

Public Service Spend and Tendering Analysis Report 2017



Oifig um Sholáthar Rialtais
Office of Government Procurement



An Roinn Caiteachais
Phoiblí agus Athchóirithe
Department of Public
Expenditure and Reform

Public Service and Tendering Report 2016 Report Update

During the compilation of the *Public Service and Tendering Report 2017*, an error was discovered with the 2016 analysed spend dataset. The underlying issue has been addressed resulting in a downward adjustment of €182 million in the 2016 total analysed spend data to €4.541 billion.

The original *Public Service and Tendering Report 2016* has been withdrawn and a second edition has been released with an updated spend analysis. This is available on the OGP website <https://ogp.gov.ie>. The adjusted 2016 spend analysis is used in this report. The 2016 analysed tendering data is unaffected.

The Office of Government Procurement apologises for this error.

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Foreword

Foreword by the Minister for Finance and the Minister for Public Expenditure and Reform, Mr. Paschal Donohoe T.D., and the Minister of State at the Department of Public Expenditure and Reform with special responsibility for Public Procurement, Mr. Patrick O'Donovan T.D.

We are pleased to welcome the *Public Service Spend and Tendering Analysis Report 2017* of the Office of Government Procurement (OGP). This is the fifth OGP report analysing procurement expenditure and tendering activity across the public service. Reports have now been done for each year from 2013 to 2017. The value of addressable PSB spend data collected and analysed has increased from €3.910 billion in 2013¹ to €4.912 billion in 2017. This is the largest amount of spend data analysed over the five reports and represents a €1 billion increase on the 2013 data. The 2013 report analysed tendering data of €4.361 billion; this report analyses €6.157 billion of public service tendering data.

Under the centralised procurement model established by Government an estimated €6 billion of procurement addressable spend falls within the remit of the OGP and the Central Purchasing Bodies (CPBs) for Health, Education, Local Government and Defence. This report analyses €4.912 billion, 82% of that estimated public service procurement addressable spend, with 94% of the analysed expenditure with firms within the State.

As in previous reports the majority of the expenditure analysed is with SMEs (Small and Medium Enterprises). 54% of analysed spend for 2017 was with SMEs. SMEs continue to have the greater share of spend in 10 of the 16 procurement spend categories with large companies being predominant in categories such as Utilities and Defence.

This report also analyses 2017 tendering activity in the public service as recorded on the eTenders public procurement platform. 4,388 tender notices are analysed with an estimated contract value of €6.157 billion. 75% of tender notices are smaller value (below OJEU threshold) tenders. The median (typical) estimated contract values for tenders analysed in 2017 is €90,000 and is less than or equal to €100,000 in 14 of the 16 spend categories. This would indicate that Government contracts in Ireland are accessible to SMEs given the low median size of published estimated contract values.

¹ The 2013 analysed spend total of €3.910 billion is taken from the *Public Service Spend and Tendering Analysis Report 2014* which contained an updated 2013 analysed data total.

Public procurement represents a major opportunity for SMEs. The OGP encourages SMEs to avail of that opportunity and works with Government agencies and industry representative bodies on policy initiatives and on promoting supplier education and awareness of those opportunities both in Ireland and across the EU market.

In line with the Programme for Government the SME Working Group works to promote the engagement of SMEs in public procurement. The group includes industry representatives, i.e. Irish Business and Employers Confederation (IBEC), Irish Small and Medium Enterprises (ISME), the Construction Industry Federation (CIF), the Small Firms Association (SFA) and Chambers Ireland and key public sector officials. The group is chaired by the Minister of State at the Department of Public Expenditure and Reform with special responsibility for Public Procurement.

The spend analysis in this report, along with the analysis of tender notices published on the eTenders public procurement platform in 2017, will assist businesses in understanding the opportunity afforded by public procurement in Ireland.

While the OGP has prepared the 2017 spend analysis in this report, it would not have been possible without the provision of expenditure data by public service bodies. We wish to acknowledge those organisations that furnish the OGP with spend data and contribute to increased openness and transparency on public expenditure. This data is key to the development of the procurement strategies that will deliver sustainable value for money for the State.



Mr. Paschal Donohoe, T.D.
Minister for Finance and the
Minister for Public Expenditure
and Reform



Mr. Patrick O'Donovan, T.D.
Minister for State at the Department of
Public Expenditure and Reform with
special responsibility for Public Procurement

About the Office of Government Procurement (OGP)

The Office of Government Procurement (OGP) was established by the Government to integrate procurement policy, strategy and operations into a centralised office with the aim of reducing procurement risk and enabling savings for public service bodies (PSBs) across the State. The OGP is headed by the Government's Chief Procurement Officer, and operates as an office of the Department of Public Expenditure and Reform.

The Procurement Reform Programme is a key whole-of-government programme in the overall Public Service Reform Plan. The OGP is charged with leading procurement reform and building procurement capacity and capability along with the Central Purchasing Bodies (CPBs) for Health, Education, Local Government and Defence in a centralised procurement model for goods, services and minor works.

The State's procurement expenditure with suppliers, excluding major capital projects, is of the order of €9 billion. The procurement addressable spend under the remit of the OGP and its sector partners is of the order of €6 billion. The expenditure addressable by procurement relates to goods and services sourced through State purchasing processes by public service bodies. It excludes the General Medical Services Scheme (GMS), grants to Community and Voluntary bodies, interagency payments and rent on property. Minor Building Works and Civils are covered while major capital projects are not. The OGP is, however, responsible for national procurement policy relating to public works. Commercial Semi-State bodies are also outside the remit of the centralised procurement model but are subject to national public procurement policies. (See Appendix 1 for a definition of the public service organisations in scope.)

The OGP, since its inception, has supported high level procurement and contracting strategies for projects across Government. In 2018, OGP sourcing teams completed a total of 1,122 competitions with an estimated contract value of €1,320m. It established a total of 29 additional frameworks, 33 discrete contracts and more than 1,000 mini competitions to assist public service bodies in securing goods and services. The OGP now has in excess of 130 active framework agreements.

Since 2013 the OGP has been gathering source data on procurement expenditure from PSBs and creating a central data repository to support its sourcing and policy activities. The OGP has published four *Public Service Spend and Tendering Analysis Reports* for 2013 - 2016. This fifth report, *Public Service Spend and Tendering Analysis Report for 2017*, analyses spend and tendering activity data for 2017 providing comparisons to 2015 and 2016.

Executive Summary

This *Public Service Spend and Tendering Analysis for 2017* is the Office of Government Procurement's fifth report analysing annual expenditure and tendering activity across public service bodies (PSBs) in Ireland. One of the OGP's strategic objectives is to improve the transparency of spend across public service bodies to support more effective sourcing strategies, procurement execution and value for money.

Spend analysis in this report is based on expenditure data that has been gathered from 71 PSBs. It excludes the General Medical Services Scheme (GMS), grants to Community and Voluntary bodies, interagency payments and rent on property. The procurement addressable spend, excluding major capital projects, under the remit of the OGP and its CPB counterparts in the Health, Education, Local Government and Defence sectors is estimated at €6 billion annually. 82% of this estimated procurement addressable spend amounting to €4.912 billion is analysed in this latest report.

The analysis of tendering activity is based on data from eTenders, the Government's national electronic tendering platform that is administered by OGP, excluding semi-state, grant funded (mainly voluntary and community groups) and non-sector (non-national contracting authorities and private companies who receive funding from State or EU) organisations as these bodies are not under the centralised procurement remit of the OGP.

There are two main areas of analysis covered in this report:

- 1.** Section 2 covers the analysed 2017 spend data. Corresponding analysed spend data values for 2015 and 2016 are included in this section for reference.
- 2.** Section 3 covers analysed 2017 tendering data. Corresponding analysed tendering data values for 2015 and 2016 are included in this section for reference.

2017 Spend Analysis

The key points to note in the 2017 analysis are:

1. Total value of 2017 spend analysed (after exclusions) is €4.912 billion², 8% (€371m) higher than the 2016 analysed spend figure of €4.541 billion.
2. 94% of the 2017 analysed spend is within the State, unchanged from the 2016 report total.
3. 54% of analysed spend for 2017 was with SMEs, unchanged from 2016.
4. Facilities Management, Maintenance is the largest procurement category with 15% share of analysed spend.
5. The 2017 supplier profile of 10 of the 16 procurement categories remains predominantly SME (i.e. greater than or equal to the overall 54% SME share of analysed spend).

2017 Tendering Analysis

The 2017 Tendering Analysis looks at tender and contract award notices published on eTenders by PSBs. It should be noted that, in contrast to the spend data, values in the tendering analysis are exclusive of VAT.

The key points to note in the 2017 tendering analysis compared to that for 2016 are:

1. At 4,388, the number of published tender notices analysed is 12% higher than the 3,934 analysed in 2016.
2. The estimated contract value of 2017 published tender notices is 10% lower at €6.157 billion (down from €6.818 billion in 2016) and is attributable to large drops in contract values for the three procurement categories of Managed Services, Medical, Diagnostics & Equipment and Facilities Management & Maintenance.

² Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

- 3.** The average estimated value of 2017 published tender notices analysed is €1.4 million as against €1.73 million in 2016, reflecting the higher total value for contract notices in 2016 with 454 less notices published in 2016 than 2017. The median (typical) estimated contract values for tenders analysed in 2017 is 12% higher than 2016 at €90,000.
- 4.** 75% (3,302) of tender notices analysed are below the Official Journal of the European Union (OJEU) tender thresholds, accounting for an estimated value of €564 million. This represents 9% of all 2017 published tender estimated values. (See Appendix 2 for details of OJEU thresholds).
- 5.** The Construction and Civils Works category accounts for the largest share (€2.593 billion) of the total estimated contract value of published tender notices with an average contract value of €2.1 million and a median (typical) value of €100,000.
- 6.** The average estimated contract value of 2017 tender notices analysed by procurement spend category ranges from €16.7 million (Utilities) to €300,000 (Veterinary & Farming) while the median values range from €400,000 (Plant Hire) to €50,000 (Utilities).
- 7.** The median estimated contract value of 2017 tender notices is less than or equal to €100,000 in 14 of the 16 spend categories.
- 8.** The number of 'in-year' award notices published (i.e. award notices published in 2017 for notices published in 2017) is 17% higher at 1,032, up from 879 'in-year' awards in 2016.
- 9.** Total in-year award notices as a percentage of tender notices published is two percentage points higher in 2017 at 24%.

This 2017 report contains a 'total' 2016 awards figure as it includes award notices published since the end of 2016 in respect of tender notices published in 2016. The total number of 2016 contract award notices (1,742) is almost double the in-year total of 879. The corresponding estimated contract award values have more than trebled from €953 million to €3 billion.

Conclusion

This is the fifth OGP report analysing procurement expenditure and tendering activity across the public service. The value of addressable PSB spend data collected and analysed has increased from €3.910 billion in 2013 to €4.912 billion in 2017. The 2013 report analysed tendering data of €4.361 billion; this report analyses €6.157 billion of public service tendering data.

82% of the estimated annual procurement addressable spend of €6 billion within the remit of the OGP and the Central Purchasing Bodies (CPBs) for Health, Education, Local Government and Defence is analysed in this report.

The total analysed spend for 2017 is €4.912 billion, 8% higher than the €4.541 billion 2016 analysed spend figure. 94% of the 2017 analysed spend is within the State, unchanged from the 2016 report total. The majority of spend analysed (54%) was with SMEs. The 2017 profile for 10 of the 16 procurement spend categories is predominantly SME (i.e. greater than or equal to the overall 54% SME share of analysed spend).

The analysis of 2017 public service tendering activity on the national tendering platform eTenders looks at 4,388 tender notices with an estimated contract value of €6.157 billion. The volume and estimated value of these tender and contract award notices are profiled by procurement category. In-year award notices account for 24% of the tender notices published for 2017.

This report contains a 'total' 2016 tender contract awards figure as it includes award notices published since the end of 2016 in respect of tender notices published in 2016. It is normal to have a time delay between the publication of a tender notice and a contract award notice including spanning calendar years due to the timeframe required to complete a procurement process. The volume of total contract award notices (1,742) is almost double the 'in-year' awards of 879 award notices. The 2016 total estimated award value of €3.006 billion is over three times the 2016 in-year total estimated award value of €953 million.

1

Introduction



1.1 About the Report Data

The *Public Service Spend and Tendering Analysis Report for 2017* report contains two types of analysis. The first is focused on addressable public service procurement spend and the second on tendering activity in the public service.

The 2017 spend analysis is based on expenditure data gathered by the OGP from 71 PSBs. These bodies are from across the five public sectors of Central Government, Education, Health, Justice and Local Government. For a full list of these bodies please see Appendix 3.

Spend data from the Department of Justice and Equality for the department and bodies under its aegis is analysed as the Justice sector. The Education sector data is from third-level institutions and does not include spend data from primary and secondary level schools. Collecting spend data from across c. 4,000 primary and secondary schools would be a complex and labour-intensive exercise as it would be to gather data from over 2,750 voluntary agencies in the Health sector. The 2017 report includes spend data from all 31 local authorities.

