Social Procurement Toolkit

Contents

Reasons why council may support SP	3
Frequently asked SP questions	5
Legal framework of SP	8
Quantifying benefits of SP	10
SP engagement and awareness strategy	13
Embedding SP objectives into council policies and plans	34
SP principles checklist	36
Business template for SP	39
Quantifying the benefits of SP	43
Request for information template - Social benefit suppliers	46
Local training and employment opportunities	52
Understanding social enterprises and other social benefit suppliers	71
SP documentation	78
Evaluation of SP	85
Contract monitoring and reporting	88

REASONS WHY COUNCILS MAY SUPPORT SOCIAL PROCUREMENT

1. SOCIAL PROCUREMENT

Social procurement involves using procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of efficient goods, services and works. For local government, social procurement builds on initiatives already undertaken by the sector in enhancing sustainable and strategic procurement practice, enabling procurement to effectively contribute to building stronger communities.

Social procurement is a key mechanism by which to generate wider social benefits for triple bottom line reporting, by providing a mechanism for linking and integrating social and economic agendas.

2. POTENTIAL OUTCOMES OF SOCIAL PROCUREMENT

The outcomes of social procurement may include:

- creation of training and employment opportunities through procurement processes, clauses and specifications in contracts
- addressing complex local challenges, such as intergenerational employment, crime, vandalism and economic decline in local communities or amongst disengaged groups
- encouragement of local economic development and growth
- promotion of fair and ethical trade
- social inclusion, particularly for vulnerable groups - giving them the opportunity to participate in the community and the economy
- engagement of small-to-medium enterprises and social benefit suppliers - providing them with the same opportunities as other businesses, including the ability to engage in procurement processes
- securing a council's reputation and leadership in recognising and implementing corporate social responsibility initiatives in the public sector.

3. SOCIAL PROCUREMENT IN A LOCAL GOVERNMENT SECTOR

3.1. Purchasing Power

Victorian councils collectively spend approximately $3 billion annually on the procurement of goods, works and services.[1]

Based upon the significant procurement spend of Victorian councils, a commitment to social procurement may:

- generate the social outcomes, as stipulated in a councils' "triple bottom line" reporting

[1] Victoria's Municipal Association of Victoria's Model Procurement Policy: www.mav.asn.au

- stimulate and influence markets to develop strategies and processes which generate positive social outcomes.[2]

Given the purchasing influence local government has, there may be the opportunity to pursue social outcomes in even a small proportion of procurement spend. In doing so, the benefits that the councils local community receives may be considerable.

3.2. Legislative Requirements

Under the Victorian *Local Government Act* 1989, councils are required to:

- achieve the best outcomes for the local community (section 3C(1))
- achieve continuous improvement in the provision of services for its community (section 208B(d)).

These requirements may well be satisfied through social procurement initiatives.

3.3. How Social Procurement May Be Structured

Two primary forms of social procurement have been identified in local government:

1) engaging a social benefit provider to deliver a good or service
2) inclusion of a social benefit as a component of a procurement contract.

3.4. Achievement of Long-term Social Outcomes

Social procurement offers a great vehicle for councils in addressing complex social issues in the long term. For example, the City of Yarra, in working with a social benefit supplier, the Brotherhood of St Lawrence, were able to create long term pathway for employment for 17 public housing tenants through a street cleaning contract. Employment of these tenants led to long term positive social outcomes across the municipality, such as a reduction in unemployment rates.

[2] Barraket, J. and Weissman, J (2009) Social procurement and its implications for social enterprise: a literature review, Working Paper No. CPNS48, Queensland University of Technology

FREQUENTLY ASKED SOCIAL PROCUREMENT QUESTIONS

1. INTRODUCTION

Perceived risks and barriers to social procurement are frequently cited as arguments against implementing procurement initiatives with social outcomes. The most common are debunked below.

Question 1: Are there any legal impediments to implementing social procurement?

Response: There appears to be no Commonwealth or Victorian legislation, or common law cases, that prevent governments and councils from including social procurement requirements in procurement documents or contracts as long as they are not discriminatory.
Some legislative requirements actively support the inclusion of social procurement provisions. For example, Section 208B of the *Victorian Local Government Act 1989* specifies the Best Value Principle requirement that all services provided by a council must be responsive to the needs of its community.

Question 2: Are social procurement objectives consistent with the *Local Government Act's* requirements:

- **sound financial management (s. 136(1))**
- **competitive process to test the market (s. 186)**
- **best value principles (Division 3 of Part 9)?**

Response: Under the *Local Government Act* 1989, Victorian councils have a responsibility to properly manage public goods, resources, and/or facilities in a way that supports sustainable development objectives and promotes the public interest. Social procurement can achieve the best overall cost-benefit outcome if the benefits and costs are assessed in more than monetary terms.

Question 3: Are there special disclosure requirements for social procurement?

Response: No. Like all contractual requirements, social procurement must be disclosed:

- procurement documentation should clearly state the purpose of the social procurement
- all suppliers should be advised of the social procurement objectives and requirements at the same time and in the same way
- no supplier should receive information that is not provided to other suppliers
- if applicable, a probity auditor or advisor should be engaged to oversee the procurement.

Question 4: Are social outcomes difficult to measure?

Response: No, but some effort is required. There have been well established methodologies developed that are internationally recognised. This is further disclosed in the 'cost-benefit analysis' paper of the social procurement implementation toolkit.

Question 5: Does social procurement require a compromise on the quality of goods and services?

Response: No. Social procurement need never compromise on quality.

To ensure that the quality of the goods and/or services meet a project's needs, the quality requirements must be stipulated in the procurement specifications and contractual provisions.

Suppliers which fail to meet the quality requirements or other specifications in the procurement documentation may not be awarded the project.

Question 6: Is social procurement an additional burden for procurement officers?

Response: No. Organisations do not need to make significant structural or organisational changes to their procurement policies and processes in order to include social outcomes.
Rather than represent an additional "burden", social procurement can:

- reduce project costs
- achieve benefits in the community
- assist the organisation meet its annual corporate social responsibilities
- be readily integrated into procurement policies and practices.

Numerous guidelines, including the *Social Procurement: A Guide for Victorian Local Government*, can assist organisations in easily integrating social procurement initiative.

Question 7: Is the marketplace geared to delivering social outcomes?

Response: Yes. Markets are embracing corporate social responsibility (CSR). While many organisations undertake CSR to provide community benefits, still more do so because it is simply good business. As sustainability is increasingly becoming a requirement for businesses in response to their triple bottom line objectives, the incorporation of environmental and social sustainability initiatives into their policies and practices is becoming more common.

Question 8: Can social outcomes only be delivered through social enterprises?

Response: No. Social enterprises are by no means the only way in which social procurement outcomes can be delivered. Many social procurement outcomes have been realised through the inclusion of social benefit clauses in contracts.

CASE STUDY
COMMUNITY AND ECONOMIC CLAUSE
VICURBAN

VicUrban has developed and is trailing a **Community Benefits and Economic Vitality Clause** in tenders for its flagship urban renewal projects, with the inclusion of social clauses in contracts.

These clauses encourage suppliers and contractors to support the communities in which they operate with more than just infrastructure.

Local outcomes have improved over time with each contract.

LEGAL FRAMEWORK OF SOCIAL PROCUREMENT

Disclaimer: **The advice provided below does not in any way constitute legal advice. It is general information/guidance only. For particular application to your operations it is recommended that you seek independent legal advice.**

1. SUMMARY

Common Law

- There do not appear to be any specific court decisions prohibiting social procurement clauses.

