open procedure' tendering the norm for contracts of all values to 'level the playing field' and facilitate SME participation.
9. Effectively use the process of dividing contracts into lots to encourage SMEs to bid, resulting in a wide range of bidders and potential winners.
10. Create opportunities for SMEs to enter joint bids which take account of the nature of the Irish economy.
11. Use eTenders to its full capability by promoting it, simplifying it, making it easier for SMEs to register, and training suppliers and buyers to use it effectively.
12. Fully implement circular 10/10 and issue new guidance for contracting authorities.
13. Make the entire process of public procurement fully transparent: allow suppliers to see where and why they score or fail to score marks; define clear roles for procurement officers; and hold them to account on the basis of more than just cost savings achieved. Face to face feedback should become the norm at the post-tender stage.
14. Counteract the problems associated with centralisation by retaining a local voice when scoping tender requirements.
15. Establish an independent review body entitled to adjudicate on matters where a firm feels it has been treated unfairly and to decide on redress.

3 Problems with current policy and practice

When identifying problems with the current system of public procurement in Ireland, it is important to differentiate between the tendering process for contracts 'above the threshold' and those 'below the threshold'.⁹

Both at a national and European level, there are specific rules relating to contracts with a value above certain amounts. These 'above the threshold' contracts must follow a clear set of procedures and rules; from how they are advertised to how they are awarded.

It is our view that the most significant problems in the system of public procurement relate to tenders with a value 'below the threshold'. Traditionally, these are the contracts that SMEs have been encouraged to bid for. However, at every stage of the process, from Requests for Tender and Pre-Qualification Questionnaires right through to the ultimate awarding of contracts and the possibility of review, the odds are stacked against them.

3.1 Existing Problems

3.1.1 Seeking quotes

Currently, the rules for public procurement state that for contracts with a value up to €5k only one quote must be sought. For contracts with a value between €5k and €25k a minimum of three quotes must be sought.

While this is designed to streamline and rationalise the process, there is little consistency between contracting authorities. Ultimately, it also has the effect of excluding many potential providers. Contracting authorities have a tendency to seek quotes from businesses they have an established relationship with. While recognising the potential benefits of continuity in the supply of goods and services, the unintended outcome is anti-competitive.

Furthermore, SMEs who are presented with the opportunity to bid for a contract are often initially unsuccessful. This acts as a disincentive to seek further contracts.

3.1.2 Pre-Qualification

Pre-qualification focuses on the bidder rather than the bid. In cases where a Pre-Qualification Questionnaire (PQQ) is used, it is to establish the technical expertise, track record, financial standing and experience of the company.

While the rationale for this is sound, the process is frequently unnecessarily complex. There is ample evidence of excessive detail being required in PQQs, which can result in a cost of up to 2% of the total tendering process. This immediately excludes many SMEs from the procurement process as they have neither the man hours nor the technical ability to successfully complete this task. For example, a recent Irish Water PQQ for minor works shows that companies without a certified health and safety standard must answer every question, even if they are applying to works in just one region.

⁹ For European thresholds see: http://www.procurement.ie/sites/default/files/thresholds_2014.pdf

The three national thresholds are available at:

http://www.procurement.ie/sites/default/files/buyer_presentation_opw_5_november_2013_final_1.pdf p. 27

Open procedures, which do not require a PQQ, are shown to be much more SME friendly.

3.1.3 Complexity and length of tender process

Many SMEs are excluded from the public procurement process due to the complexity and length of the process. By nature, SMEs tend to operate within tight deadlines and with limited cash flow; therefore, they do not have the resources to plan for a process which may exceed a certain time frame.

Furthermore, the length of time between a contract being won and the provision of the good/services being supplied is a major concern for all companies.

3.1.4 The competitive process

At this stage the process begins to look at specific bids rather than the bidders. Our research highlights a range of problems with the existing process.

Many of the problems stem from the fact that many buyers do not possess professional qualifications or training. Data from a national survey of public procurement in Ireland, undertaken by Dublin City University (DCU) and the National Procurement Service (NPS),¹⁰ shows that only 10% of personnel responsible for public procurement are specialists in this area. They note that 77% of all buyers have no supporting qualifications.

Problems can occur when buyers simply go for the bid with the lowest price. While this may be desirable in terms of achieving savings in public expenditure, it does little to support SMEs, promote innovation and industry, or ensure the quality and sustainability of the goods and services being purchased.