The spend analysis in this report is based on financial transaction data received from PSBs. No adjustments or extrapolations have been made for possible over or underrepresentation of sectors based on the number of organisations that provided data.

The analysis of public service tendering activity is based on 2017 publications data from eTenders, the Government's national electronic tendering platform. The analysis is dependent in the first instance on contracting authorities undertaking procurements publishing tender notices on eTenders. The 2017 tender and award notice data has been input on eTenders by various public service contracting authorities, therefore accuracy is dependent on that entered by those public service buyers.

Sections 1.2 and 1.3 below contain more information on spend and tendering data and provide a useful reference point for the analysis contained in sections 2 and 3 of the report.

1.2 Spend Data

The spend data analysed is based on payments transaction data provided by PSBs from a range of financial systems. It is important to note that all spend data values are inclusive of VAT.

As the OGP's requirement is to analyse spend that is procurement addressable the following data is excluded from the expenditure transactions gathered from the PSBs to arrive at the dataset for analysis:

- 1) Un-addressable** – Spend that cannot be directly addressed by procurement is removed from the scope of analysis. This is spend such as grants or expenses that does not arise from state purchasing processes.
- 2) Interagency** – Payments by one public service body to another is not addressable and is removed from the spend data for analysis.
- 3) Unclassified Suppliers** – Spend transactions not yet associated with a classified supplier (i.e. supplier with known address and size classification) are also excluded.

Table 1.1 below shows the 2017 spend data gathered and the net spend data set for analysis. Following the exclusion of un-addressable, interagency and unclassified spend data the 2017 spend data set analysed in this report has a total value of €4.912 billion (including VAT). This represents 82% of the estimated €6 billion procurement addressable spend.

2017 Spend Data	2015	2016	2017
	(€m)	(€m)	(€m)
Total spend data collected	13,711	20,477	7,329
Exclusions:			
Un-addressable spend	7,879	14,549	914
Interagency spend	743	846	701
Spend with unclassified suppliers	554	541	802
Net Spend Data for Analysis	4,535	4,541	4,912

Table 1.1: Spend Data Collected and Exclusions Applied 2015 - 2017

In line with other leading procurement functions, the OGP follows a 'Category Management' approach to procurement, using an agreed standard taxonomy for categorisation of goods and services across all public bodies. There are 16 main categories, grouping procurement activities with comparable characteristics such as similarities in supply market profile, product type and end use. The expenditure categories have not changed since the publication of the first report for 2013 (category details are at Appendix 4).

In addition to the 16 spend categories two additional categorisations are included in the analysis - 'Capital' and 'Uncategorised'. Capital refers to expenditure on major works and is currently out of scope for the centralised procurement model. While this data was not requested from public service bodies, where provided, it has been included for completeness. Spend data under the heading 'Uncategorised' relates to expenditure that could not be allocated to one of the 16 categories. Uncategorised spend is 1% of total analysed spend. As 99% of analysed spend traceable is to a category this indicates that the categorisation taxonomy is logical. The spend data analysed for this report has been mapped to a category but cannot at this time be codified at a product level as public finance systems typically capture payments to suppliers but not the quantities or prices of the goods or services involved.

The analysed spend dataset includes profiles by supplier location (Ireland or International) and supplier size - SME (Small and Medium sized Enterprises) or large. Supplier location is based on the supplier address contained in the payment transaction. The identification of spend with SMEs is of particular interest. The SME definition used to classify suppliers is European Union recommendation 2003/361 i.e. enterprises where the number of employees is less than 250 and, where data is available, they have either turnover of less than or equal to €50 million or a balance sheet with net assets of less than or equal to €43 million. While some data from eTenders is used for supplier classification the OGP is dependent on external data sources to classify suppliers. (See Appendix 5.)

An overview of the spend data analysis methodology is at Appendix 6.

1.3 Tendering Data

eTenders (www.etenders.gov.ie) is the Irish Government's electronic tendering platform administered by the OGP. The platform is a central facility for all public sector (i.e. public service bodies and commercial semi-state bodies – see Appendix 1) contracting authorities to advertise procurement opportunities and award notices. All tender and contract award notices are classified as either OJEU (above the thresholds that require publication in the Official Journal of the European Union) or as Non-OJEU (below those thresholds and subject to national procurement rules).

eTenders displays, on a daily basis, all Irish public sector procurement opportunities currently advertised in the OJEU as well as below OJEU threshold tenders. Details of OJEU and national thresholds are at Appendix 2.

The EU Common Procurement Vocabulary (CPV) code associated with each tender notice is used to map tenders and award notices to the 16 procurement categories. Where multiple CPV codes are entered for a tender notice the most prevalent CPV category indicator is used.

It should be noted that the values in the tendering analysis include published values and the estimated values entered by the contracting authority when creating the tender. All monetary values in the tendering analysis are exclusive of VAT. It should also be noted that as the 2017 tender and award notice data is entered on eTenders by various public service contracting authorities, data quality and accuracy is dependent upon that entered by those organisations.

An overview of the tendering data analysis methodology is at Appendix 6.

1.3.1 Tender Notices Analysed

The eTenders data analysed in this report excludes activities by Non-Public Service Bodies such as Commercial Semi-State bodies, grant funded (mainly voluntary and community groups) and non-sector (non-national contracting authorities and private companies who receive funding from State or EU) organisations as these bodies are not under the centralised procurement remit of the OGP or the sector CPBs.

As Table 1.2 shows, a total of 5,816 tender notices were published in 2017 by all public sector contracting authorities. As this report considers only the tendering activities of public service bodies, 1,361 tenders published by Non-Public Sector Bodies have been excluded. PSB tender notices that have no CPV (EU Common Procurement Vocabulary) codes are also excluded as it is not possible to analyse those tender notices by procurement spend category. There are 67 of these tenders for 2017. The volume of tender notices analysed for 2017 is 4,388, 12% higher than the 2016 figure. The estimated contract value of tender notices analysed in 2017 is 10% lower than 2016 at €6.157 billion. Section 3 of the report analyses these tender notices as Non-OJEU, OJEU and by procurement spend category.

Tender Notices	2015		2016		2017	
	Volume	Value (€m)	Volume	Value (€m)	Volume	Value (€m)
Number of Tender Notices Published	4,999	7,281	5,073	9,631	5,816	11,439
Non-Public Service Body Tenders Notices (excluded)	1,087	2,527	1,139	2,812	1,361	5,277
PSB Tender Notices with no stated CPV Code (excluded)	76	6	0	0	67	4
Total Analysed	3,836	4,747	3,934	6,818	4,388	6,157

Table 1.2: Tender Notices Analysed 2015 - 2017

1.4 Report Overview

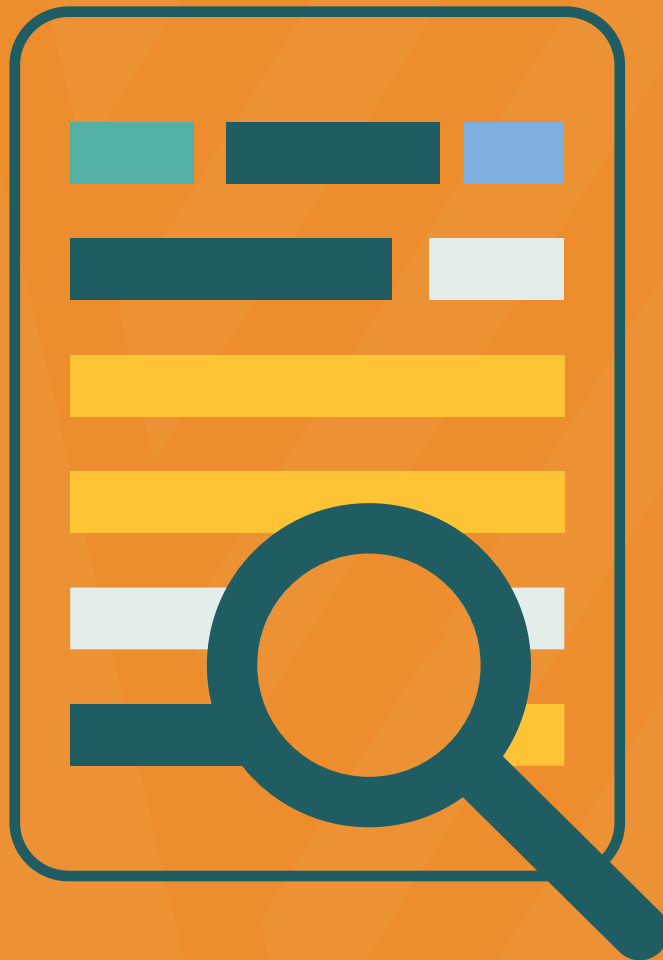
This report covers two main areas of analysis:

Section 2 covers the analysed spend data for 2017. Corresponding analysed spend data values for 2015 and 2016 are included in this section for reference.

Section 3 covers analysed 2017 tendering data. Corresponding analysed tendering data values for 2015 and 2016 are included in this section for reference.

2

Public Service Spend Analysis for 2017



2.1 Spend Data Analysed

The *Public Service Spend and Tendering Analysis for 2017* report analyses spend data to the value of €4.912 billion³ collected from 71 public service bodies (a list of these PSBs is at Appendix 3). The 2017 total spend analysed is up €371m (8%) on the 2016 analysed spend figure of €4.541 billion.

Table 2.1 and Figure 2.1 give a breakdown of the 2017 €4.912 billion spend analysed across the five sectors; Central Government, Education, Health, Justice and Local Government and compares it to that of 2015 and 2016.

Sector	2015		2016		2017	
	Spend (€m) 2015	% of Total 2015	Spend (€m) 2016	% of Total 2016	Spend (€m) 2017	% of Total 2017
Health	2,439	54%	2,308	51%	2,601	53%
Local Government	912	20%	1,151	25%	1,231	25%
Central Government	433	10%	421	9%	461	9%
Education	429	9%	322	7%	313	6%
Justice	321	7%	340	7%	306	6%
Total Analysed Spend	4,535	100%	4,541	100%	4,912	100%

Table 2.1: Total Analysed Spend by Sector 2015-2017

€2.601 billion of analysed spend relates to the Health sector. At 53% this is the largest share of the analysed spend and is 13% higher than the corresponding 2016 figure.

Local Government sector analysed spend is €1.231 billion, 7% higher than the 2016 figure and 25% of the analysed total.

€461 million of analysed spend relates to Central Government. This is 9% of the analysed total and 10% higher than the 2016 Sector total.

The Education and Justice sectors each account for 6% of the total analysed spend with values of €313 million and €306 million respectively. Compared to their 2016 Sector totals, Education was 3% lower while the Justice sector was 10% lower.

³ Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

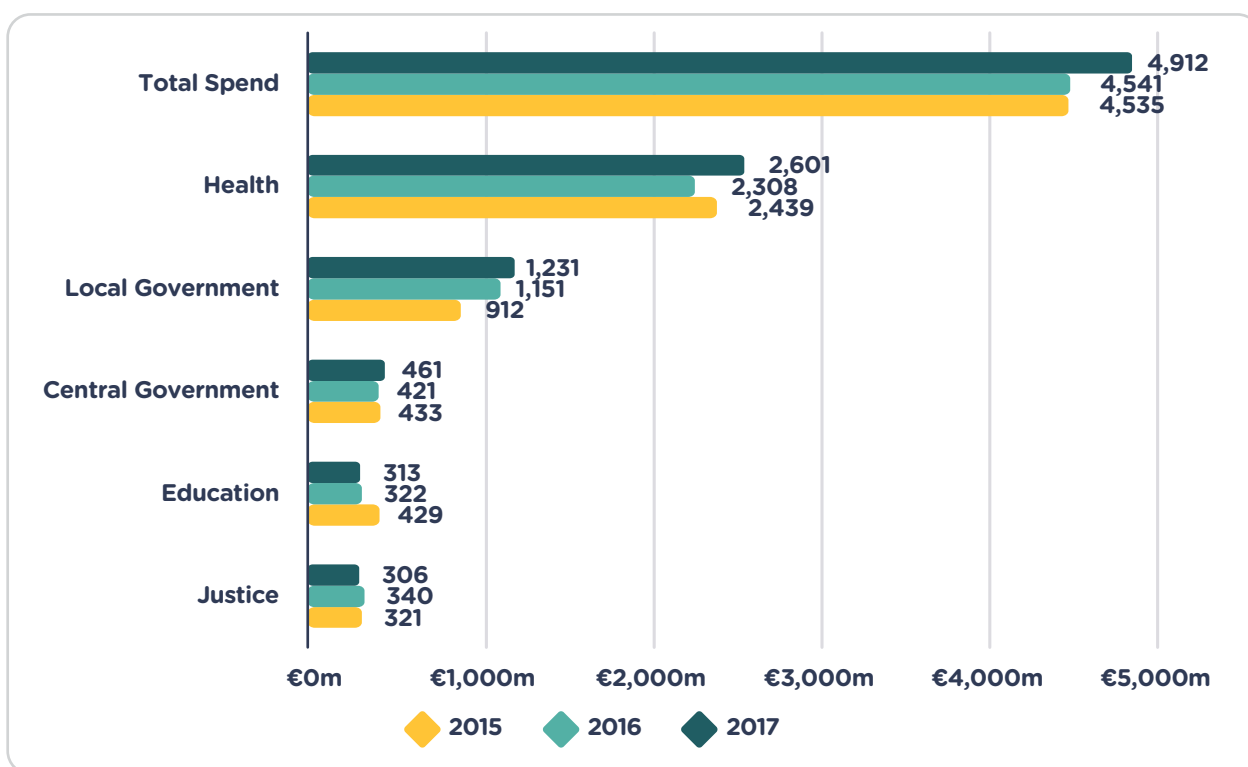


Figure 2.1: Total Analysed Spend by Sector 2015-2017

2.2 Spend Analysis by Category

As stated in Section 1.2, the OGP follows a 'Category Management' approach to procurement, using an agreed standard taxonomy for categorisation of goods and services across all public bodies. These categories are listed in the expenditure tables below with category details included at Appendix 4.