Local Government Act 1989 (Victoria)

- The *Local Government Act* 1989 makes reference to broad social outcomes in:
    - Section 3C(1) of the *Local Government Act* which requires that councils achieve the best outcomes for the local community
    - Section 186 of the *Local Government Act*, which requires that councils must undertake a competitive process

This will still require a council to demonstrate:

- the benefits of the social procurement initiative to the community are properly articulated, including the financial benefit.
- social benefit requirements are included in all procurement documentation, so the market is fully aware of the council's intentions and requirement.

Competition and Consumer Act 2010 (Commonwealth)

- For a council activity to be subject to the *Competition and Consumer Act*, it must constitute a business activity. If not, the *Competition and Consumer Act* does not apply.
- Certain activities must be treated by councils as a business: water, sewerage and drainage functions, gas production and reticulation, and abattoirs.
- For other activities, the test is whether an activity is, or is likely to be, subject to competition by other providers and to what extent.
- If the activity is a business, the council must ensure that any procurement complies with the requirements of the *Competition and Consumer Act*.
- The council may apply to the Australian Competition and Consumer Commission for an exemption if the "public benefit" from the conduct outweighs any public detriment.

Victorian Government Purchasing Board (VGPB)

- Councils are not subject to VGPB policies, but they may find them helpful as a form of guidance in terms of procurement policy.

2. LEGAL ADVICE: VICTORIAN GOVERNMENT SOLICITOR'S OFFICE

The full legal opinion of the Victorian Government Solicitor's Office (VGSO) on councils undertaking social procurement can be found in the 'Further Information and Resources' Section of the **Social Procurement: A Guide fir Victorian Local Government** (the guide)– page 54.

According to the VGSO's advice, three areas of law that will need to be followed to legally conduct social procurement, they include:

1. Legislation governing local government – the *Local Government Act* 1989 and subordinate and other related instruments
2. Common law relating to procurement
3. Trade Practices Law.

These three areas of law, along with 'exemptions from public tender requirements', are discussed in the advice outlined in the guide.

QUANTIFYING THE BENEFITS OF SOCIAL PROCUREMENT (COST-BENEFIT ANALYSIS)

1. COST-BENEFIT ANALYSIS

A cost-benefit analysis is a process whereby the costs and benefits of a particular decision are weighed against those of alternatives courses of action within the same period, in order for them to be directly compared.

A critical component of any business case is quantifying the benefits and the costs. A cost-benefit case needs to be undertaken to ensure the:

- best value-for-money
- achievement of the most effective policy outcomes
- realistic assessment of risk is carried out.

Ideally, financial value should be determined for both tangible and intangible costs and benefits. Costs and benefits that can be directly expressed in monetary terms are referred to as 'quantitative' and usually refer to monetary terms. Costs or benefits that cannot be quantified in economic terms are referred to as 'qualitative costs' and 'qualitative benefits'. Some abstract costs can be quantified in monetary terms, for example, travel time, where minutes saved can be converted into dollars of estimated savings.[3]

Qualitative costs are legitimate costs to incorporate into cost-benefit analyses.

A cost-benefit analysis identifies and tallies up all the positive factors (benefits) and negative factors (costs) and subtracts the negatives from the positives. The result is expressed in terms of a benefit/cost ratio which is calculated by dividing the monetary value of outcomes by the input costs. The higher the cost-benefit ratio of the project, the more favourable it is to pursue.

This ratio indicates the benefit received for every dollar contributed. For example, the benefit/cost ratio of 1.5:1 for a burglary prevention program, this indicates that for every dollar spent on this program, $1.50 worth of benefits is received (for example, by the avoidance of future burglaries).[4]

2. COST-BENEFIT ANALYSIS OF SOCIAL PROCUREMENT

The growing use of cost-benefit analysis in social procurement has been driven by the increased public demand for transparency and accountability of government-funded projects.

---

[3] "Cost Benefit Analysis Procedure Manual", Civil Aviation Training Authority, http://www.casa.gov.au/wcmswr/_assets/main/manuals/regulate/acm/257r003.pdf

4 Dossetor, K. (2011) "Cost-benefit analysis and its application to crime prevention and criminal justice research", Australian Institute of Criminology, Technical and Background Paper 42

Cost-benefit analyses are particularly important for social procurement initiatives, as quantification of benefit is one of the key mechanisms by which to generate support for projects with social outcomes. Governments are increasingly accountable for their expenditure and anecdotal evidence of the potential benefit of a project is often insufficient to convince executives that a project will provide social added value.

While social procurement is still in its infancy, the application of cost-benefit analysis to social procurement is increasingly being embraced. To date, most work has been undertaken in the United Kingdom; relatively few cost-benefit analyses, in respect to social procurement, have been completed in Australia.

3. MODELS OF SOCIAL OUTCOME MEASUREMENT

Social benefits are often difficult to quantify - social procurement outcomes, such as increased community spirit, family cohesiveness and perceptions of safety, can often be very difficult to convert to quantifiable benefits.

Although estimation of social costs and benefits can be challenging, a number of methods have been established by which to measure social outcomes:

- **Global Reporting Initiative** incorporates a set of core measurements and a common reporting framework. The Public Agency Sector Supplement (PASS)[5] launched by the GRI is designed for general use by public agencies operating in the three main tiers of government (national, regional, local) and offers public agencies the opportunity to assess and communicate their organisational performance relating to sustainable development (guidelines@globalreporting.org).

- **Local Multiplier 3 (LM3)** was developed by the new economics foundation as a simple and understandable way of measuring local economic impact. The three steps in LM3 are: (1) a source of income; (2) how it is spent; and (3) how it is re-spent within a 'local economy' (a defined geographic area).[6]

- **Social accounting and audit** enables organisations to build on their existing monitoring and reporting systems with a process which measures social, environmental and economic impacts and provides for performance reporting.[7] Social accounting collects existing knowledge and experience systematically, integrating structured engagement between the organisation and its stakeholders.

- **Social accounting "cluster"** involves the independent validation and benchmarking of services.[8]

- **Social Return on Investment** (SROI) is a US-developed mechanism for reporting on social and environmental value, which uses accounting methods for calculating the return from an

[5] Herbohn, K and Griffiths , A (2008) "Sustainability reporting in local government: systemic change or greenwash? A research report prepared for CPA Australia", CPA Australia, December 2007: www.cpaaustralia.com.au

6 http://www.proveandimprove.org/new/tools/localmultiplier3.php

[7] "Social Accounting and Audit Pilot Initiative: A partnership between Co-operative Development Scotland (CDS) and the Social Audit Network (SAN) Summary Paper", Social Audit Network: http://www.socialauditnetwork.org.uk/

8 Communities Scotland (2006) "Making the Case: Social Added Value Guide": http://www.evaluationsupportscotland.org.uk

investment, which makes it familiar to funders, investors and financial institutions.[9] SROI places financial "proxy" values on the project effects identified by stakeholders which do not typically have market values.

CASE STUDY AND QUANTIFICATION EXAMPLES

- Recycle Fife[8] recycles aluminium and steel cans and paper through a community collection scheme whilst providing employment and volunteering opportunities to disadvantaged groups. The organisations SROI analysis examined both the environmental benefits and the social impact by estimating:
  - increase in earning potential
  - reduction in benefit costs
  - personal development of employees and volunteers.

  The analysis indicated that for every £1 invested in the establishment of the organisation £5.20 was returned in the social and environmental value.