This short sighted approach encourages 'abnormally low tenders', which can result in significant problems. Often companies who have successfully won contracts cannot deliver on time or on budget. This can result in the companies going out of business before works are completed, with the added consequence of job losses.

The selection criteria established in a Request for Tender (RFT), even when contracts are won on the basis of being the Most Economically Advantageous Tender (MEAT), too frequently concentrate on price at the expense of other variables. A price-quality (PQ) ratio with a weighting of any more than 40% on price will result in winning bids which may result in long term costs and inefficiencies.

There is also a tendency for bids to be awarded on the basis of initial cost rather than on the basis of full Life Cycle Costing (LCC). Buyers who are not professional purchasers do not have a full appreciation of issues such as usage costs, energy consumption, consumables, maintenance costs, disposal costs and resale value.

A problem specific to the construction sector is that of payment of workers. Under the Posted Workers Directive¹¹ workers are only subject to the rules governing labour relations in their country of origin. Therefore, contractors from outside the State are able to make lower bids for contracts as they do not have to comply with the same social and employment legislation as an Irish company, which is enforced strictly by the National Employment Rights Authority (NERA).

¹⁰ Local Authority Times, Vol 17, No 1&2, 2013 p. 20

¹¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31996L0071:EN:HTML>

3.1.5 Marking criteria

There is a lack of a consistent criteria used to award marks in many current tendering processes. Contracting authorities have different priorities and look for different qualities for each tendering process.

This is also a reflection of the ongoing lack of fully qualified professional staff in the system of procurement. Staff at tendering authorities lack the skills, experience and expertise required to effectively adjudicate on tendering processes.

3.1.6 Transparency

Throughout the tendering process there is often a lack of transparency regarding the awarding of marks. At present, companies cannot see why they have not been successful in bids and cannot see where their applications fell short of the set criteria.

Transparency must be meaningful and quantifiable. Currently the entire system, including marks and KPIs, are too subjective.

The accountability of public service workers with responsibility for buying goods and services is also compromised due to the lack of transparency involved in the process.

3.1.7 Risk

At present, the issue of risk is a major concern for companies bidding for public sector contracts. After a contract has been signed the cost of any unforeseen factors falls squarely on the bidder rather than the contracting authority.

This can place severe financial pressure on the company, which can result in their ultimate closure. Furthermore, it creates an additional problem as it acts as a disincentive for SMEs in particular to bid for contracts.

3.1.8 Payment

Government has been proactive in its attempts to address problems associated with payments. Data is published regularly on prompt payment returns by department; however, the data clearly shows that the target of payment within 15 days is reached by some departments more consistently than others. For example, in Q3 of 2013 11% of all payments from the Department of Education and Skills were not paid within 15 days.¹² This amounts to 319 payments. Given that many suppliers to the education system are SMEs in the printing and stationary business with tight cash flow, late payment can result in firms not being able to pay their own creditors – including revenue – and can ultimately be the difference between remaining in business and going out of business.

This issue is particularly pronounced within the commercial semi-state sector, to which the 15 day prompt payment rule does not apply.

3.1.9 Review of Decisions

For most public procurement processes there is currently no simple means of review or redress when a company has valid concerns that it has been unfairly overlooked for a contract.

¹² http://www.djei.ie/enterprise/smes/govt_dept_returns_Q3_2013.pdf

3.2 Recent developments - the Office of Government Procurement, eTenders and Centralisation

The Office of Government Procurement (OGP) was officially launched in July 2013. It has been tasked with “centralising public sector procurement arrangements for common goods and services.”¹³ It was established as part of the Government’s Public Service Reform Plan. One of the key priorities of this plan is “to reduce costs and provide better value for money through reform of public procurement.”¹⁴

The OGP aims to have a fully professional staff of procurement specialists. Although the offices will be based in Dublin, the OGP will have a number of offices in regional locations throughout Ireland.

The introduction of a policy unit specifically tasked with procurement and the use of fully professional staff is in line with recognised international best practice.¹⁵ However, recent survey results suggest Ireland has a long way to go to achieve such structures and levels of professional staffing.

It is also recognised that moving to standardised online forms of procurement are a useful mechanism when attempting to use procurement in a more strategic way. Again, however, while Ireland has made moves in this direction with the introduction of the eTenders procurement website,¹⁶ the implementation has not been fully successful, especially in the area of facilitating SME participation in procurement.