Table 2.2 and Figure 2.2 show expenditure by category for 2015 - 2017. Both the table and the graph are sorted in descending order based on 2017 analysed spend per category.

- Facilities Management, Maintenance is the largest category in the 2017 analysed spend at €727m. This is 15% of analysed spend and 10% higher than the 2016 value.
- Medical, Surgical and Pharmaceutical Supplies is the second largest category at €724m analysed spend. This is 15% of analysed spend and 12% lower than in 2016.
- The third largest category is Professional Services at €650m, representing 13% of the analysed spend while 11% higher than the 2016 value.

These three categories continue to be the top three categories for each year's analysed spend dataset since 2013, with an aggregated share of the total analysed spend for each year of between 41% and 46%.

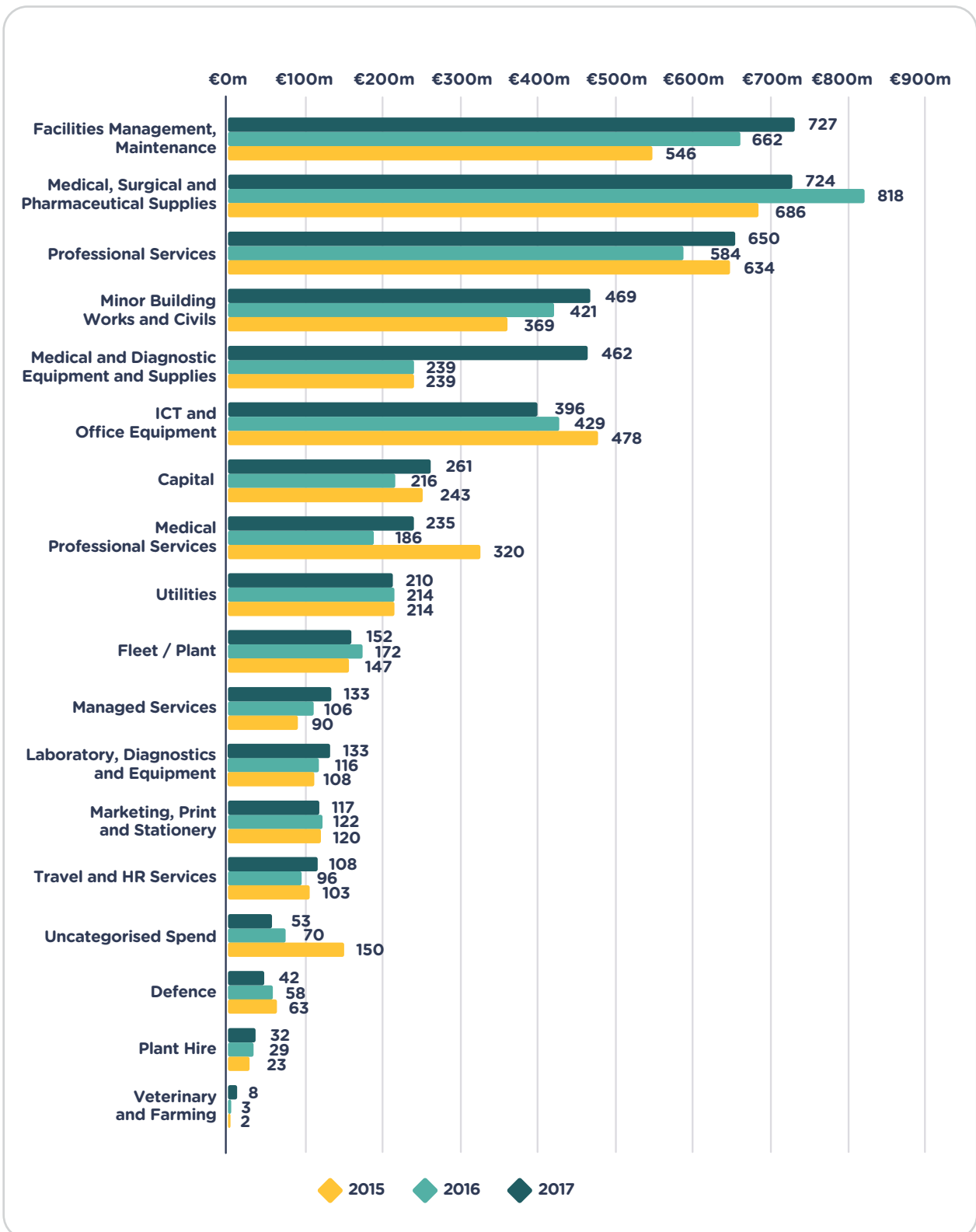


Figure 2.2: Total Analysed Spend by Category 2015-2017

Spend Category	2015		2016		2017	
	Spend (€m)	% of Total	Spend (€m)	% of Total	Spend (€m)	% of Total
Facilities Management, Maintenance	546	12%	662	15%	727	15%
Medical, Surgical and Pharmaceutical Supplies	686	15%	818	18%	724	15%
Professional Services	634	14%	584	13%	650	13%
Minor Building Works and Civils	369	8%	421	9%	469	10%
Medical and Diagnostic Equipment and Supplies	239	5%	239	5%	462	9%
ICT and Office Equipment	478	11%	429	9%	396	8%
Capital	243	5%	216	5%	261	5%
Medical Professional Services	320	7%	186	4%	235	5%
Utilities	214	5%	214	5%	210	4%
Fleet / Plant	147	3%	172	4%	152	3%
Managed Services	90	2%	106	2%	133	3%
Laboratory, Diagnostics and Equipment	108	2%	116	3%	133	3%
Marketing, Print and Stationery	120	3%	122	3%	117	2%
Travel and HR Services	103	2%	96	2%	108	2%
Uncategorised Spend	150	3%	70	2%	53	1%
Defence	63	1%	58	1%	42	1%
Plant Hire	23	1%	29	1%	32	1%
Veterinary and Farming	2	0%	3	0%	8	0%
Total Analysed Spend	4,535	100%	4,541	100%	4,912	100%

Table 2.2: Total Analysed Spend by Category 2015-2017

2.3 2017 Spend Analysis by Supplier Location

The profile of analysed spend between Irish and international suppliers has remained unchanged from 2016 with the share of 2017 analysed spend with Irish organisations remaining at 94%. The value of analysed spend with suppliers within Ireland was €4.62 billion in 2017, €350 million higher than the 2016 analysed figure. Supplier location is based on the supplier address contained in the payment transaction.

Location	2015		2016		2017	
	Spend (€m)	% of Total	Spend (€m)	% of Total	Spend (€m)	% of Total
Ireland	4,260	94%	4,266	94%	4,616	94%
International	275	6%	275	6%	296	6%
Total Analysed Spend	4,535	100%	4,541	100%	4,912	100%

Table 2.3: Total Analysed Spend by Location 2015 - 2017

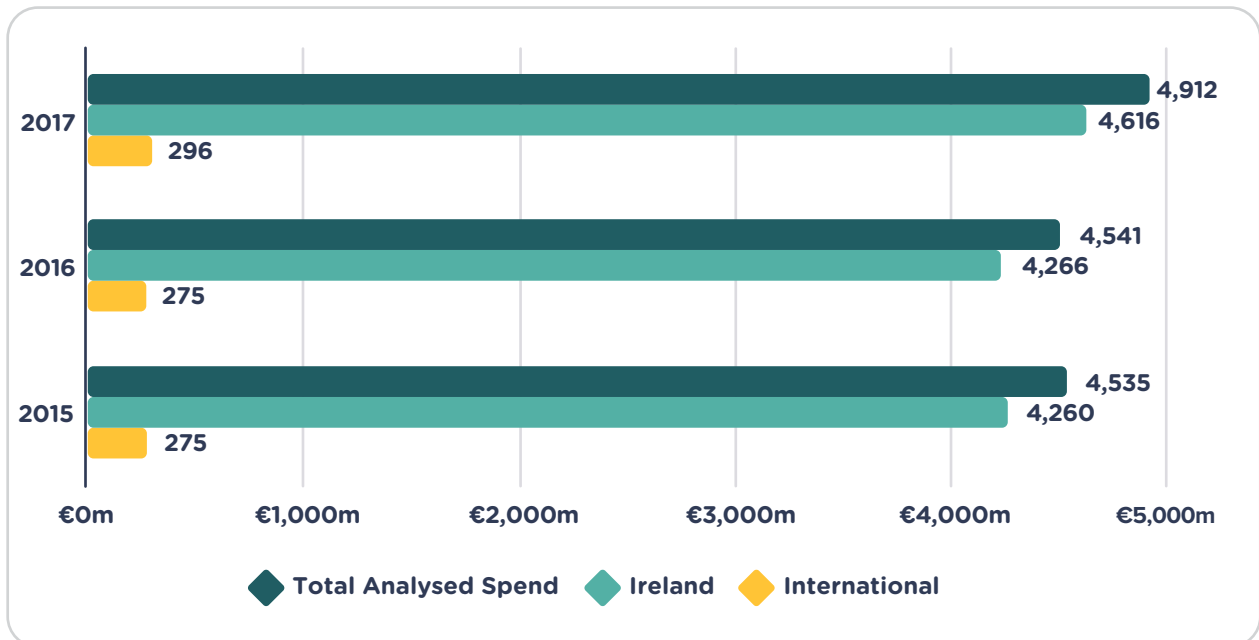


Figure 2.3: Total Analysed Spend by Location 2015-2017

2.4 Analysed Spend by Supplier Type

A key point of interest is how much of the state's procurement expenditure is with SMEs. As in 2015 and 2016, the majority of 2017 spend analysed (54%) is with SMEs, unchanged from 2016. The 2017 analysed spend with SMEs was €2.647 billion, €175m higher than 2016. The supplier profile of the analysed spend from 2015 - 2017 is shown in Table 2.4 and Figure 2.4 below.

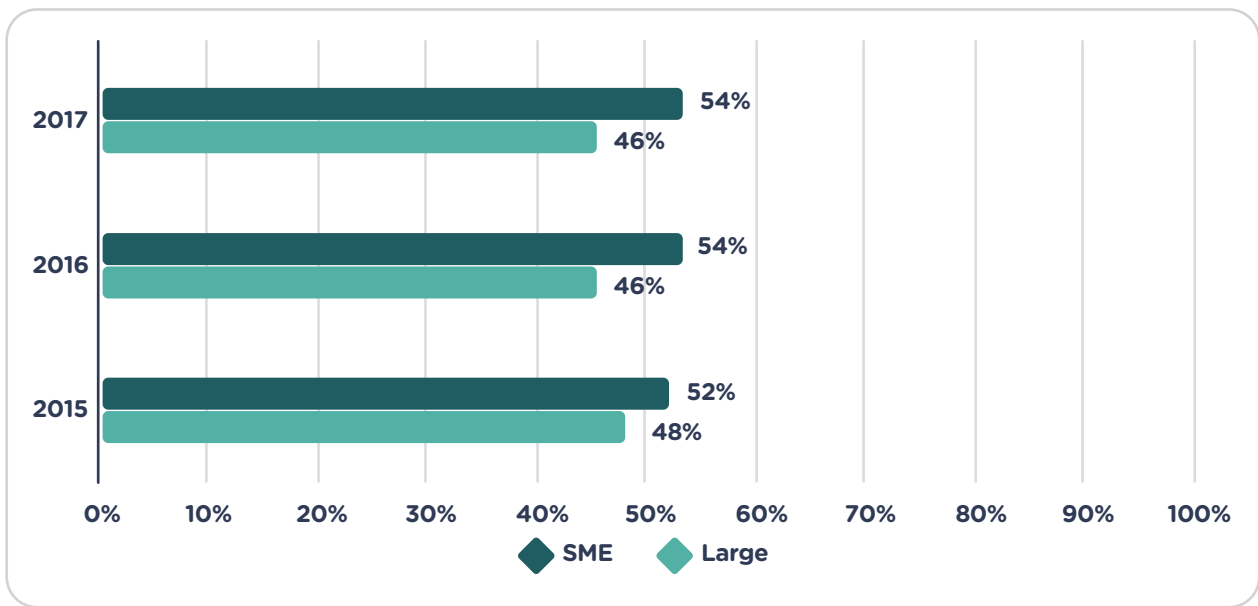


Figure 2.4: Supplier Profile of Total Analysed Spend 2015-2017

Supplier Profile	2015	2016	2017
	Spend (€m)	Spend (€m)	Spend (€m)
SME	2,359	2,472	2,647
Large	2,175	2,069	2,265

Table 2.4: Supplier Profile of Total Analysed Spend 2015-2017

2.5 Supplier Type by Category

Table 2.5 and Figure 2.5 show the Analysed Spend per Category by Supplier Type for 2015 - 2017. Both the table and the graph are arranged in descending order of the 2017 SME share of spend per category.