- In a study undertaken by The Brotherhood of St Laurence, it was found that for every dollar invested in an intermediate labour market program, approximately $14 worth of benefits would be generated.[9]

- A Scottish case study which sought to divert young people at risk from entering the criminal justice system found that for every £1 (AUD$1.50) invested, £12.81 (AUD$19.50) of social value was created. [10]

- The pioneering Scottish mental health social enterprise, Roll on Wheels, found that for every $250 spent by the local health authority on the contract, an additional $240 is generated for the local community from the service. [11]

9 The SROI Network UK: www.sroi-uk.org/home-uk

8 Fife Council (undated) "Community Benefit Clauses in Social Procurement"

9 Mestan, K. and Scutella, R. (2007) "Investing in People: Intermediate Labour Market as Pathways to Employment"

10 Communities Scotland (2006) "Making the Case: Social Added Value Guide"

11 Kernot, C. "A Quiet Revolution", *Griffith Review,* Edition 24

SOCIAL PROCUREMENT: EXPERT SUPPORT PROGRAM

SOCIAL PROCUREMENT ENGAGEMENT AND AWARENESS STRATEGY

FOR VICTORIAN COUNCILS

1. PURPOSE OF THE SOCIAL PROCUREMENT ENGAGEMENT AND AWARENESS STRATEGY

The purpose of this Engagement and Awareness Strategy (the strategy) is to provide a step-by-step guide for Victorian councils in developing a communications plan for social procurement initiatives. The strategy will assist social procurement implementation, and more generally, offer key messages and models to generate support for social procurement at all levels of the organisation and externally.

This strategy has been developed as a key tool of Local Government Victoria's *Social Procurement: Expert Support Program*.

2. EXPERT SUPPORT PROGRAM

2.1. Purpose of the Expert Support Program

The *Social Procurement: Expert Support Program* (the program) has been established to support the development of social procurement in Victorian councils with the adoption of *Social Procurement: A Guide for Victorian Local Government* (the guide). The guide was developed by the Department of Planning and Community Development's Local Government Victoria (LGV) through the Councils Reforming Business program and launched in October 2010.

The program is a partnership between LGV and the Community Development Group of the Department of Planning and Community Development, the Department of Human Services and Social Traders. The program has been designed to provide brokerage and practical assistance to eight pilot councils[10] in developing their social procurement capacity.

The ultimate aims of the program were to:

- assist councils in building a business case for social procurement

[10] Councils participating in the Expert Support Program are: Benalla Rural City Council, Brimbank City Council, Darebin City Council, Glenelg Shire Council, Hume City Council, Maribyrnong City Council, Moonee Valley City Council and Whittlesea City Council.

- build upon initiatives already undertaken by councils in enhancing triple bottom line procurement
- develop practical measures and evaluation mechanisms for social procurement
- demonstrate good practice tools, templates and case studies to the broader sector
- build social procurement into a State Government place-based program
- create frameworks to implement social procurement across councils (including tools and templates)
- identify future social procurement opportunities.

2.2. Outcomes of the Program

The program delivered two key outcomes:

1. eight individual social procurement projects - specific to the participating councils
2. overarching tools and templates that can be used by all Victorian councils to assist in developing social procurement strategies and initiatives.

3. STEP-BY-STEP GUIDE

A step-by-step guide for developing a Social Procurement Engagement and Awareness Strategy is outlined below.

3.1 Define your goals

What are you hoping to achieve by developing the strategy? For example, are you trying to:

- create support for your council's social procurement initiatives
- increase understanding of, and support for, social procurement within council
- incorporate social benefit outcomes in other council projects
- improve overall project delivery to maximise community outcomes
- centralise communication of projects within your council
- increase teamwork or cohesion between a project team
- increase project 'buy-in' from the community or industry
- increase council visibility within the community or media.

Having well-defined goals from the outset enables your communications to be clear and consistent.

3.2 Identify your stakeholders

Regular communication with project stakeholders allows you to identify risks and opportunities, resolve issues that may arise and achieve strong overall project outcomes.

It is important to identify all of the audiences for your communication. As depicted in Figure 1, it may be helpful to group stakeholders according to their relationship to the project, including:

- those directly involved in the project
- internal stakeholders (councillors, council officer, executive management team, other council departments)
- external stakeholders (the business community including potential tenderers, social benefit suppliers and social procurement supply-side organisations – such as employment broker agencies, other councils and media outlets).

Each of these groups will require different types of communication at a different frequency.

Figure 1: Identification and categorisation of stakeholders

3.3 Conduct stakeholder information needs analysis

Once you have identified the stakeholders with whom you are proposing to communicate, it is necessary to determine their level of knowledge of social procurement and the program.

In doing so, resulting communication messages may be appropriately tailored to effectively engage your stakeholders. For example, if fellow council officers are not familiar with social procurement principles, communication messages for this group must include introductory information and context.

3.4 Define key terms

The primary purposes of communicating the council's social procurement message are to:

- create an understanding of the council's social procurement initiatives
- generate support for these initiatives.

To ensure there is a consistent understanding of key terms, and that everyone is 'on the same page', here are some explanations you may find useful in encouraging stakeholder support:

Social procurement definition
For internal stakeholders

Social procurement provides a way to increase economic participation and decrease disadvantage in local communities by reconceptualising council procurement practice. Social procurement is the purchase of goods, services and works that also generate a positive social impact in the local community. For example, this can be achieved through:

- procuring from a local social benefit supplier
- tailoring contracts to specify the delivery of particular social outcomes:
    - employ a certain number of unemployed or disadvantaged local residents
    - provide training opportunities for local residents
    - procurement of a certain percentage of local goods and services in delivering a contract
- directly employing disadvantaged community members in the council workforce, creating training and employment opportunities
- developing joint ventures and partnerships with other organisations to deliver positive social

impacts.

By using its purchasing power strategically, councils are able to achieve the social element of their triple bottom line objectives, as defined in Council Plans – without breaching best-value principles. It is important to note that where there may be an added expense to meet social objectives, this may be offset in savings in another area of the council.

Social procurement definition
For external stakeholders

Social procurement strengthens the local economy and increases employment opportunities in disadvantaged areas through targeted procurement. Social procurement encourages the purchase of goods, services and works that can deliver multiple outcomes, including positive local social impacts, such as:

- offering employment and training opportunities to unemployed and disadvantaged local residents
- procuring from local businesses and social benefit suppliers
- building the economic viability of local businesses.

Social procurement recognises the role of businesses and individuals in strengthening local community prosperity.

Some social procurement benefits (for general use)

Social procurement can assist councils to:

- address complex issues facing the community
- ensure procurement practices are sustainable and strategically aligned with council objectives
- build and maintain strong communities by generating local employment
- build and maintain a strengthened local economy
- achieve greater value for money for their communities.

Broad explanatory paragraph: putting social procurement into perspective (for general use)

Each year XX City/Shire Council spends $XX procuring goods and services in a variety of expenditure areas. Social procurement encourages councils to consider what could be achieved if even just a small percentage of council spend was focused on 'value adding', so that the purchase of goods and services can also generate positive social outcomes. For example, waste management need not solely be centred on a contract to collect bins and manage waste, it could also:

- simultaneously generate local employment
- increase community recycling options
- educate the community about waste minimisation
- reduce landfill
- contribute to building the local economy.

Social benefit supplier definition (for general use)

Social benefit suppliers are organisations and businesses whose mission is centred on a social purpose, and/or owned by a group of people who are considered disadvantaged in their local community. By virtue of their ownership structure, social benefit suppliers channel economic and social resources into marginalised communities.