While the OGP and eTenders website are positive moves and are, in principle, very welcome, much work needs to be done to ensure they contribute to a truly strategic policy on public procurement.

3.2.1 Centralisation

Centralisation is a key objective of the OGP. This is to produce significant savings in public expenditure; however, there is a concern that it will further exclude SMEs.

Contracts will become increasing large and bidding for them will be outside the ability of many SMEs. For example, suppliers of art materials to schools in the Athlone region alone have claimed that many jobs, directly and indirectly dependent on procurement contracts,¹⁷ could be put at risk with increased centralisation of public procurement.

3.2.2 Professionalisation

The OGP should have a fully professional and highly trained staff. Public procurement can no longer be left to administrators who do not fully understand the challenges facing bidders or the benefits of awarding contracts on a strategic basis.

Moves to employ procurement specialists are welcome; however, many of the positions remain unfilled. This situation must be addressed swiftly.

¹³ <http://www.procurement.ie/about-us>

¹⁴ <http://per.gov.ie/public-procurement/>

¹⁵ For example, see OECD report: <http://www.oecd.org/gov/ethics/PublicProcurementRev9.pdf>

¹⁶ <http://www.etenders.gov.ie/>

¹⁷ Cited in correspondence between suppliers and TDs

3.2.3 Lots

Dividing contracts into 'lots' will give smaller companies more access. This is a welcome move. Lots can be used to encourage SMEs to bid for contracts that otherwise may be beyond their capacity.

3.2.4 Joint bidding

Encouraging small companies to cooperate and bid together to secure contracts is also welcome. However, the nature of business in Ireland makes this problematic. Businesses do not like 'exposing' themselves to potential competitors in this way.

3.2.5 eTenders

The Government's e-advertising of public sector contracts is recognised as being at the forefront of EU countries. Furthermore, the functionality of the eTenders website is potentially excellent. However, significant problems remain. These problems affect businesses of all sizes from all sectors but are most pronounced for SMEs.

Data provided by DCU and the NPS¹⁸ shows that, while eTenders has greatly improved SME access to the procurement market, there is still a low uptake of IT applications in Irish public procurement. They demonstrate that e-invoicing is used most frequently, but at only 35% it is only a minority of public buyers who are using this application.

Most significantly, they point out that the other four applications - e-auctions, e-assessment, e-evaluation and e-contract management - are barely used at all.

¹⁸ Local Authority Times, Op cit., p. 19

4 What would a strategic public procurement policy look like?

Section 3 clearly illustrates that many problems exist with the current system of public procurement in Ireland. As mentioned previously, many of these problems stem from the fact that procurement continues to be treated in an administrative rather than a strategic fashion. Too much emphasis continues to be placed on cost savings.

What follows is a series of suggestions that, if implemented swiftly and fully, could give Ireland a procurement policy that would promote strategic goals. These goals include stimulating the economy, incentivising innovation, supporting micro, small and medium-sized enterprises and promoting job creation.

The proposals on procurement included in the Action Plan for Jobs 2014 show an understanding of this issue and a willingness to address it. It is now vital that Government sticks to the commitments and, where possible, brings forward the initiatives to maximise their impact.

4.1 Recommendations

4.1.1 The OGP

Mandate the OGP to always consider the wider impact that procurement reform has on the economy when measuring their success, rather than a simple metric of how much money has been taken out of the procurement budget.

Locating the OGP within the Department of Public Expenditure and Reform suggests that its main priority is cost savings. Given the continuing need to reduce Ireland's deficit, this is, in the short term, a valid goal. However, a more long sighted view would recognise that real recovery will come from a vibrant SME sector. This is the most effective way to sustain existing employment and create new jobs.

Ultimately, we would recommend moving the OGP out of DPER. Locating the OGP in the Department of Jobs, Enterprise and Innovation would be a significant symbolic and practical move as it would signal a desire to adopt an approach to procurement that focuses on job creation and maintenance, rather than securing the lowest price. A precedent for this exists with the oversight of Science Foundation Ireland (the Government's strategic investment in fourth level ICT and Biotechnology based research) being located in the Office of Science, Technology and Innovation in the DJEI. This is a recognition that science and technology is, "of critical importance to competitiveness, employment and the enhancement of society"¹⁹. We would argue that procurement is of similar importance.