- 10 of the 16 procurement spend categories remain predominantly SME (i.e. greater than or equal to the overall 54% SME share of spend), down one on 2016 and ranging from 96% in Plant Hire to 58% in Professional Services.
- The SME share in Fleet and Plant is 84%, while Marketing, Print and Stationery and Minor Building Works and Civils are 77% and 70% respectively.
- Six categories have a large supplier profile i.e. more than 46% of the analysed spend for the category is with large companies - Utilities (93%), Defence (84%), Medical, Surgical and Pharmaceutical Supplies (65%), Medical and Diagnostic Equipment and Supplies (63%), Managed Services (60%) and ICT and Office Equipment (52%).

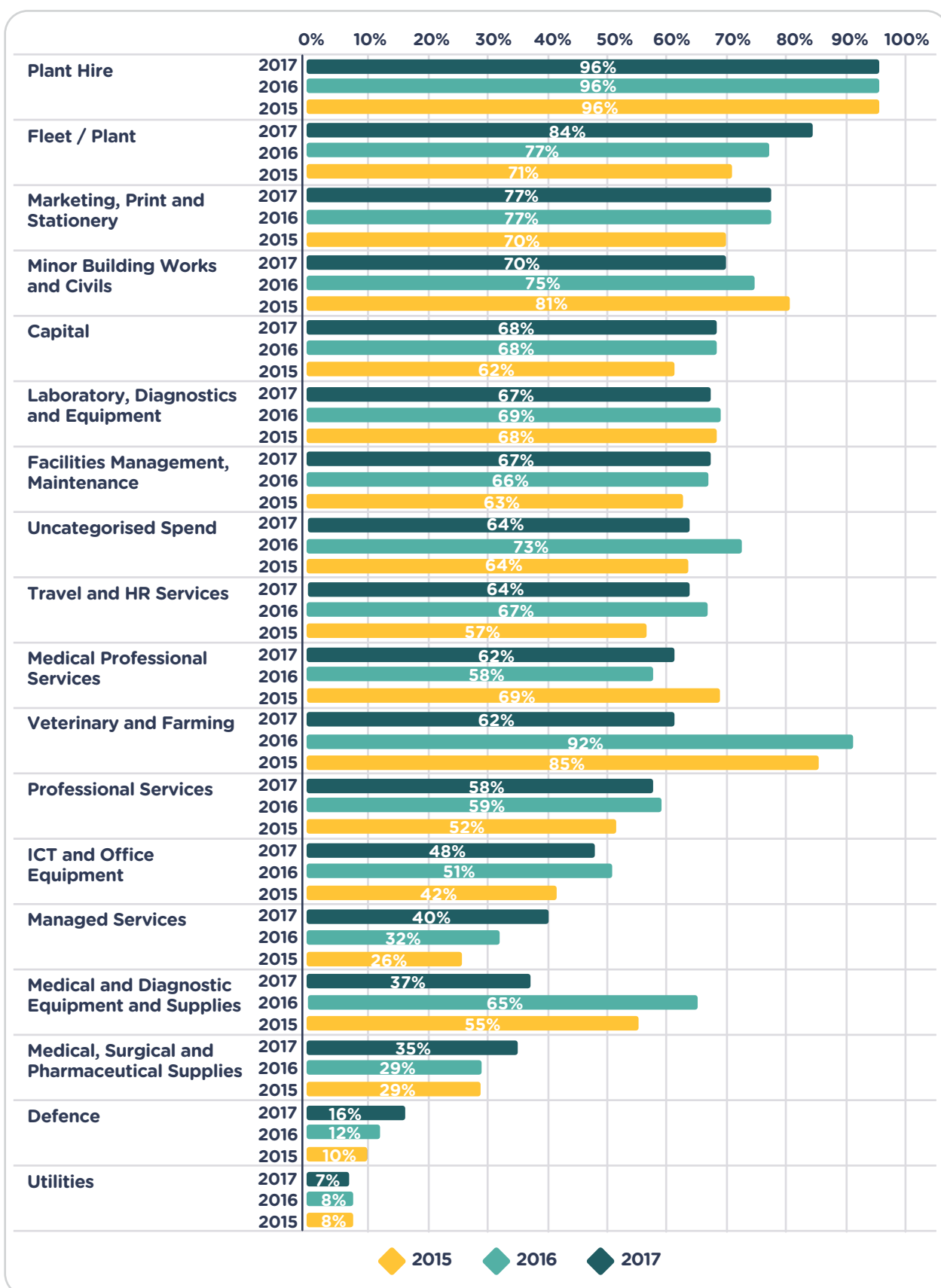


Figure 2.5: SME Share of Category Spend 2015 - 2017

Spend Category	2015			2016			2017		
	Total Category Spend	% Category Spend by Supplier Type		Total Category Spend	% Category Spend by Supplier Type		Total Category Spend	% Category Spend by Supplier Type	
	(€m)	SME	Large	(€m)	SME	Large	(€m)	SME	Large
Plant Hire	23	96%	4%	29	96%	4%	32	96%	4%
Fleet / Plant	147	71%	29%	172	77%	23%	152	84%	16%
Marketing, Print and Stationery	120	70%	30%	122	77%	23%	117	77%	23%
Minor Building Works and Civils	369	81%	19%	421	75%	25%	469	70%	30%
Capital	243	62%	38%	216	68%	32%	261	68%	32%
Laboratory, Diagnostics and Equipment	108	68%	32%	116	69%	31%	133	67%	33%
Facilities Management, Maintenance	546	63%	37%	662	66%	34%	727	67%	33%
Uncategorised Spend	150	64%	36%	70	73%	27%	53	64%	36%
Travel and HR Services	103	57%	43%	96	67%	33%	108	64%	36%
Medical Professional Services	320	69%	31%	186	58%	42%	235	62%	38%
Veterinary and Farming	2	85%	15%	3	92%	8%	8	62%	38%
Professional Services	634	52%	48%	584	59%	41%	650	58%	42%
ICT and Office Equipment	478	42%	58%	429	51%	49%	396	48%	52%
Managed Services	90	26%	74%	106	32%	68%	133	40%	60%
Medical and Diagnostic Equipment and Supplies	239	55%	45%	239	65%	35%	462	37%	63%
Medical, Surgical and Pharmaceutical Supplies	686	29%	71%	818	29%	71%	724	35%	65%
Defence	63	10%	90%	58	12%	88%	42	16%	84%
Utilities	214	8%	92%	214	8%	92%	210	7%	93%
Total Analysed Spend	4,535	52%	48%	4,541	54%	46%	4,912	54%	46%

Table 2.5: SME Share of Category Spend 2015 - 2017

2.6 Summary of 2017 Spend Analysis

The following are the key points in the 2017 spend analysis.

- 54% of analysed spend for 2017 was with SMEs, unchanged from 2016.
- Total spend data analysed at €4.912 billion for 2017 is €371 million (8%) higher than in 2016.
- 82% of the estimated annual procurement addressable spend of €6 billion within the remit of the OGP and the Central Purchasing Bodies (CPBs) for Health, Education, Local Government and Defence is analysed.
- 94% of analysed spend is with Republic of Ireland based suppliers, unchanged from 2016.
- Facilities Management, Maintenance is the largest procurement category with 15% share of analysed spend.
- The 2017 supplier profile of 10 of the 16 procurement spend categories remains predominantly SME (i.e. greater than or equal to the overall 54% SME share of spend).
- Spend data from 71 PSBs analysed.

3

Tendering Analysis



3 Tendering Analysis

The data used for Section 3 of the report comes solely from the eTenders platform.

The accuracy of the analysed data from the eTenders platform is dependent on the public service contracting authorities who provide it through creating their tender and award notices. The management of the electronic tendering process for a public contract and the administration of the contract once awarded is a matter for each contracting authority. While the tendering process is facilitated through the electronic procurement platform, eTenders, the complete data on public contracts is held by the contracting authority concerned.

Section 3 of the report analyses the 2017 tendering activity data with comparisons to 2015 and 2016 and includes an update on the 2016 contract award analysis contained in the 2016 published report. It should be noted that all monetary values contained in the tendering analysis are exclusive of VAT. Some more background information on tendering data is available at Section 1.3 in the Introduction chapter.

Caution should be applied when considering the total estimated contract value of the analysed tender notices. This figure relates to the estimated value over the entire contract term that typically ranges from one to four years. These estimated values are included in the individual tender notices before going to market and the actual value of the awarded contracts may differ. It should be noted that the values in the tendering analysis include published values and the estimated values entered by the contracting authority when creating the tender.

The total number of tender notices analysed may include tenders that have been withdrawn or not awarded. Tenders cancelled after they are published may not always be recorded via eTenders and this should also be borne in mind in reviewing the analysis.

3.1 Non-OJEU and OJEU Tender Notices 2017

All tender and contract award notices are classified as either OJEU (above the thresholds that require publication in the Official Journal of the European Union) or as Non-OJEU (below those thresholds and subject to national procurement rules). Please refer to Appendix 2 for threshold details.

Table 3.1 shows that 75% of the 4,388 published tender notices analysed are for Non-OJEU tenders and account for 9% of the total estimated tender value. OJEU tenders account for 25% of tender notice volume and 91% of the estimated tender notice value.

Analysed Tender Notices	Total Volume	% Tender Notice Volume	Total Estimated Value (€m)	% Total Estimated Value	Average Estimated Value (€m)	Median Estimated Value (€m)
Non-OJEU	3,302	75%	564	9%	0.17	0.05
OJEU	1,086	25%	5,593	91%	5.15	0.50
Total Analysed	4,388		6,157		1.40	0.09

Table 3.1: 2017 Tender Notices Non-OJEU and OJEU

Figure 3.1 shows that, as expected, OJEU notices have higher published estimated values than Non-OJEU notices. The median (middle value) is a better measure of the typical estimated tender notice value than the average as a low number of high value contracts would skew the average value.

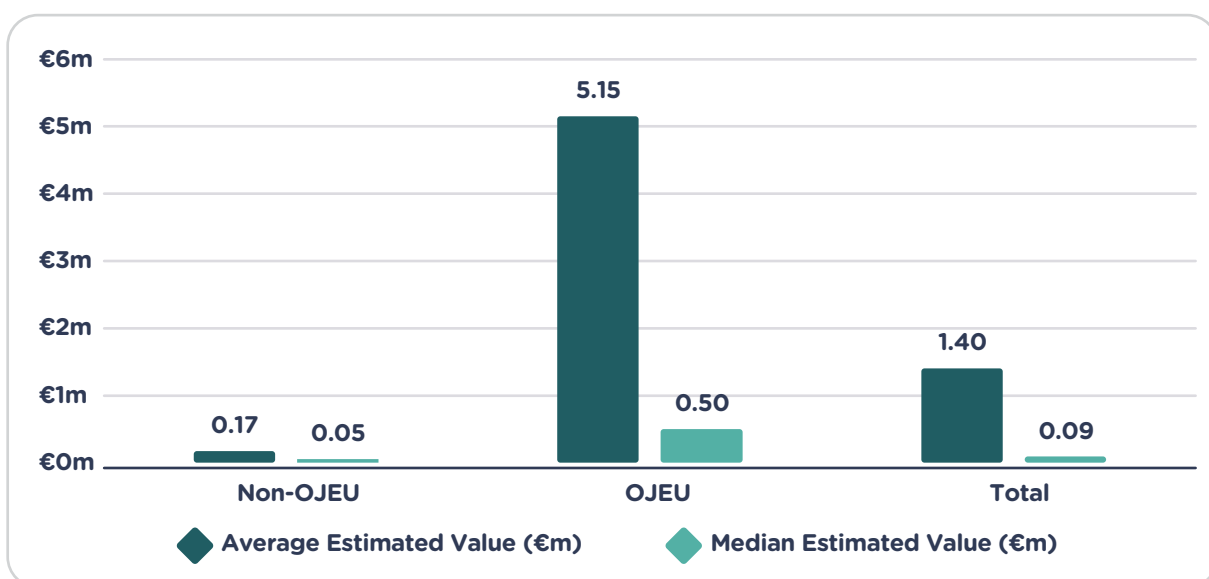


Figure 3.1: 2017 Tender Notices - Average, Median Values for Non-OJEU, OJEU and Total Notices

3.2 Non-OJEU and OJEU Tender Notices 2015 – 2017

Table 3.2 shows the split of 2017 tender notices analysed between Non-OJEU and OJEU compared to that for 2015 and 2016.