For example, social benefit suppliers may include Indigenous businesses, social enterprises, Australian disability enterprises, intermediate labour market companies, social firms, community enterprises, cooperative social enterprises, fair trade social enterprises, community development finance institutions or charitable business ventures.

3.5 Set the context

A critical method of encouraging support for social procurement is to provide your audience with an explanation of *why* social procurement is inherently important to council operations and to the broader community. This often involves providing your audience with case studies and important statistics to prove the value of social procurement and alleviate any concerns that it will create an additional financial burden on council.

Therefore, before addressing key messages to the designated audience, it is important to set the individual context of your municipality – in relation to the social objectives that can be achieved in your particular municipality.

For example, the following statistics and information can strengthen support for social procurement:

- number or percentage of unemployed residents
- levels of disadvantage across specific demographics
- specific opportunities for training and employment
- cultural considerations within the wider municipality
- existing council policies and plans that can be supported and complemented by social procurement activities – for example, health and wellbeing plans, social engagement strategies, youth strategies, economic development strategies, disability action plans and communications plans.

3.6 Create key messages for each stakeholder group

Concise, sharp, key messages that convey the value of your project will be invaluable when communicating with stakeholders. Local Government Victoria and Landell Consulting have created a number of key messages – grouped into key topics – which you may find useful in your own communications.

As your project stakeholders are likely to be rather diverse – from the business community to local media – you may find it necessary to tailor or build upon these, depending on the audience you are targeting. For example, messages targeting the local business community may need to encourage businesses to develop their own social procurement strategies, and allay unfounded fears about anti-competitive practices.

General messages:

- Social procurement creates pathways to employment and training opportunities for disadvantaged community members.
- Addressing social issues through targeted procurement creates a more engaged community.
- Creating pathways to employment and training alleviates the burden on social welfare models and council resources.

Community benefits:

- Social procurement creates a community of equal opportunity.

- Social procurement can offer new opportunities to people experiencing multiple barriers to employment.
- Social procurement can play a role in creating healthy communities, supporting social inclusion and enhancing the wellbeing of local residents.
- Engaging local residents increases pride in the community, and can help to reduce crime and vandalism.
- Social procurement can strengthen council partnerships with a diverse range of community and government stakeholders.
- Training opportunities can up-skill community members and place them in a better position for long-term employment.

Council as leaders:

- By playing a leadership role in social procurement, councils can have a direct impact in lowering unemployment rates.
- Taking a lead in this burgeoning space can increase council respect and recognition within the local government sector and the wider community.
- As councils are on the forefront of local issues, they have the most to gain in alleviating disadvantage in the community.
- Councils can set an example for local businesses by purchasing locally, promoting social benefit suppliers, directly employing disadvantaged community members or adding contract clauses that mandate social benefits.
- Championing social procurement within council and the broader community sets an example for local businesses and residents.

Triple bottom line objectives and best practice procurement:

- Social procurement principles build on regular procurement principles and encourage best practice.
- Social procurement principles do not differ from regular procurement principles and do not compromise on quality.
- Incorporating social procurement into council procurement policy solidifies best practice.
- Social procurement encourages the best overall result for the money spent.

- Social procurement seeks the optimum outcome for the local community.
- Social procurement encourages open and fair competition, accountability, probity and transparency.
- Social procurement does not give unfair advantage to any sector or supplier in the procurement process – importantly, it provides social benefit suppliers with the opportunity to participate in an open and fair process.
- Social procurement operates within established council procurement processes which ensure quality purchasing.
- Social procurement does not undermine the commercial principles or values that underpin procurement.
- Social procurement is evolving procurement practices without placing extra demand on council resources.

Local economic development:

- Social procurement helps to develop a broad, diverse and flexible supplier market.
- Councils can reap savings by improving competition in their supplier market.
- Widening the local government supply market ensures that a greater diversity of suppliers can bid for contracts.
- Creating a level playing field for all suppliers – including social enterprises, Indigenous businesses, minority-owned businesses and volunteer organisations – ensures that council's supply market remains dynamic, diverse and more competitive in the long-term.
- Social procurement can provide a new, localised solution to long-standing economic and social issues.
- Greater employment and training opportunities can help to encourage rural residents to remain in regional areas.
- Greater training opportunities can help to ensure the work readiness of local residents.
- Social procurement fosters a new social economy that encourages local involvement.
- Encouraging local businesses to subcontract to, or joint venture with, social benefit suppliers may raise awareness of local business opportunities.
- Building the capacity of local businesses, developing local business networks and re-educating the broader business community can complement social procurement initiatives.
- Social procurement allows and encourages businesses to give back to the community.

- Social procurement initiatives allow councils to encourage a local focus in State and Commonwealth Government projects undertaken in the municipality.

Council expertise:

- Educating and training staff in social procurement ensures council staff fully understand its various elements and benefits.
- Educating and training staff is invaluable – knowledge is power.
- Embracing social procurement can raise awareness within council of new practices.
- Social procurement encourages a whole-of-council approach to community initiatives and council projects.
- A new whole-of-council procurement approach underpins effective social procurement.
- Reconceptualising procurement can lead to new opportunities.
- Social procurement can support a change in, and maturation of, procurement practice/policies.
- Social procurement signifies a progressive organisational culture.
- Social procurement can support a shift in organisational culture.

3.7 Demonstrate the benefits of social procurement through case studies

Case studies can be an effective way to illustrate the multiple benefits of undertaking social procurement initiatives. A succinct 100-word version of the case studies featured in *Social Procurement: A Guide for Victorian Local Government* has been included below and may prove useful in generating support within your council for social procurement.

As your council undertakes more initiatives of this nature, it might be useful to capture the project concept, objectives and outcomes in case study format to communicate through established council channels and encourage other councils to undertake similar projects.

Unemployed youth join council ranks
Moonee Valley City Council (MVCC) tackled the high rates of unemployment in its local public housing estates by creating positions within council for young African residents aged between 16 and 25. Victorian Government funding and productive partnerships with community organisations such as

the YMCA helped to make this program a success. One year after the program commenced, 20 youths had joined the council ranks, setting the bar for local employers to also hire young public housing residents in their respective organisations. The program's wide ranging success has ensured that the project was refunded by the council and the Victorian Government to undertake phase two.

Yarra City Council awards its street cleaning contract to social enterprise

Yarra City Council partnered with the Brotherhood of St Laurence (BSL) to create local jobs for long-term unemployed residents and residents of refugee backgrounds. Acknowledging that social enterprises have the ability to deliver quality employment and service delivery outcomes, the council successfully applied for a ministerial exemption to award its street cleaning contract in two local suburbs to the BSL. The BSL's models focused on employing and training participants over 12 months and then supporting them to obtain mainstream employment. This initiative resulted in both social and economic outcomes – the council was able to establish a pathway to employment for public housing estates residents (who are now working at the council depot) and also diversify its workforce, which lead to noticeable positive impacts on its organisational culture. The initiative has also created a long-term cost saving for the council and contributed to a more diverse local supply market.

Ministerial exemption creates 50 jobs each year

The Department of Human Services, through Its Neighbourhood Renewal program, was granted an exemption within its Departmental Tendering Provisions to allow a single tender to be obtained by community enterprises. The exemption allowed for tasks such as landscaping and fencing to be provided by well-established community enterprises in 19 Neighbourhood Renewal sites across Victoria. The arrangements not only met the probity requirements of providing value for money and delivering commercial quality works, but also channelled $3 million annually into social enterprise and created over 50 new jobs per year.