4.1.2 New European directives

Transpose the new European Union directives into national law in a timely fashion, without any gold-plating. On optional elements of the directives the most business friendly one must be chosen.

A comparison of statistics on the number of contracts from authorities in Ireland that are won by companies outside the State and similar statistics from other countries suggests that other European countries are better at interpreting EU directives in a manner which is beneficial to indigenous companies. The same approach must be adopted in Ireland.

¹⁹ <http://www.djei.ie/science/technology/>

Government must work closely with representatives from business and the SME sector to identify the best options, introduce pilot schemes and roll them out across the country in a timely manner.

For example, Kilkenny Local Authorities' innovative approach to water and waste water management maintenance works²⁰ shows how local priorities can be promoted without breaking the letter or spirit of EU directives. Local jobs were protected through the inclusion of a clause that contractors had to be able to respond to a call out within two hours.

4.1.3 Making MEAT work better for indigenous companies?

Reduce the number and types of contracts being awarded on the basis of price alone. An appreciation of the benefits to the Irish economy in terms of jobs created or revenue raised through taxation should become the norm in tendering procedures.

When contracting authorities are audited by the Comptroller and Auditor General (C&AG) or questioned by the Public Accounts Committee (PAC) their contribution to the economy and the business sector must be given greater weight than cost savings.

The OGP should produce guidelines, to be followed by all contracting authorities, which set out where it is justified and not justified to award contracts on the basis of price alone.

Social clauses must, where possible, be introduced to encourage employment. For example, the Contract notice for DIT Campus at Grangegorman Central and East Quads states;²¹ "The NDFA intends to include provisions within the contract and tender documents relating to the provision of social and/or community benefits, including in particular training and/or employment opportunities for unemployed construction operatives and related personnel." Such clauses ought to become the norm. It is vital that such clauses include no perverse incentives to replace existing staff with persons currently on the live register. Companies should be rewarded for creating new employment.

The UK Government has issued a discussion paper on the new European Directive which includes a number of options relating to "restrictions on the use of price only or cost only as sole award criterion."²² We recommend that the Irish Government also gives consideration to which option will produce the best outcomes for business.

4.1.4 SBIR

Complete the pilot Small Business Innovation Research (SBIR) programme in a timely fashion, guarantee funding for its further use and encourage contracting authorities to maximise its potential.

The inclusion of SBIR in the Action Plan for Jobs 2014²³ is welcome. Evidence from other countries, such as the Netherlands,²⁴ has shown how these public sector programmes can create and promote innovation in the private sector. The use of Government funded feasibility studies in particular

²⁰

http://www.winningintendering.eu/_fileupload/Finalised%20Kilkenny%20Case%20Study%20April%203rd.pdf

²¹ http://ireland-tenders.eu/1991_DIT_Campus_at_Grangegorman_PPP_-_Contract_Notice_for_DIT_Campus_at_Grangegorman_Central__East_2013_Dublin

²² http://www.sopo.org/assets/EU_consultation/Tender_Assessment_discussion_paper.pdf: see issue 3, pp. 5-7

²³ http://www.djei.ie/publications/2014APJ_Table_of_Actions.pdf, action 252, p. 76

²⁴ <http://www.rvo.nl/sites/default/files/bijlagen/SBIR%20brochure%20The%20power%20of%20public%20procurement.pdf>

shows how procurement can be used to incentivise innovation and create benefits for a number of companies, even if they do not win the advertised contract.

4.1.5 Supply Chains

Being part of the supply chain for major capital works can be a significant source of income for many micro-enterprises and SMEs. Government should give consideration to introducing a system such as CompeteFor,²⁵ introduced for the London Olympics but retained following its success, to assist in this area. This free service not only enables businesses to compete for opportunities, it also seeks to deliver sustainable community benefits by providing opportunities to local companies, guaranteeing their survival and protecting local employment.²⁶

4.1.6 Professionalisation

Employ fully professional staff within the OGP, with specialist qualifications in procurement. They must be responsible and held to account for the decisions they take. This accountability must be based on a framework which includes metrics such as the value to the economy and number of jobs created.

4.1.7 Simplifying the process

Simplify the process of pre-qualification and reduce the amount of material that must be provided by suppliers at this stage.

The entire process of procurement would greatly benefit from increased consistency and standardisation. Not only would it make the process less costly for companies involved, it would also encourage more companies to look to public procurement for opportunities.