At 3,302 the number of Non-OJEU tenders analysed is 10% higher than in 2016 with a total estimated contract value of €564m, 9% lower than 2016. The number of OJEU tenders analysed was 1,086, 17% higher than 2016. The total estimated contract value for OJEU tenders is €5.593 billion, 10% lower than the 2016 figure. The decrease in the total estimated contract value is attributable to large drops in contract values for the three procurement categories of Managed Services, Medical, Diagnostics & Equipment and Facilities Management & Maintenance.

Figure 3.2 shows Non-OJEU and OJEU tender volumes from 2015 to 2017 while Figure 3.3 shows tender values for the same period.

Analysed Tender Notices	2015		2016		2017	
	Volume	Value (€m)	Volume	Value (€m)	Volume	Value (€m)
Non-OJEU	2,916	555	3,007	622	3,302	564
OJEU	920	4,192	927	6,197	1,086	5,593
Total	3,836	4,747	3,934	6,818	4,388	6,157

Table 3.2: Non-OJEU and OJEU Tender Notices 2015 – 2017

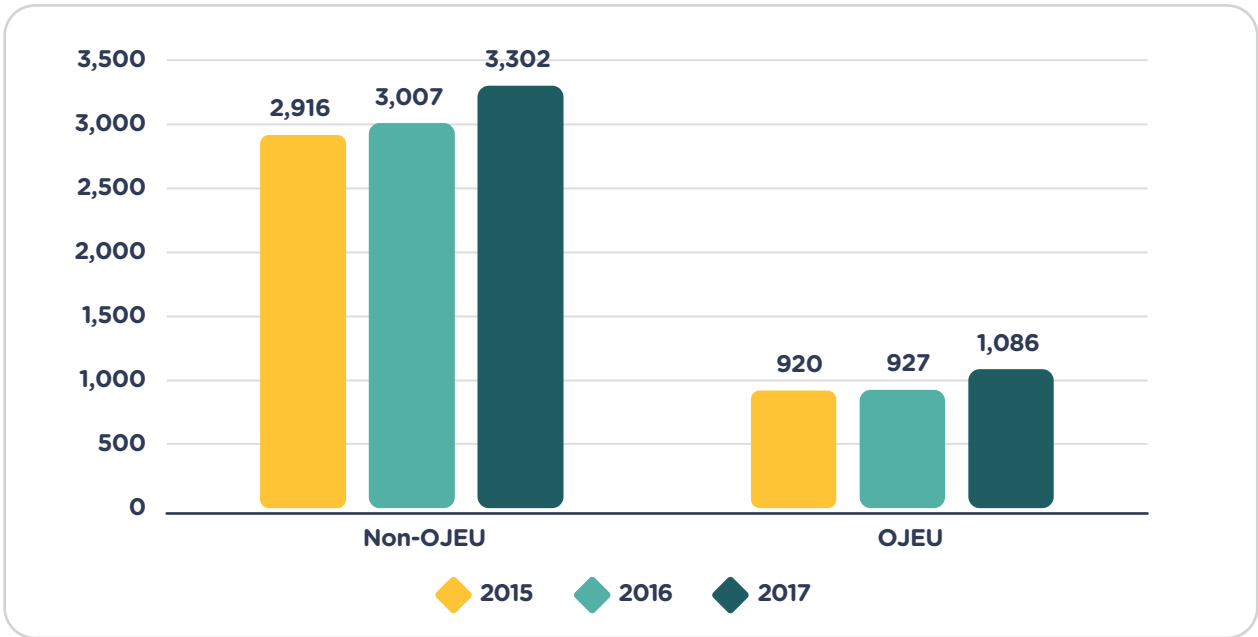


Figure 3.2: Non-OJEU and OJEU Tender Notice Volumes 2015 -2017

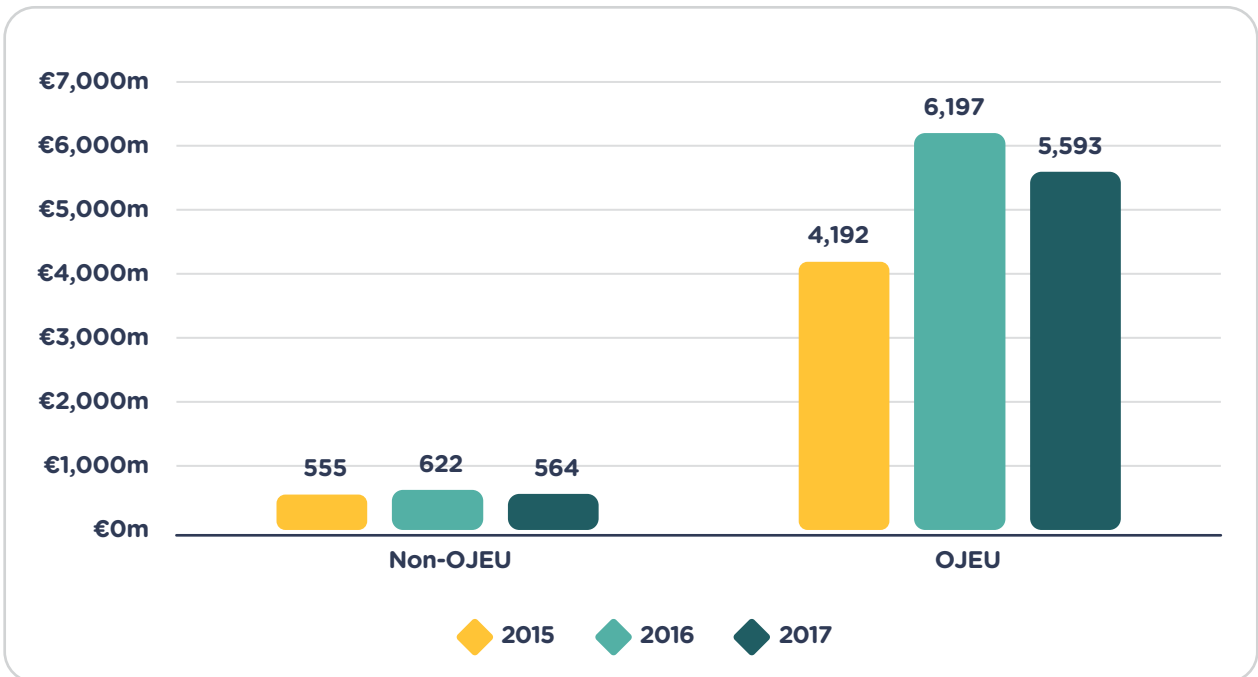


Figure 3.3: Non-OJEU and OJEU Tender Notice Values 2015 -2017

3.3 Tender Notices by Category 2015 - 2017

As stated earlier in the report, the OGP follows a 'Category Management' approach to procurement, using an agreed standard taxonomy for categorisation of goods and services across all public bodies. Details of what each category includes is set out in Appendix 4.

Table 3.3 analyses the volume and value of tender notices published by spend category for 2015, 2016 and 2017. The table is sorted in descending order based on the total value tendered per category in 2017. It should be noted that Construction and Civils Works category includes both major and minor building works and civils. The Common Procurement Vocabulary (CPV) codes associated with a small number of tender notices could not be mapped to a spend category and these notices are described as 'Uncategorised'.

The volume and value of tender notices vary considerably from one category to another as can be seen in Table 3.3. The following points should be borne in mind when reviewing this table: The median is a better measure of the typical estimated contract value than the average in situations where the distribution is skewed i.e. the population data includes a small number of very large value tenders and a much larger number of smaller value tenders. The capacity of many SMEs would be better matched to smaller value tenders and this analysis indicates that there are tender opportunities accessible to this business sector.

The average estimated value of 2017 published tender notices analysed for 2017 is €1.4 million as against €1.73 million in 2016, reflecting the higher total value for contract notices in 2016 with 454 less notices published in 2016 than 2017. The median (typical) estimated contract values for tenders analysed in 2017 is 12% higher than 2016 at €90,000.

Construction and Civils Works is the highest value tender notice category ahead of Travel and HR Services. At €2.593 billion the total estimated contract value for Construction and Civils Works tender notices for 2017 is €807 million higher than 2016. The mean (average) tender notice value for this category in 2017 is €2.1 million, the median (typical) tender notice value is €100,000.

Spend Category	2015					
	Volume of Tender Notices				Estimated Value of Tender Notices	
	Volume	% Tender Volume	Total Value (€M)	% Total Value	Average Value (€M)	Median Value (€M)
Construction and Civils Works	1,074	28%	1,087	23%	1.0	0.13
Travel and HR Services	176	4.6%	126	3%	0.7	0.06
Information and Communication Technology, and Office Equipment	577	15%	375	8%	0.7	0.07
Professional Services	471	12%	352	7%	0.7	0.08
Managed Services	252	7%	405	9%	1.6	0.10
Facilities Management, Maintenance	416	11%	346	7%	0.8	0.07
Utilities	16	0.4%	1,144	24%	72	1.25
Fleet / Plant	418	11%	408	9%	1.0	0.08
Medical and Diagnostic Equipment and Supplies	98	3%	116	2%	1.2	0.08
Medical Professional Services	57	1%	240	5%	4.2	0.18
Laboratory, Diagnostics and Equipment	90	2%	20	0.4%	0.2	0.07
Uncategorised Spend	11	0%	4	0%	0.3	0.28
Medical, Surgical and Pharmaceutical Supplies	18	0.5%	73	2%	4.1	0.10
Defence	37	1%	7	0.1%	0.2	0.09
Veterinary & Farming	84	2%	12	0.3%	0.1	0.07
Marketing, Print and Stationery	39	1%	31	0.7%	0.8	0.05
Plant Hire	2	0.1%	1	0%	0.3	0.28
Analysed Total	3,836	100%	4,747	100%	1.2	0.10

Table 3.3: Tender Notice by Category 2015 - 2017

Note: Landscape Version of Table 3.3 available on page 60

2016						2017					
Volume of Tender Notices				Estimated Value of Tender Notices		Volume of Tender Notices				Estimated Value of Tender Notices	
Volume	% Tender Volume	Total Value (€M)	% Total Value	Average Value (€M)	Median Value (€M)	Volume	% Tender Volume	Total Value (€M)	% Total Value	Average Value (€M)	Median Value (€M)
1,083	28%	1,786	26%	1.65	0.13	1,240	28%	2,593	42%	2.1	0.10
206	5%	184	3%	0.89	0.06	202	5%	797	13%	3.9	0.08
534	14%	695	10%	1.30	0.07	570	13%	650	11%	1.1	0.09
467	12%	232	3%	0.50	0.06	617	14%	566	9%	0.9	0.07
377	10%	1,329	19%	3.53	0.05	432	10%	347	6%	0.8	0.08
428	11%	749	11%	1.75	0.06	444	10%	230	4%	0.5	0.07
7	0.2%	1	0%	0.12	0.12	12	0%	201	3%	17	0.05
277	7%	151	2%	0.54	0.10	329	7%	188	3%	0.6	0.10
106	3%	902	13%	8.51	0.14	110	3%	159	3%	1.4	0.06
63	2%	235	3%	3.74	0.12	70	2%	104	2%	1.5	0.08
108	3%	45	0.7%	0.42	0.07	164	4%	104	2%	0.6	0.09
71	2%	208	3%	2.93	0.04	20	0%	89	1%	4.5	0.12
13	0.3%	14	0.2%	1.07	0.06	23	1%	44	1%	1.9	0.23
50	1%	18	0.3%	0.36	0.04	30	1%	37	1%	1.2	0.06
93	2%	16	0.2%	0.18	0.05	88	2%	25	0%	0.3	0.08
50	1%	33	0.5%	0.66	0.03	36	0.8%	22	0%	0.6	0.08
1	0%	220	3%	220	220	1	0%	0	0%	0.4	0.40
3,934	100%	6,818	100%	1.73	0.08	4,388	100%	6,157	100%	1.4	0.09

3.4 2017 In-Year Contract Award Notices

Section 3.4 analyses 2017 ‘in-year’ awards – award notices published in 2017 for tender notices published in 2017. It should be noted that the values in the tendering analysis include published values and the estimated values entered by the contracting authority when creating the tender.

Table 3.4 sets out the volume of the in-year contract award notices (1,032) published in 2017 and the associated total, average and median values for awards and split by OJEU and Non-OJEU. OJEU award notices are 34% (351) of the total in-year award notices while Non-OJEU are 66% (681). The OJEU award notices account for 94% (€1.4 Billion) of the total value while the 6% balance (€83 million) is Non-OJEU. The average estimated value for total 2017 in-year contract award value is €1.45 million while the median estimated award value is €100,000.