Brisbane City Council helps to build capacity of social enterprises

Brisbane City Council has demonstrated its commitment to promoting, developing and utilising the services of social enterprises through an innovative Social Procurement Policy Framework. The

council constantly reviews its policies and processes to ensure that social enterprises become an integral part of a diverse and dynamic supplier market and that positive social impacts form part of the key deliverables in the council's procurement practices.

This council has developed a number of approaches to build the capacity of social enterprises to participate in competitive procurement and eventually compete for commercial tenders for contracts, including the development of an internal list of social enterprise suppliers within its supplier database. When purchasing goods or services, council staff are encouraged to consider purchasing from one of the social enterprises listed.

While most procurement from social enterprises takes place within council's standard procurement processes, one model the council utilises disaggregating larger contracts and offering smaller parts to new and emerging social enterprises. This is seen as an important step in developing the capacity of start-up social enterprises to compete in the open market.

Waste transfer station management outsourced to social enterprise

Darebin City Council awarded a contract to Outlook Environmental to run its waste transfer station and resource recovery centre after a competitive tender process. Outlook Environmental, an award-winning social enterprise, was not only able to effectively divert waste from landfill to resource recovery, but also create employment and vocational training for disadvantaged workers and provide bargain-priced recycled goods to the community

Ministerial exemption enables training package for disadvantaged youths

After receiving Commonwealth funding of $400,000 to construct two new bike paths within its municipality, Banyule City Council was awarded a ministerial exemption to allow Mission Australia to deliver the required construction work without first conducting a public tender. To address long-term unemployment within the municipality, Mission Australia employed unskilled youths aged 16-25 years from the local community to deliver the works. Participants were also employed through a Kangan Batman TAFE group training scheme, providing training opportunities for students studying Certificate II and III Horticultural (Landscaping).

The Public Tenant Employment program helps to create local employment

With the inclusion of social clauses in contracts, the Department of Human Services (DHS) has awarded contracts on the condition that positive social impacts are delivered to the community. The DHS Housing Division adds social clauses into many of its contracts, stating that contractors employ a certain number of public housing tenants (exact numbers vary according to contract size) as a key deliverable. This clause covers a range of contracts, from basic services such as cleaning, landscaping and security, to more complex services such as construction. The Public Tenant Employment Program (PTEP), a program funded by the Victorian Government, provides recruitment services to assist contractors with this task. The PTEP has been a cost-effective strategy for DHS, having resulted in almost 650 jobs and more than 1,300 training opportunities for public housing tenants over the past five years. It has provided tenants with a pathway out of poverty, lowered the turnover of tenants due to stable employment and provided tenants with training opportunities they would not have otherwise received.

Public housing residents undertake local security and concierge services

A productive partnership between the Department of Human Services and the Brotherhood of St Laurence allowed a social enterprise to provide concierge services at the base of seven high-rise housing estates in the City of Yarra. To better address the rising rates of crime and violence around the estates, a social enterprise named Community Contact Service was developed to deliver concierge services. The initiative improved the physical environment and sense of safety in the estates, decreased turnover of residents, increased employment rates and tenant income, and created greater levels of social capital and resident pride in the community. The initiative also served as a an intermediate labour market program, providing public housing tenants with 12 months of supported employment and training, followed by support to find further employment at the end of their traineeship. The program has grown substantially and now provides approximately 20 jobs each year for public housing tenants, with 80% of these employees transitioning to mainstream employment positions after 12 months.

3.8 Dispel common misconceptions of social procurement

Change can be an overwhelming concept for some organisations. Councillors, council senior management and council officers unfamiliar with social procurement may be hesitant to alter existing practices.

It is important to take the time to address any concerns within your council. Below are some common misconceptions of social procurement and responses to address them.

Common Misconceptions
Myth 1: The principles of social procurement differ from common public procurement principles. **Fact**: Social procurement aligns with all of the principles of procurement outlined in the Victorian Local Government Procurement Strategy and the Local Government Procurement Best Practice Guideline, as produced by Local Government Victoria. Social procurement does not counter or challenge any of the basic principles of public procurement, including: • value for money • open and fair competition • accountability • risk management • probity and transparency.
Myth 2: Social procurement contravenes the 'best practice' principle. **Fact**: On the contrary – social procurement *encourages* the best overall result for the money spent. In some cases where it may appear to be an expensive option based on the provision of a good or service alone, it is important to assess the meaning of 'best value' in procurement. The overall benefits can outweigh the costs if both benefits and costs are assessed in more than monetary terms. The optimum outcomes for the local community should be considered when contemplating value for money.
Myth 3: Social outcomes can only be delivered through social enterprise. **Fact**: Although social enterprises are central to developing a broad, diverse and flexible supplier market, generating social impacts does not only occur through social enterprise. A number of organisations through their organisational structure have the ability to deliver positive social impacts. Organisations that are not centred on delivering social impacts have the ability to deliver these objectives if councils ask for them. Currently, the playing field in competitive tender processes is not even, and social enterprise – along with small and medium enterprises, Indigenous businesses, social benefit suppliers and volunteer organisations – are not well represented among local government suppliers. Developing the local government supply market to ensure that a greater diversity of suppliers can bid for contracts is not anti-competitive, but *pro-competitive*, ensuring that the supply market remains dynamic and diverse.

Myth 4: Social procurement requires creating special preferences for social benefit suppliers. **Fact**: Social procurement does not give unfair advantage to any sector or supplier in the procurement process. Providing social benefit suppliers with the opportunity to participate in an open and fair process is not the same as giving them preference. Social procurement is possible through the engagement of all types of businesses, not just the not-for-profit sector.
Myth 5: Councils must compromise on the quality of the goods and services obtained through social procurement. **Fact**: Councils exploring social procurement do not compromise on the quality of the goods and service sought. Rather, social procurement operates within established council procurement processes which ensure quality purchasing.
Myth 6: Social procurement requires changing all procurement arrangements or adding social clauses to every council contract. **Fact**: Social procurement can take many forms and does not require every council contract to be altered. This remains a council decision as to when contracts are altered. Social procurement does not undermine the commercial principles or values that underpin procurement. Rather, social procurement ensures where appropriate, contracts include positive social impact objectives that are relevant to the content of the contract, the context of the work and the overall objectives of the council.
Myth 7: Social procurement occurs 'under the radar'. **Fact**: Social procurement does not operate outside of the standard procurement procedures. Social procurement operates within regulatory frameworks.

3.9 Identify and address risks

Building on the 'myth busting' strategies contained in section 3.8, it is important to acknowledge any risk factors of which councillors or council staff may be apprehensive – given the 'newness' of social procurement – and offer a strategy or rebuttal to the identified risk.