Make the process of ‘banking’ information for use on future tenders work better for SMEs.

Although more appropriate for larger companies in the construction sector, the use of Business Information Modelling²⁷ can, through the use of standardised, consistent templates and shared knowledge, create a level playing field for all suppliers.

4.1.8 Open procedures

Make ‘open procedure’ tendering the norm for contracts of all values to ‘level the playing field’ and facilitate SME participation. More consistent application of the advice in Circular 10/10 that all services contracts below €125,000 and all works contracts below €250,000 should be awarded under open procedure would allow micro-enterprises, SMEs and recently established firms to compete for business.

The increased use of open procedures would reduce the need for costly and time consuming PQQs.

4.1.9 Lots

As far as possible, break contracts down into lots to facilitate micro-enterprise and SME access to contracts. According to The National Procurement Service Annual Survey 2012, this has the benefit of “exploiting the expertise of small suppliers in niche areas of product and service delivery.”²⁸

²⁵ <https://www.competefor.com/>

²⁶ For list of objectives of CompeteFor see: <https://www.competefor.com/about/>

²⁷ <http://www.cic.org.uk/news/article.php?s=2013-04-25-cic-publish-growth-through-bim-by-richard-g-saxon-cbe>

²⁸ Op cit. p. 27

Where contracts are divided into lots, this must be used effectively to encourage SMEs to bid, resulting in a wide range bidders and potential winners.

4.1.10 Joint bids

Create opportunities for SMEs to enter joint bids which take account of the nature of the Irish economy.

Companies can be anxious about sharing information with potential competitors. This must be a key consideration of the regional consortia building programmes announced as a part of the Action Plan for Jobs.²⁹ These consortia must develop strategies which allow and encourage SMEs to work together without the need for sharing material that may be sensitive.

4.1.11 eTenders

Use eTenders to its full capability by simplifying it, enabling SMEs to register, and training suppliers and buyers to use it effectively.³⁰

4.1.12 Circular 10/10

Fully implement circular 10/10³¹ and issue new guidance for contracting authorities.

4.1.13 Transparency

Make the entire process of public procurement fully transparent. Allow suppliers to see where and why they score and fail to score marks. Make it easier for suppliers to understand why they have or have not been successful.

Make procurement staff fully accountable for the decisions they take in this area. The Department of Public Expenditure and Reform is currently undertaking a consultation process on civil service accountability, "to provide greater clarity and certainty as to the roles and responsibilities of... civil servants"³². It is essential the roles of procurement staff are clearly established and that their responsibilities go beyond cost saving.

Furthermore, at the post-tender stage all feedback should be given face-to-face.

Accountability for procurement staff must not be based on savings achieved. Instead, a broader appreciation of procurement as a strategic policy to stimulate the economy must be used.

4.1.14 Retaining a local voice

Centralisation is a key objective of the OGP. This is to facilitate significant savings in public expenditure; however, there is a concern that it will further exclude SMEs.

The problems associated with centralisation could be countered by retaining a local voice when scoping tender requirements.

4.1.15 Reviewing decisions

If a company has valid concerns that it has been treated unfairly in the procurement process there should be a fully independent review body to adjudicate on the matter and decide on redress. For

²⁹ http://www.djei.ie/publications/2014APJ_Table_of_Actions.pdf, action 249, p. 76

³⁰ See point 3.2.5 above

³¹ <http://constructionprocurement.gov.ie/wp-content/uploads/circ1010.pdf>

³² <http://per.gov.ie/civil-service-accountability/>

example, we would recommend the establishment of a body within the Office of the Ombudsman or another statutory body.

5 Conclusion

The growth of indigenous Irish business is the single most important contributor to a sustainable economic recovery. Procurement policies which are excessively focused on cost savings can produce unintended consequences and have the potential to undermine rather than support that recovery.

Public procurement policy must be for the benefit of the economy as a whole. It must be used to stimulate growth, incentivise innovation and facilitate job creation. ***A Strategic Procurement Policy for Ireland*** presents an analysis of how current procurement policy falls short of such an approach and puts forward an alternative view which could achieve these aims.

If acted on, the policies in this document could result in a procurement policy of benefit to both buyers and suppliers. Crucially, however, it would also benefit all public procurement stakeholders and would contribute to a far-sighted, sustainable economic recovery.