Contract Award Notices	Number of Tender Notices Analysed	Number of Award Notices	Total Estimated Value (€m)	Average Estimated Value (€m)	Median Estimated Value (€m)
Non-OJEU	3,302	681	83.16	0.12	0.05
OJEU	1,086	351	1409.29	4.02	0.37
Total	4,388	1,032	1492.45	1.45	0.10

Table 3.4: 2017 In-Year Contract Award Notices

3.5 In-Year Contract Award Notices 2015 - 2017

Table 3.5 sets out 2017 in-year contract award notices along with those for 2015 and 2016. The number of 'in-year' award notices published (i.e. award notices published in 2017 for notices published in 2017) is 17% higher at 1,032, up from 879 'in-year' awards in 2016. Non-OJEU award notices are 11% higher at 681 for 2017 while OJEU award notices are 31% higher at 351.

The percentage of total 2017 in-year contract award notices relative to tender notices published was 24%, slightly higher than 22% in 2016. The Non-OJEU ratio is also slightly higher at 21% from 20%, while the OJEU ratio is 32% compared to 29% in 2016.

The total estimated award value for 2017 is €1.49 Billion, €539 million higher than 2016. The average estimated value of 2017 award notices is €1.45 million, €370,000 higher than 2016. The 2017 median value of €100,000 is the same as the median for 2015 and 2016. As the average estimated contract award value may be skewed by a small volume of high or low contract award values, the median is a better indicator of the most prevalent value and is a better method for indicating what a 'typical' contract award value may be.

Contract Award Notices	2015			2016			2017		
	Total	OJEU	Non-OJEU	Total	OJEU	Non-OJEU	Total	OJEU	Non-OJEU
Number of Tender Notices Analysed	3,836	920	2,916	3,934	927	3,007	4,388	1086	3,302
Number of Award Notices	846	269	577	879	267	612	1,032	351	681
Awards as a % of Tenders	22%	29%	20%	22%	29%	20%	24%	32%	21%
Total Estimated Value (€m)	1,793	1,705	88	953	867	86	1492	1409	83
Average Estimated Value (€m)	2.12	6.34	0.15	1.08	3.25	0.14	1.45	4.02	0.12
Median Estimated Value (€m)	0.1	0.4	0.06	0.10	0.36	0.06	0.1	0.37	0.05

Table 3.5: In-Year Contract Award Notices 2015 - 2017

3.6 In-Year Contract Award Notices by Category 2015 - 2017

Table 3.6 contains a breakdown of the volume and estimated value of contract award notices by procurement spend category for 2015 - 2017. As pointed out earlier the Construction and Civils Works category includes both major and minor building works and civils.

Spend Category	2015 In-Year Award Notices			
	Estimated Award Value			
	Volume	Total (€m)	Average (€m)	Median (€m)
Construction and Civils Works	109	74	0.68	0.12
Utilities	8	1,137	147	2.55
Professional Services	94	41	0.43	0.10
Information and Communication Technology, and Office Equipment	177	113	1.47	0.10
Facilities Management, Maintenance	111	164	1.47	0.10
Managed Services	126	101	0.80	0.10
Uncategorised	6	1.47	0.25	0.24
Fleet / Plant	54	10	0.19	0.11
Laboratory, Diagnostics and Equipment	29	3.26	0.11	0.06
Travel and HR Services	41	11	0.27	0.05
Medical Professional Services	11	11	0.27	0.05
Medical, Surgical and Pharmaceutical Supplies	7	47	6.69	0.13
Medical and Diagnostic Equipment and Supplies	20	45	2.26	0.14
Marketing, Print and Stationery	17	28	1.67	0.06
Veterinary & Farming	22	3.45	0.16	0.12
Defence	13	3.42	0.26	0.14
Plant Hire	1	0.05	0.05	0.05
Grand Total	846	1,793	2.1	0.10

Table 3.6: In-Year Awards by Category 2015 - 2017

Note: Landscape Version of Table 3.6 available on page 61

The Common Procurement Vocabulary (CPV) codes associated with a small number of tender notices could not be readily mapped to a spend category and these notices are described as 'Uncategorised'. The data in the table is presented based on the descending order of award value by category in 2017.

2016 In-Year Award Notices				2017 In-Year Award Notices			
Estimated Award Value				Estimated Award Value			
Volume	Total (€m)	Average (€m)	Median (€m)	Volume	Total (€m)	Average (€m)	Median (€m)
140	100	0.71	0.20	141	690	4.89	0.12
1	0.10	0.10	0.10	8	201	25	0.11
92	50	0.54	0.10	135	154	1.14	0.07
155	60	0.38	0.09	174	84	0.48	0.10
99	233	2.36	0.10	105	77	0.74	0.09
118	275	2.33	0.05	131	63	0.48	0.09
10	142	14	0.06	5	55	11	1.11
79	19	0.24	0.10	92	42	0.46	0.14
46	6.83	0.15	0.05	72	28	0.39	0.10
48	19	0.40	0.13	48	28	0.58	0.15
20	6.93	0.35	0.13	25	21	0.84	0.08
3	0	0	0	9	18	1.95	0.06
19	29	1.55	0.12	27	12	0.45	0.08
7	1.21	0.17	0.06	12	12	0.96	0.10
25	2.47	0.10	0.08	34	5.14	0.15	0.09
17	8.45	0.50	0.06	14	1.93	0.14	0.06
0	0	0	0	0	0	0	0
879	953	1.08	0.10	1,032	1,492	1.4	0.10

3.7 2016 Tendering Analysis Update

The *Public Service Spend and Tendering Analysis Report 2016* analysed contract award notices published in 2016 that related to tender notices published in 2016 i.e. in-year awards. It is normal to have a time delay between the publication of a tender notice and a contract award notice including spanning calendar years due to the timeframe required to complete a procurement process. In this report, the contract award notices information published since the end of 2016 for tender notices issued in 2016 gives a more complete view of the 'total' awards for 2016.

Table 3.7 summarises the volume and value of both in-year and total contract award notices issued in respect of tender notices published in 2016. The volume of total contract award notices (1,742) is almost double the 'in-year' awards of 879 award notices. The 2016 total estimated award value of €3.006 billion is over three times the 2016 in-year total estimated award value of €953 million.

	2016 In-Year Awards	2016 Total Awards
Number of Contract Award Notices	879	1,742
Total Estimated Contract Awards Value (€m)	953	3,006

Table 3.7: 2016 In-Year Contract Award Notices

Table 3.8 breaks down the volume and value of 2016 in-year awards and 2016 total contract awards notices by Non-OJEU and OJEU thresholds and includes the average and median award values. As would be expected, OJEU award notices have higher average estimated values than Non-OJEU notices. At €1.73 million the average estimated value of 2016 total awards is €650,000 higher than the 2016 in-year awards while the median award value remains the same at €100,000.

Contract Awards	2016 In-Year Awards			2016 Total Awards		
	TOTAL	OJEU	Non-OJEU	TOTAL	OJEU	Non-OJEU
Number of In-Year Award Notices	879	267	612	1,742	626	1,116
Total Estimated Award Value (€m)	953	867	86	3,006	2,819	187
Average Estimated Award Value (€m)	1.08	3.25	0.14	1.73	4.50	0.17
Median Estimated Award Value (€m)	0.10	0.36	0.06	0.10	0.40	0.07

Table 3.8: 2016 Contract Awards OJEU and Non-OJEU

3,934 tender notices were analysed in the 2016 report. As illustrated in Table 3.9, the percentage of 2016 in-year contract award notices relative to tender notices published is 22% and that for the total 2016 awards is 44%. For OJEU and Non-OJEU total awards the comparable percentages are 68% and 37%. It should be noted that as withdrawals or cancellations of tenders may take place after publication of the notice and not be recorded on eTenders this could adversely impact the ratio of awards to tender notices.

2016 Award and Tender Notices	Total	OJEU	Non-OJEU
Number of Tender Notices Analysed	3,934	927	3,007
Number of In-Year Award Notices	879	267	612
In-Year Awards as a % of Tender Notices	22%	29%	20%
Number of Total Award Notices	1,742	626	1,116
Total Awards as a % of Tender Notices	44%	68%	37%

Table 3.9: 2016 Contract Awards relative to Tenders Notices

3.8 Summary of 2017 Tendering Analysis

- 1) At 4,388, the number of published tender notices analysed is 12% higher than in 2016.
- 2) The estimated contract value of 2017 published tender notices is 10% lower at €6.157 billion (down from €6.818 billion in 2016) and is attributable to large drops in contract values for the three procurement categories of Managed Services, Medical, Diagnostics & Equipment and Facilities Management & Maintenance.
- 3) The average estimated value of 2017 published tender notices analysed is €1.4 million as against €1.73 million in 2016, reflecting the higher total value for contract notices in 2016 with 454 less notices published in 2016 than 2017. The median (typical) estimated contract values for tenders analysed in 2017 is 12% higher than 2016 at €90,000.
- 4) 25% (1086) of tender notices analysed are above the Official Journal of the European Union (OJEU) tender threshold accounting for an estimated value of €5.6 Billion. The remaining 75% (3,302) of tender notices analysed Non-OJEU and account for an estimated value of €564 million, 9% of all 2017 estimated tender values. (See Appendix 2 for details of OJEU thresholds).

- 5)** The Construction and Civils Works category accounts for the largest share (€2.593 billion) of the total estimated contract value of published tender notices with an average contract value of €2.1 million and a median (typical) value of €100,000.
- 6)** The average estimated contract value of 2017 tender notices analysed by category ranges from €16.7 million (Utilities) to €300,000 (Veterinary & Farming) while the median values range from €400,000 (Plant Hire) to €50,000 (Utilities).
- 7)** The median estimated contract value of 2017 tender notices is less than or equal to €100,000 in 14 of the 16 spend categories.
- 8)** The number of 'in-year' award notices published (i.e. award notices published in 2017 for notices published in 2017) is 17% higher at 1,032, up from 879 'in-year' awards in 2016.
- 9)** Total in-year award notices as a percentage of tender notices published is two percentage points higher in 2017 at 24%.

4

Conclusion



4: Conclusion

The OGP is leading the Procurement Reform Programme and, along with Central Purchasing Bodies (CPBs) for Health, Education, Local Government and Defence has created centralised procurement structures for goods, services and minor works. A key element of this reform is the gathering by the OGP of national procurement expenditure data to enable the development of effective procurement policies and optimal sourcing strategies.

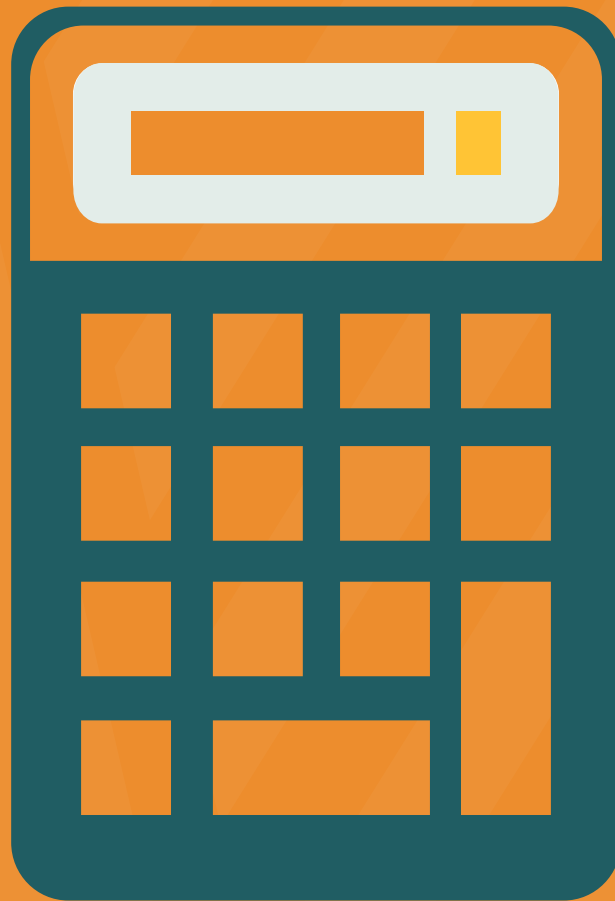
The 2017 spend analysis of 82% (€4.912 billion) of the estimated annual procurement addressable spend of €6 billion in this report indicates that 94% of the State's expenditure is with firms within Ireland and the majority (54%) of the State's expenditure is with SMEs. SMEs have the greater share of spend analysed in 10 of the 16 procurement spend categories ranging from 96% in Plant Hire to 58% in Professional Services. As PSBs do not, in general, record price and volume information relating to expenditure, analysis is limited to a summary level across the procurement spend categories.

This report summarises the tendering activity of the public service in 2017 as recorded on the eTenders public procurement platform. The analysis shows that 75% of the 4,388 tender notices analysed are smaller value (below OJEU threshold) tenders. The median estimated contract value of 2017 tender notices is less than or equal to €100,000 in 14 of the 16 spend categories.

The tendering analysis gives a more complete view of the 2016 tender cycle by looking at contract award notices published since the end of 2016 that relate to tender notices published in 2016. This shows that the volume of total contract award notices (1,742) is almost double the 'in-year' awards of 879 award notices. It is normal to have a time delay between the publication of a tender notice and a contract award notice including spanning calendar years due to the timeframe required to complete a procurement process.