Identifying these potential or perceived risks and creating mitigating strategies ahead of time can help to allay any apprehension. These strategies will support the positive messages developed in section 3.6. For example:

POTENTIAL OR PERCEIVED RISK	MITIGATION STRATEGY OR RESPONSE
Failure of a social benefit supplier to deliver the negotiated services	• Specifications in the procurement documentation and the project contract should carefully and clearly outline the required outcomes of the project. The successful organisation must be able to prove that it can deliver these outcomes. • Project risk log (initiated at the outset of the project) should immediately identify any delivery problems to enable the supplier to mitigate the problem through a rectification strategy as soon as possible. • Communications strategy developed with the supplier should specify that suppliers must immediately contact the council when a delivery problem is identified.
Failure of the supplier to achieve the specified social outcome of the project	• Specifications in the procurement documentation must clearly outline the social outcome(s) that the project is expected to achieve. In its response to the procurement (for example, tender), the successful supplier must have provided a methodology which will achieve the specified social outcome. • Project risk log (initiated at the outset of the project) should immediately identify a social outcome delivery problem to enable the supplier to mitigate the problem via a rectification strategy as soon as possible. • Communications strategy developed with the supplier should specify that suppliers must immediately contact the council when a delivery problem is identified.
There are insufficient suppliers to provide a service	• During business case development, the council should undertake market research (including a Request for Information or an Expression of Interest) to ensure that there are sufficient organisations in the market capable of delivering the service. • In the event that there are few organisations capable of undertaking the project, a more targeted procurement process may be undertaken (for example, a selective procurement).
Project costs are exceeded	• Cost requirements must be clearly articulated in procurement documentation. The successful supplier must have provided a clear breakdown in its costs to deliver the project and these should be deemed by the council to be reasonable and acceptable. • Council should include a contingency cost (between 5%-10% at discretion of council) in the business case to cover small-scale cost overruns. • Project risk log (initiated at the outset of the project) should immediately identify cost overruns and the communications strategy developed with the supplier should specify that suppliers must immediately contact the council when a cost overrun is identified.

Issues affecting competitive neutrality	• No organisation should receive any communication about a potential social procurement project which other organisations do not receive unless: ▪ this organisation can be proven to provide a unique service, and ▪ an exemption to negotiate with the company providing the unique service is secured. • If the council is seeking to develop the capacity of a particular organisation, this can be provided through a third-party organisation, to ensure that the organisation and the council are at arm's length.
Supplier insolvency	• Due diligence review of any potential supplier should be undertaken prior to the appointment of the supplier. • Procurement documentation must include the requirement for suppliers to provide key information to prove their financial solvency. • For larger projects, a detailed financial viability assessment of the suppliers should be sought from a corporate advisory consultant.

3.10 Determine message delivery mechanism

Once your key messages have been agreed upon, it is important to determine the best mechanisms by which to deliver these messages. The type of stakeholder with whom you are communicating will determine the particular message and the communication method to be utilised.

Consider what tools you have or might require to communicate effectively with your identified stakeholders. It may be worth learning the media preferences and lifestyle choices of your stakeholders so you can make an informed decisions on the best contexts to reach them with your message.

Communications include all written, spoken, and electronic interaction with associated audiences, including but not limited to:

- periodic print publications, such as newsletters and flyers
- online communications, such as emails, council website, intranet, online discussion boards, Huddle, online surveys and eNewsletters
- social media, such as Facebook or Twitter
- public relations materials and media collateral
- committee and board communiqués

- meeting and discussion materials
- presentations, workshops and information sessions
- official launches of social procurement initiatives
- certificates and awards
- annual reports
- signage.

It may be helpful to populate the sample table below with the agreed key messages for each stakeholder group and the manner in which the message will reach them.

Stakeholder group	Key messages	Delivery mechanism
Project staff	{Insert agreed key messages for each stakeholder group}	• Email • Face to face meetings • Online discussion boards
Internal staff		• Email • Workshops and information sessions • Training sessions • Online discussion boards • Staff newsletters • Intranet
Executive management team		• Briefing notes • Presentations • Email
Councillors		• Briefing notes • Presentations •
Business community		• Business forums • Council website • Email • Local business associations •
Other councils		• Email • Regular meetings •
Media / general community		• Media releases • Verbal briefs to editors • Council website • Regular newsletters

3.11 Draft a communications timetable

A detailed schedule of events, activities and actions is required to ensure that the appropriate, tailored messages are delivered to the respective stakeholders at the right time throughout the project. This fluid document also allows you to track your communication frequency and efficacy.

A timetable grid, as demonstrated below, can be helpful in outlining and monitoring all communication activities. This complements the table developed in 3.9.

Stakeholder	Elements / details	Medium	Reporting requirements	Date / timing	Responsible staff member	Action status	Evaluation methods
Business community	Article targeting the local business community, encouraging them to XX.	Council website (news page)	Approved by Marketing Manager and Executive Management Team	Article to be published on 4/5/11 to coincide with official launch of project	Jodie	Article has been prepared. Awaiting EMT sign off.	Measure number of web page hits before and after article is posted.

3.12 Evaluate the engagement and awareness strategy

After implementing your communications plan, it is critical that you evaluate its results. A process for measuring results is usually built into the plan at the drafting stage.

Results – facts, figures and testimonials – from this process can help to continue bolstering support for social procurement initiatives.

Your evaluation method should reflect the nature of your plan and project. Some examples include:

- measuring your council's progress towards implementing social procurement against predetermined Key Performance Indicators
- evaluating employment figures

- a detailed report on progress at pre-determined intervals
- an online stakeholder survey.

EMBEDDING SOCIAL PROCUREMENT OBJECTIVES INTO COUNCIL POLICIES AND PLANS

1. LINKING SOCIAL PROCUREMENT WITH ORGANISATIONAL POLICIES

In order to establish a dynamic social procurement environment within council, councils participating in the Social Procurement: Expert Support Program, highlighted the need for social procurement to be linked in with organisational polices and plans.

On the following page are a list of policies and plans that could be reviewed by council for the inclusion of social procurement provisions and linkages.

POLICY	INCORPORATION OF SOCIAL PROCUREMENT
• **Council Plan**	➢ Section 125(2) of the *Victorian Local Government Act* 1989 requires councils to produce a Council Plan, which outlines strategic objectives, strategies for achieving the objectives, and strategic indicators for monitoring the achievement of the objectives. As such, it is a high-level document incorporating medium-to-long range planning rather than detailed instructions, however, it is an important document in which to include and to identify a council's social procurement philosophy.
• **Annual Plan**	➢ To support the Council Plan, councils produce an annual plan, which outlines the specific projects and activities that the council will undertake in order to achieve its strategic objectives. The plan includes capital works projects, implementation projects for the councils' strategies and plans, as well as service improvements and targets. The annual plan is a key document in which to articulate a council's commitment to social procurement and the social procurement initiatives it intends to implement in the forthcoming year.
• **Procurement Policy**	➢ Under section 186A of the *Victorian Local Government Act* 1989, councils are required to develop and implement a procurement policy, which must be updated annually. The purpose of a council's procurement policy is to provide clear guiding principles for the council's purchase of goods and services. The incorporation of "social benefits" into this policy and all attendant procurement documentation (e.g. request for tender, request for quote, procurement plans, evaluation plans, risk management plans) will ensure that social procurement activities are embedded, integrated and implemented across councils' procurement activities.
• **Access and Inclusion Policies and Plans**	➢ Access and Inclusion Plans enable councils to comply with the provisions of the Victorian *Charter of Human Rights Act* 2006, the *Disability Discrimination Act* 1992 and relevant Australian Standards for Access and Mobility (AS11428). Social procurement activities can be targeted to decreasing economic barriers faced by disabled community members, while simultaneously meeting the objectives of Access and Inclusion Plans.
• **Economic Developmen t Plans and Strategies**	➢ The *Local Government Act* 1989 notes that a council must have regard to the economic viability of their municipalities and must promote business and employment opportunities. Councils across Victoria develop economic development plans and strategies to strengthen the local economy and ensure its financial viability. Social procurement often aims to achieve the same objective.
• **Strategic Asset Management Policy**	➢ Victoria's 79 councils collectively spend around $7.6 billion on capital works and recurrent services each year, and manage over $60 billion of community assets and infrastructure such as libraries, halls, leisure facilities, parks, roads, and bridges that people use every day. Asset management is a systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Section 126 of the *Local Government Act* 1989 requires councils to develop a strategic resource plan as part of the council plan. Councils' strategic asset management policy integrates the council's asset management with their corporate objectives and planning. Given that the maintenance upgrade and acquisition of assets represents a significant proportion of procurement activity of councils, particularly the major asset class of infrastructure and roads, the potential benefits of including social procurement requirements in strategic asset management plans and policies are considerable.

SOCIAL PROCUREMENT PRINCIPLES CHECKLIST

1. STRATEGIC

☑ Clearly define your terminology (for example “social outcomes”, “community benefit” and “social benefit supplier”).

☑ Link social procurement to your organisation’s triple bottom line objectives (economic, environmental and social) by quantifying the tangible outcomes and estimating the intangible outcomes of the project.

☑ Embed social procurement into all relevant council policies and processes, so that it becomes an integral component of procurements and not merely an afterthought.

☑ Integrate social procurement into your organisation’s strategic business planning, operations and reporting.

☑ Ensure that there is senior managerial support for social procurement within the organisation, as this will have a critical effect on the success of, and internal enthusiasm for, social procurement projects.

☑ Nominate at least one officer to be the social procurement “go-to” person that council officers can call upon for advice and/or assistance with social procurement projects.

☑ Establish linkages between the community services/social policy units and procurement, finance and engineering/infrastructure units of the council in developing the council’s social procurement framework and generating the necessary cross-unit support for social procurement initiatives.

☑ Communicate the social procurement message internally and externally using the initiatives in the toolkit’s Engagement and Awareness Strategy.

☑ Brief providers on the development of council’s social procurement program at the earliest possible stage, through mechanisms such as:

- organisational publications and social media
- business and community forums.

☑ Develop a database of social benefit suppliers in your municipality.

2. PROJECT-RELATED

☑ Identify procurement categories and upcoming procurements that might lend themselves to social procurement.

☑ Not all social policies should be selected for integration into public procurements
    - Social outcomes should be determined on a case-by-case basis
    - A cost-benefit case needs to be made to ensure that:
        - the best value-for-money outcomes and the most effective policy outcomes are achieved
        - the recommended social outcomes are justifiable if they incur additional expense.

☑ Social procurement should be integrated:
    - at the earliest stage in the project's development (for example, the planning stage)
    - integrated throughout the project.

☑ Consider all relevant legal and government policy factors in determining the way in which you will build the social requirements into the contract.

☑ As with all procurement, a risk management plan should be developed for social procurement projects.

☑ At the outset of the project, determine the mechanism you intend to utilise to evaluate the social benefits of the project (examples are provided in the cost-benefit paper in this toolkit).

☑ Ensure that the social benefit requirements of the procurement are:
    - clearly drafted
    - practical and easy to understand by all stakeholders, including the market and purchasing and procurement staff and providers
    - appropriate for the size and associated risk of the project
    - sufficiently outcome-based to encourage a range of solutions
    - equitable to all potential providers
    - sufficiently flexible to allow for innovation
    - not too onerous for potential providers
    - clear, measurable and practical to ensure that successful providers can readily report back and be evaluated on the social outcomes of the project.

☑ Ensure selection criteria is transparent, as complex or poorly drafted criteria can result in confusion for the providers.

☑ Don't include fuzzy aspirations or hopes in procurement documentation - social benefit clauses need to be clearly articulated in the go-to-market documents and contract to ensure that all applicants are aware of, and understand, the requirements, including:
    - key deliverables
    - measurement requirements
    - monitoring responsibilities
    - consequences for non-compliance.

☑ Remember, it is better to have fewer achievable targets than a complex set that cannot be met or monitored.

- ☑ Emphasise the project performance key performance indicators and social benefit targets in the procurement documents – unless the provider believes that these are a priority, it is unlikely to volunteer to fulfil the requirements.
- ☑ Appoint a specific officer from local government and from the provider organisation who will take responsibility for the delivery of social benefits.

- ☑ An industry briefing may be necessary to explain the details of complex social benefit clauses.

- ☑ Organisations such as Jobs Services Australia providers and welfare organisations that may assist in sourcing beneficiaries should be engaged as part of the procurement process for training and employment social procurement projects.

- ☑ The procurement evaluation team should include at least one person with experience and expertise in social procurement.

- ☑ Report the findings of the evaluation:
    - if quantitative and/or qualitative benefits can be proven for social procurement initiatives within the municipality, this will encourage further investment in, and support for, social procurement projects
    - if the foreshadowed benefits were not realised, what was learned through the process will inform subsequent projects.

- ☑ Draft the findings of the social procurement project into a “lessons learned” case study.

- ☑ Develop a register of social procurement projects, including a summary of the findings, to provide key information to units new to the area and to inform the development of social procurement policies and practices within the council.

BUSINESS CASE TEMPLATE FOR SOCIAL PROCUREMENT

GLOSSARY

Business Case	• A well-structured document which summarises the rationale for initiating a project
Contractual Clause	• A section in a contract that specifies a legal requirement
KPI	• Key Performance Indicator • Quantifiable measurements used to evaluate the success or otherwise of a project in achieving its strategic goals
Objectives	• The purpose(s) of the social procurement
Performance Measurement	• The system of measurement to be adopted to evaluate the implementation of the objectives
Provider	• The term "provider" includes: ○ supplier of goods ○ supplier of services ○ contractor ○ consultant
Probity	• Fair and ethical conduct, especially in relation to tendering processes
RFI	• Request for Information • In limited circumstances, an RFI is issued to the market in order to collect information to be used to further develop the procurement documentation
Risk	• The probability of a negative effect of an external or internal vulnerability which may be mitigated through pre-emptive planning
Selection Criteria	• Factors used to assess the capability and experience of potential providers
Social Clauses	• Contractual provisions of a procurement which fulfil a particular social aim
Specifications	• All the technical or descriptive specifications of functional, operational, performance or other characteristics required of a deliverable provided by one of the parties under a contract • The term "specifications" in this document includes: ○ project brief ○ brief of services
Tender	• A tender is the process of inviting parties to submit an offer by public advertisement followed by evaluation of offers and selecting a successful bidder

Business Case Template

The components of a business case are tabulated below.

Note, that the components are similar to those of a general procurement, but with social procurement elements included.

These requirements are comprehensive - for smaller projects, some components may be omitted (for example, market analysis) or proportionally scaled back.