The spend data repository that has been created by the OGP supports both the analysis required under the centralised procurement model to deliver value for money and enable savings for the taxpayer and informing the commercial strategies necessary to encourage SME access to public procurement opportunities. The ongoing analysis of spend and tendering activity data and the resulting insights will enable the OGP to formulate objective and evidence-based public procurement policies.

Appendices



Appendix 1 - Public Service Body Definition

Public Service Body Definition:

Definition as per Ministers and Secretaries (Amendment) Act 2011:

Section 3 (1) For the purposes of this Act, each of the following is a public service body, and “public service” shall be construed accordingly:

- (a) the Civil Service of the State;
- (b) the Civil Service of the Government;
- (c) the Garda Síochána;
- (d) the Permanent Defence Force within the meaning of the Defence Act 1954;
- (e) a local authority within the meaning of the Local Government Act 2014;
- (f) the Health Service Executive;
- (g) a vocational education committee established by section 7 of the Vocational Education Act 1930;

Commercial Semi-State Bodies Definition:

Definition as per the Ministers and Secretaries (Amendment) Act 2011:

Section 10(2) In this section “public service body” does not include a body specified in Schedule 1 or a subsidiary (within the meaning of section 155 of the Act of 1963) of such a body.

Schedule 1 Provides as follows:

- 1) A body whose activities are commercial in character and that was established by or under a statute that—
 - (a) was in force in Saorstát Éireann immediately before the date of the coming into operation of the Constitution, and
 - (b) continues to be of full force and effect by virtue of Article 50 of the Constitution.

- 2)** Dublin Airport Authority, public limited company.
- 3)** Cork Airport Authority, public limited company.
- 4)** Shannon Airport Authority, public limited company.
- 5)** Bord Gáis Éireann.
- 6)** Bord na gCon.
- 7)** Bord na Móna, public limited company.
- 8)** Córas Iompair Éireann.
- 9)** Coillte Teoranta.
- 10)** Electricity Supply Board.
- 11)** EirGrid.
- 12)** A harbour authority within the meaning of the Harbours Act 1946 or a company to which section 7 of the Harbours Act 1996 applies.
- 13)** Horse Racing Ireland.
- 14)** The Irish National Stud Company, Limited.
- 15)** The Irish Aviation Authority.
- 16)** An Post.
- 17)** An Post National Lottery Company.
- 18)** Raidió Teilifís Éireann.
- 19)** Teilifís na Gaeilge.
- 20)** Railway Procurement Agency.
- 21)** Voluntary Health Insurance Board.

Appendix 2 - OJEU Procurement Thresholds

Thresholds (exclusive of VAT) above which advertising of contracts in the Official Journal of the EU (OJEU) is obligatory, applicable from 1 January 2016*		
	Threshold	Applies to
Works		
Contract Notice	€5,225,000	Government Departments and Offices, Local and Regional Authorities and other public bodies.
Supplies and Services		
Contract Notice	€135,000	Government Departments and Offices.
Contract Notice	€209,000	Local and Regional Authorities and public bodies outside the Utilities sector.
Utilities		
Works Contracts / Prior Indicative Notice	€5,225,000	Entities in Utilities sectors covered by GPA (Government Procurement Agreement as part of the WTO arrangements).
Supplies and Services	€418,000	Entities in Utilities sector covered by GPA.

Tendering activity across the public service consists of opportunities published as “tender notices” on the OGP’s electronic tendering platform, eTenders. Notices greater than a certain threshold are also published in the Official Journal of the EU (OJEU). Under EU Directives on public procurement, public works, utilities, supplies and service contracts above certain thresholds must be advertised (tender notice) and details of the contracts awarded published (contract award notice) in the OJEU.

The eTenders platform processes both national (below threshold) and OJEU-level Request for Tender (RFT) notices, Responses to RFTs and Contract Award notices. Its use is mandatory for all procurements by public bodies for supplies and services greater than €25,000 (exclusive of VAT) and €50,000 (exclusive of VAT) in respect of works and works related services.

**New thresholds came into effect on 1 January 2018 after the period covered by this report.*

Appendix 3 - Public Service Bodies that provided 2017 Spend Data

Sector	Public Service Body
Central Government	Department of Agriculture, Food and the Marine
	Department of Defence
	Department of Finance
	Department of Public Expenditure and Reform
	Department of the Taoiseach
	Department of Transport Tourism and Sport
	The Office of the Revenue Commissioners

Sector	Public Service Body
Education	Athlone Institute of Technology
	Cork Institute of Technology
	Dún Laoghaire Institute of Art, Design and Technology
	Dundalk Institute of Technology
	Galway - Mayo Institute of Technology
	Institute of Technology, Tallaght
	Institute of Technology, Tralee
	Letterkenny Institute of Technology
	National University of Ireland Galway (NUIG)
	Trinity College Dublin (TCD)
	University College Cork (UCC)
	University College Dublin (UCD)
	Waterford Institute of Technology

Sector	Public Service Body
Health	Beaumont Hospital, Dublin
	HSE East Region
	HSE Mid-West Region
	HSE Midlands Region
	HSE North East Region
	HSE North West Region
	HSE South East Region
	HSE Southern Region
	HSE West Region
	Marymount University Hospital & Hospice
	Mater Misericordiae University Hospital
	National Rehabilitation Hospital
	St. James's Hospital
	Tallaght Hospital
	Children's University Hospital, Temple Street

Sector	Public Service Body
Justice	Courts Service
	Garda
	Irish Prison Service
	Justice and Equality
	Property Registration Authority

Sector	Public Service Body
Local Authorities	Carlow County Council
	Cavan County Council
	Clare County Council
	Cork City Council
	Cork County Council
	Donegal County Council
	Dublin City Council
	Dun Laoghaire Rathdown Council
	Fingal County Council
	Galway City Council
	Galway County Council
	Kerry County Council
	Kildare County Council
	Kilkenny County Council
	Laois County Council
	Leitrim County Council
	Limerick City and County Council
	Longford County Council
	Louth County Council
	Mayo County Council
	Meath County Council
	Monaghan County Council
	Offaly County Council
	Roscommon County Council
	Sligo County Council
	South Dublin County Council
	Tipperary County Council
	Waterford City and County Council
	Westmeath County Council
	Wexford County Council
Wicklow County Council	

Appendix 4 - Spend Categories

The OGP have developed a procurement category taxonomy that is used to classify, analyse and report on the type of spend across public service bodies. The following table illustrates the high level category description and the sub-categories contained within that category.

Spend Category	Description of Goods/Services/Works
Professional Services	Actuarial, Advisory, Architect, Audit, Banking, Communication, Creative Services, Financial, Information Technology, Insurance, Legal, Public Relations, Surveying, Research, Temporary Staff/ Contractors
Facilities Management, Maintenance	Building Maintenance, Catering Equipment / Supplies and Services, Cleaning Equipment / Supplies and Services, Document Management, Fittings / Furnishings, Health and Safety, Laundry, Rental, Security, Sports Equipment, Uniforms / Clothing, Waste Management
Utilities	Electricity, Gas, Fuels, Water
ICT and Office Equipment	Hardware, Software, Services, Telecoms - Data / Equipment / Mobile / Voice, Postage, Couriers
Marketing, Print and Stationery	Advertising, Creative Media, Promotional Events, IT Consumables / Peripherals, Marketing Printing, Office Printing, Office Supplies, Production Printing
Travel and HR Services	Car Hire, Employee Assistance Programme, Health and Safety, Hotel / Meetings / Incentives / Conferences / Events, Pension, Recruitment, Travel Agency/Travel Services, Training, Transport-Air/Rail/Road
Fleet and Plant	Equipment, Fuel, Maintenance, Other Plant (Lifter, Generator etc.), Vehicles Purchased, Vehicle Fit Out, Vehicle Rental/Leasing/Fleet Hire
Managed Services	Outsourced Services
Minor Building Works and Civil	Building, Civil, Electrical, Materials, Mechanical, Road
Plant Hire	Plant / Equipment Hire (including Driver / Operator)
Medical Professional Services	Carers (Disability Care, Senior Care), Care Services, Locums (Medical Professional)

Spend Category	Description of Goods/Services/Works
Medical and Diagnostic Equipment and Supplies (including; Health Informatics)	Medical Equipment, Medical Diagnostic Equipment, Medical Diagnostic Services, Health Information Systems
Medical, Surgical and Pharmaceutical Supplies	Surgical Equipment and Supplies, Blood / Blood Products, Drugs and Medicines, Medical Gases
Laboratory, Diagnostics and Equipment (including; Health Informatics)	Laboratory Equipment, Laboratory Diagnostic Systems and Supplies
Defence	Aircraft, Aircraft Maintenance, Military Equipment, Military Equipment Maintenance, Naval Vessels, Naval Vessels Maintenance, Ordnance Equipment, Other Military Supplies, Military Vehicles / Maintenance
Veterinary and Farming	Livestock, Feed, Consumables, Equipment, Other, Services, Supplies, Veterinary

Appendix 5 - Supplier Classification

The analysed spend dataset includes profiles by supplier location (Ireland or International) and supplier size - SME (Small and Medium sized Enterprises) or large.

The SME definition used to classify suppliers by size is European Union recommendation 2003/361 i.e. enterprises where the number of employees is less than 250 and, where data is available, they have either turnover of less than or equal to €50 million or a balance sheet with net assets of less than or equal to €43 million.

Employee numbers data and turnover data are more readily available than balance sheet totals for Irish businesses. Where available, both employee numbers data and turnover data have been used for classification. Otherwise, only employee numbers data has been used.

While some data from eTenders is used for supplier classification the following external third party data sources have been used to enable the OGP to classify supplier data contained in the payments transaction data provided by PSBs:

- Source Dogg
- Dun and Bradstreet
- Irish Times Top 1000 Business List
- Central Statistics Office (CSO) Classification
- SoloCheck.ie

Appendix 6 - Overview of Data Analysis Methodology

This *Public Service Spend and Tendering Analysis Report for 2017* report is based on two data sets – the first is expenditure data provided by PSBs and the second is related to tendering activities on eTenders, the national procurement platform.

There are different methodologies for the collection, mapping, classification, categorisation and generation of outputs for each of these datasets. An overview of the methodologies used for both the spend and tendering analysis is set out below.

Spend Data Analysis Methodology

The spend data analysed is based on payment transaction data provided by public service bodies (PSBs) from a range of financial systems. Figure A gives an overview of the analysis methodology showing the steps that take place in PSBs and within OGP.

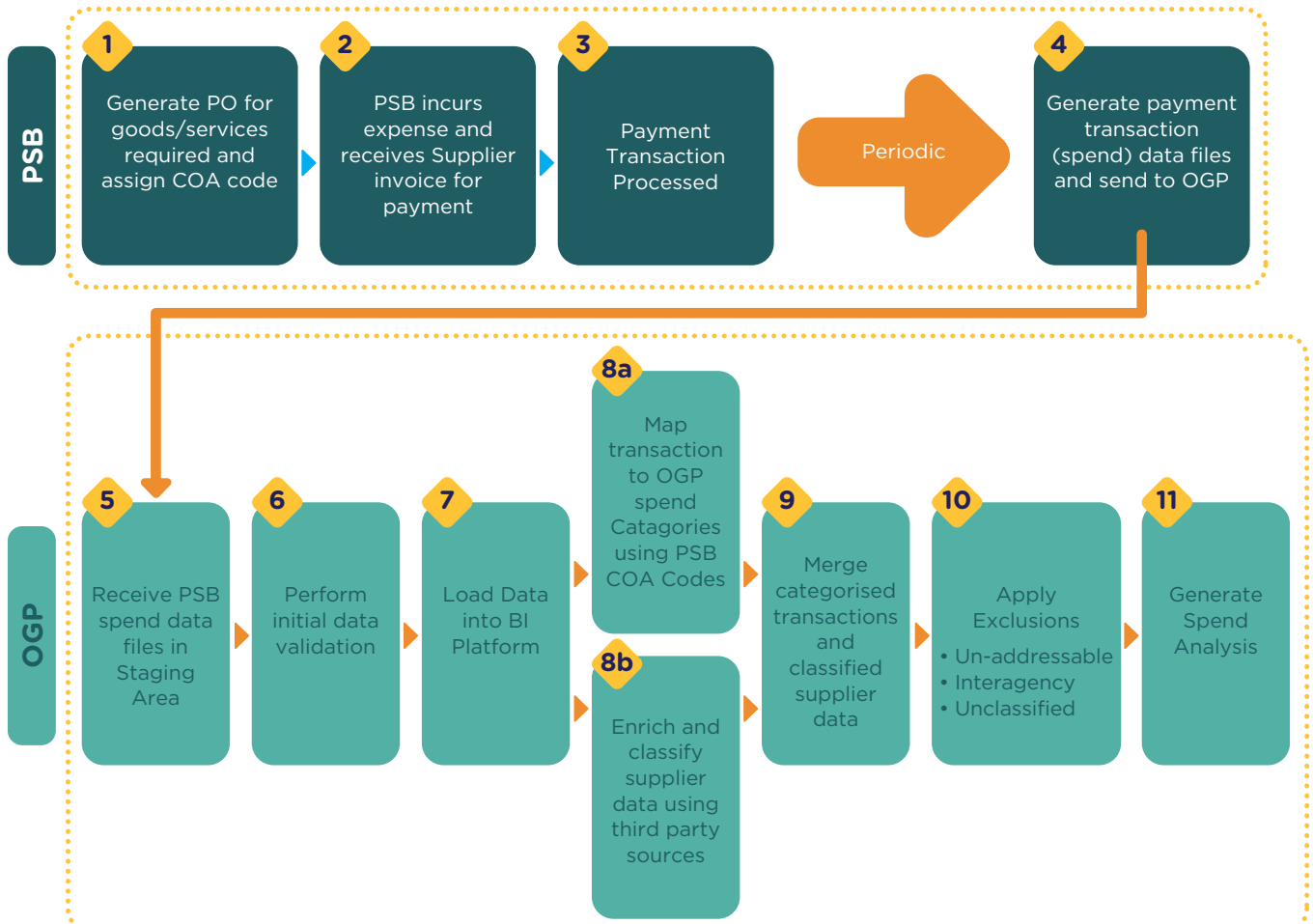


Figure A: Overview of Spend Data Analysis Methodology

Methodology Steps:

- **Steps 1-3:** take place in the PSBs and represent the standard purchase to payment process carried out on an ongoing basis. Payments are assigned to the relevant COA (Chart of Account) code for that organisation.
- **Step 4:** The PSB generates a spend data file from their financial management system in a standard data template provided by the OGP. The OGP provides assistance where necessary to extract data and convert it to the required format. The frequency of this step is dependent on the procedures of the source PSB. The spend data files are transmitted electronically to a secure file storage area hosted by the OGP.
- **Step 5:** The OGP transfers the PSB spend data files to a staging area.
- **Step 6:** An initial validation takes place to ensure the data provided is in the correct format. Validated files are marked for loading into the OGP BI platform. OGP engages with the PSBs directly to rectify files that fail initial validation.
- **Step 7:** Validated PSB spend data files are loaded into the OGP BI platform.
- **Step 8a:** COA codes contained in the transaction data are mapped to the procurement spend categories based on a reference table created following engagement between the OGP and the PSB. This reference table requires ongoing manual matching of individual PSB COA codes to the procurement spend categories. It is important to note that not all transactions are allocated to a category as the payments concerned are not procurement addressable (e.g. grants).
- **Step 8b:** The supplier data is enriched using external third party data sources (see Appendix 5) to enable classification of suppliers by size i.e. SME or large and location (Republic of Ireland or International). It is important to note that is not possible to classify all suppliers due to reference data limitations.
- **Step 9:** The spend transaction data that has been allocated to a procurement spend category is merged with the classified supplier data.
- **Step 10:** Excludes the following data - un-addressable spend i.e. not within procurement scope; spend associated with unclassified suppliers and interagency spend.
- **Step 11:** Generates the category, sector and supplier classification views of the data contained in Sections 2 of this report.

Tendering Data Analysis Methodology

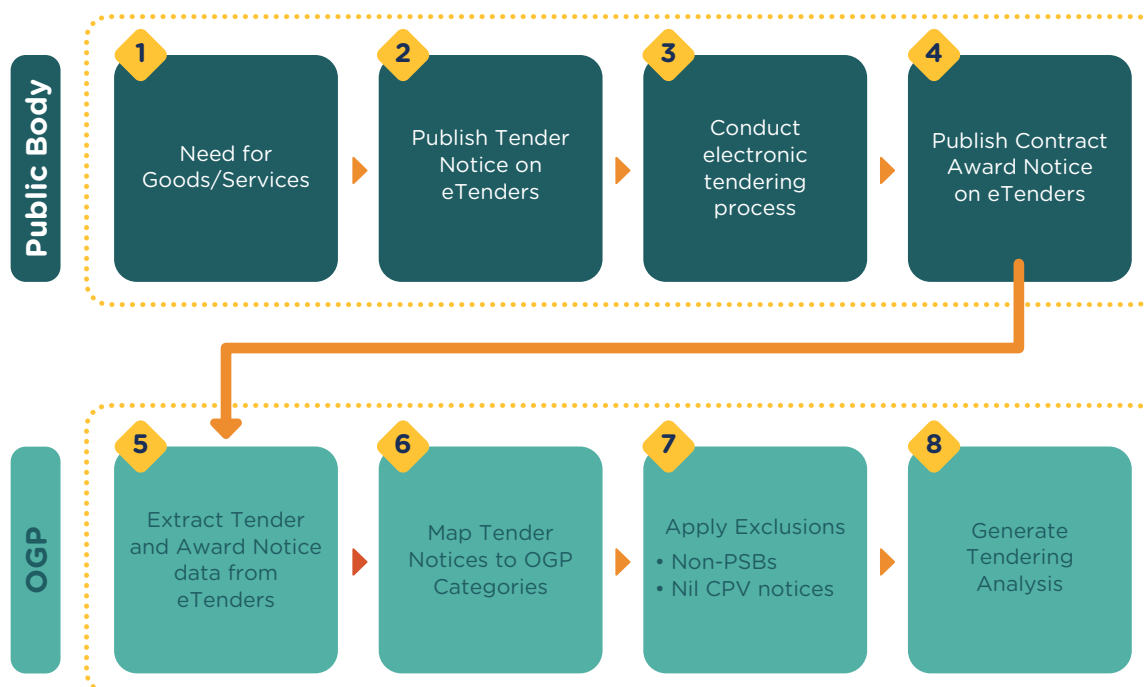


Figure B: Overview of Tender Data Analysis Methodology

- **Steps 1 to 4:** are conducted by public bodies (including commercial semi-state companies) for the publication, processing and awarding of tenders. It should be noted that the majority of the tender and contract award notices were entered on eTenders by end-users in the public bodies. The resulting tendering analysis is therefore dependent on the accuracy of the information entered.
- **Step 5:** involves the periodic extraction of the tendering data from the eTenders system. Where abnormally large tender values (e.g. for several billion) have been entered these are treated as an error in data entry and classified as 'outliers' and removed from the dataset for analysis.
- **Step 6:** is the mapping of Tender Notices to the procurement spend categories using Common Procurement Vocabulary codes (CPV). The most prevalent matching CPV code contained in each tender notice is used as the basis for selection of the procurement spend category. The category mapped to the tender notice is also applied to the associated contract award notices.
- **Step 7:** is the stage where exclusions are applied. These exclusions include tender notices with no CPV code and notices published by Non-PSB Organisations.
- **Step 8:** generates the OJEU and category views of the tender and award notice data contained in this report.

Spend Category	2015						2016						2017					
	Volume of Tender Notices			Estimated Value of Tender Notices			Volume of Tender Notices			Estimated Value of Tender Notices			Volume of Tender Notices			Estimated Value of Tender Notices		
	Volume	% Tender Volume	Total Value (£M)	% Total Value	Average Value (£M)	Median Value (£M)	Volume	% Tender Volume	Total Value (£M)	% Total Value	Average Value (£M)	Median Value (£M)	Volume	% Tender Volume	Total Value (£M)	% Total Value	Average Value (£M)	Median Value (£M)
Construction and Civils Works	1,074	28%	1,087	23%	1.0	0.13	1,083	28%	1,786	26%	1.65	0.13	1,240	28%	2,593	42%	2.1	0.10
Travel and HR Services	176	4.6%	126	3%	0.7	0.06	206	5%	184	3%	0.89	0.06	202	5%	797	13%	3.9	0.08
Information and Communication Technology, and Office Equipment	577	15%	375	8%	0.7	0.07	534	14%	695	10%	1.30	0.07	570	13%	650	11%	1.1	0.09
Professional Services	471	12%	352	7%	0.7	0.08	467	12%	232	3%	0.50	0.06	617	14%	566	9%	0.9	0.07
Managed Services	252	7%	405	9%	1.6	0.10	377	10%	1,329	19%	3.53	0.05	432	10%	347	6%	0.8	0.08
Facilities Management, Maintenance	416	11%	346	7%	0.8	0.07	428	11%	749	11%	1.75	0.06	444	10%	230	4%	0.5	0.07
Utilities	16	0.4%	1,144	24%	72	1.25	7	0.2%	1	0%	0.12	0.12	12	0%	201	3%	17	0.05
Fleet / Plant	418	11%	408	9%	1.0	0.08	277	7%	151	2%	0.54	0.10	329	7%	188	3%	0.6	0.10
Medical and Diagnostic Equipment and Supplies	98	3%	116	2%	1.2	0.08	106	3%	902	13%	8.51	0.14	110	3%	159	3%	1.4	0.06
Medical Professional Services	57	1%	240	5%	4.2	0.18	63	2%	235	3%	3.74	0.12	70	2%	104	2%	1.5	0.08
Laboratory, Diagnostics and Equipment	90	2%	20	0.4%	0.2	0.07	108	3%	45	0.7%	0.42	0.07	164	4%	104	2%	0.6	0.09
Uncategorised Spend	11	0%	4	0%	0.3	0.28	71	2%	208	3%	2.93	0.04	20	0%	89	1%	4.5	0.12
Medical, Surgical and Pharmaceutical Supplies	18	0.5%	73	2%	4.1	0.10	13	0.3%	14	0.2%	1.07	0.06	23	1%	44	1%	1.9	0.23
Defence	37	1%	7	0.1%	0.2	0.09	50	1%	18	0.3%	0.36	0.04	30	1%	37	1%	1.2	0.06
Veterinary & Farming	84	2%	12	0.3%	0.1	0.07	93	2%	16	0.2%	0.18	0.05	88	2%	25	0%	0.3	0.08
Marketing, Print and Stationery	39	1%	31	0.7%	0.8	0.05	50	1%	33	0.5%	0.66	0.03	36	0.8%	22	0%	0.6	0.08
Plant Hire	2	0.1%	1	0%	0.3	0.28	1	0%	220	3%	220	220	1	0%	0	0%	0.4	0.40
Analysed Total	3,836	100%	4,747	100%	1.2	0.10	3,934	100%	6,818	100%	1.73	0.08	4,388	100%	6,157	100%	1.4	0.09

Landscape 1 Table 3.3: Tender Notice by Category 2015 - 2017

Spend Category	2015 In-Year Award Notices				2016 In-Year Award Notices				2017 In-Year Award Notices			
	Estimated Award Value				Estimated Award Value				Estimated Award Value			
	Volume	Total (£m)	Average (£m)	Median (£m)	Volume	Total (£m)	Average (£m)	Median (£m)	Volume	Total (£m)	Average (£m)	Median (£m)
Construction and Civils Works	109	74	0.68	0.12	140	100	0.71	0.20	141	690	4.89	0.12
Utilities	8	1,137	147	2.55	1	0.10	0.10	0.10	8	201	25	0.11
Professional Services	94	41	0.43	0.10	92	50	0.54	0.10	135	154	1.14	0.07
Information and Communication Technology, and Office Equipment	177	113	1.47	0.10	155	60	0.38	0.09	174	84	0.48	0.10
Facilities Management, Maintenance	111	164	1.47	0.10	99	233	2.36	0.10	105	77	0.74	0.09
Managed Services	126	101	0.80	0.10	118	275	2.33	0.05	131	63	0.48	0.09
Uncategorised	6	1.47	0.25	0.24	10	142	14	0.06	5	55	11	1.11
Fleet / Plant	54	10	0.19	0.11	79	19	0.24	0.10	92	42	0.46	0.14
Laboratory, Diagnostics and Equipment	29	3.26	0.11	0.06	46	6.83	0.15	0.05	72	28	0.39	0.10
Travel and HR Services	41	11	0.27	0.05	48	19	0.40	0.13	48	28	0.58	0.15
Medical Professional Services	11	11	0.27	0.05	20	6.93	0.35	0.13	25	21	0.84	0.08
Medical, Surgical and Pharmaceutical Supplies	7	47	6.69	0.13	3	0	0	0	9	18	1.95	0.06
Medical and Diagnostic Equipment and Supplies	20	45	2.26	0.14	19	29	1.55	0.12	27	12	0.45	0.08
Marketing, Print and Stationery	17	28	1.67	0.06	7	1.21	0.17	0.06	12	12	0.96	0.10
Veterinary & Farming	22	3.45	0.16	0.12	25	2.47	0.10	0.08	34	5.14	0.15	0.09
Defence	13	3.42	0.26	0.14	17	8.45	0.50	0.06	14	1.93	0.14	0.06
Plant Hire	1	0.05	0.05	0.05	0	0	0	0	0	0	0	0
Grand Total	846	1,793	2.1	0.10	879	953	1.08	0.10	1,032	1,492	1.4	0.10

Landscape 2 Table 3.6: In-Year Awards By Category 2015 - 2017



Oifig um Sholáthar Rialtais
Office of Government Procurement



An Roinn Caiteachais
Phoiblí agus Athchóirithe
Department of Public
Expenditure and Reform