COMPONENT	ELEMENTS
Objectives **(See Attachment 1)**	• Clearly articulated goals of the project and the outcomes that would indicate success and convincing reasons for the project to be implemented
Scope of the project	• Clearly specify the parameters of the project inclusive of the social procurement requirement/outcomes
Background	• Information to contextualise the proposed project, including the local need for the project, legislative and regulatory requirements and council policies
Contextual analysis	• Incorporating: o a market analysis (if required) to ensure that required important factors/components are available (for example, social benefit suppliers in the municipality, businesses that incorporate social procurement as part of their operations, sufficient training providers, etc) o stakeholder expectations
Cost-benefit analysis	<u>Potential costs of social procurement</u> • Staff costs, such as the time and resources of council officers, as per most procurement processes • Potential short-term increased costs of procured services • Potential internal and external capacity building costs • Potential costs that may arise in investigating social procurement opportunities <u>Potential benefits of social procurement</u> • Positive effects on the community (for example, employment opportunities, reduced crime, increased social capital, etc) • Increased diversity of the local market (for example, the inclusion of providers who have not previously been able to compete for council business) • Improvements in provider quality and reduction in costs to council due to improved competition • Strengthened organisational partnerships with a diverse range of community and government stakeholders • Increased support for the local government sector as the champion of social projects • Contribution to the economic and social development of the local community • Environmental sustainability
Risk identification and mitigation	<u>Potential risks procurement (including social)</u> • Insufficient planning

	• Lack of available good/service • Insufficient suppliers • Financial risks, including exceeding project costs, supplier insolvency
Probity	• Probity procedures should be developed to ensure that the procurement is conducted under principles of transparency, confidentiality, fairness, open competition and security. The more complex and costly the procurement, the more comprehensive the probity planning and process should be.
Project management	• Development of a project management process which: o defines all major aspects of the project o ensures that the project has a complete and sound basis before there is any major commitment to the project o acts as a base document against which the project team can assess progress, change management issues, and ongoing viability questions.
Requirements and outputs	• A general specification/brief of services of requirements and outputs
Delivery	• Include delivery goals of the project
Timeframe	• The timeframe of the project, including key milestones
Performance measurements and monitoring	• Development of a monitoring and performance measurement document, including all the critical key performance indicators
Reporting	• Including reporting requirements for performance measurement of the objectives, outputs and timelines
Alternative options	• Alternative scenarios (including not undertaking the project at all) should be assessed and responses provided as to why these are not preferable to the proposed project • An analysis and risk identification should be undertaken for each of the alternatives
Benefits	• Benefits should include qualitative and quantitative benefits of the project (including benefits to stakeholders)
Formal procurement	• The procurement component may include the following (as relevant): o evaluation criteria and methodology o probity plan o social procurement implementation team/officer o contract or non contract management arrangements o monitoring arrangements o transitional issues o asset disposal arrangements.
Evaluation	• The evaluation of any project involving social procurement is critical and the collection of baseline data and information must occur at the outset of the project • Evaluation data collection processes and key performance indicators should be included in the business case.

ATTACHMENT 1

Development of Social Procurement Strategy and Objectives

The type of social procurement to be undertaken often depends on the outcome that is being sought.

Intended Objective	Mechanism for achieving that goal
• Increasing local employment	• Employment opportunities stipulated in contracts • Establishing a social benefit supplier • Purchasing from a social benefit supplier
• Purchase of goods or services including a social outcome	• Establishing a social benefit supplier • Purchasing from a social benefit supplier • Inclusion of social procurement requirements in a purchasing contract
• Increasing employment of people from disadvantaged backgrounds	• Training and/or employment opportunities for disadvantaged groups in the municipality (for example, disabled, youth) • Establishing a social benefit supplier • Purchasing from a social benefit supplier
• Raising awareness	• Promotional activities • Social procurement investment mapping (defined as part of this toolkit)
• Capacity building in the local community	• Promotional activities • Social procurement investment mapping (defined as part of this toolkit)
• Environmental sustainability	• Inclusion of social environmental requirements in a purchasing contract

The decision as to the strategy and objectives of the social procurement the council is seeking to implement may be finalised before the development of the business case, or as part of the analysis within the business case.

QUANTIFYING THE BENEFITS OF SOCIAL PROCUREMENT (COST-BENEFIT ANALYSIS)

4. COST-BENEFIT ANALYSIS

A cost-benefit analysis is a process whereby the costs and benefits of a particular decision are weighed against those of alternatives courses of action within the same period, in order for them to be directly compared.

A critical component of any business case is quantifying the benefits and the costs. A cost-benefit case needs to be undertaken to ensure the:

- best value-for-money
- achievement of the most effective policy outcomes
- realistic assessment of risk is carried out.

Ideally, financial value should be determined for both tangible and intangible costs and benefits. Costs and benefits that can be directly expressed in monetary terms are referred to as 'quantitative' and usually refer to monetary terms. Costs or benefits that cannot be quantified in economic terms are referred to as 'qualitative costs' and 'qualitative benefits'. Some abstract costs can be quantified in monetary terms, for example, travel time, where minutes saved can be converted into dollars of estimated savings.[11]

Qualitative costs are legitimate costs to incorporate into cost-benefit analyses.

A cost-benefit analysis identifies and tallies up all the positive factors (benefits) and negative factors (costs) and subtracts the negatives from the positives. The result is expressed in terms of a benefit/cost ratio which is calculated by dividing the monetary value of outcomes by the input costs. The higher the cost-benefit ratio of the project, the more favourable it is to pursue.

This ratio indicates the benefit received for every dollar contributed. For example, the benefit/cost ratio of 1.5:1 for a burglary prevention program, this indicates that for every dollar spent on this program, $1.50 worth of benefits is received (for example, by the avoidance of future burglaries).[12]

5. COST-BENEFIT ANALYSIS OF SOCIAL PROCUREMENT

The growing use of cost-benefit analysis in social procurement has been driven by the increased public demand for transparency and accountability of government-funded projects.

---

[11] "Cost Benefit Analysis Procedure Manual", Civil Aviation Training Authority, http://www.casa.gov.au/wcmswr/_assets/main/manuals/regulate/acm/257r003.pdf

12 Dossetor, K. (2011) "Cost-benefit analysis and its application to crime prevention and criminal justice research", Australian Institute of Criminology, Technical and Background Paper 42

Cost-benefit analyses are particularly important for social procurement initiatives, as quantification of benefit is one of the key mechanisms by which to generate support for projects with social outcomes. Governments are increasingly accountable for their expenditure and anecdotal evidence of the potential benefit of a project is often insufficient to convince executives that a project will provide social added value.

While social procurement is still in its infancy, the application of cost-benefit analysis to social procurement is increasingly being embraced. To date, most work has been undertaken in the United Kingdom; relatively few cost-benefit analyses, in respect to social procurement, have been completed in Australia.

6. MODELS OF SOCIAL OUTCOME MEASUREMENT

Social benefits are often difficult to quantify - social procurement outcomes, such as increased community spirit, family cohesiveness and perceptions of safety, can often be very difficult to convert to quantifiable benefits.

Although estimation of social costs and benefits can be challenging, a number of methods have been established by which to measure social outcomes:

- **Global Reporting Initiative** incorporates a set of core measurements and a common reporting framework. The Public Agency Sector Supplement (PASS)[13] launched by the GRI is designed for general use by public agencies operating in the three main tiers of government (national, regional, local) and offers public agencies the opportunity to assess and communicate their organisational performance relating to sustainable development (guidelines@globalreporting.org).

- **Local Multiplier 3 (LM3)** was developed by the new economics foundation as a simple and understandable way of measuring local economic impact. The three steps in LM3 are: (1) a source of income; (2) how it is spent; and (3) how it is re-spent within a 'local economy' (a defined geographic area).[14]

- **Social accounting and audit** enables organisations to build on their existing monitoring and reporting systems with a process which measures social, environmental and economic impacts and provides for performance reporting.[15] Social accounting collects existing knowledge and experience systematically, integrating structured engagement between the organisation and its stakeholders.

- **Social accounting "cluster"** involves the independent validation and benchmarking of services.[16]

- **Social Return on Investment** (SROI) is a US-developed mechanism for reporting on social and environmental value, which uses accounting methods for calculating the return from an

[13] Herbohn, K and Griffiths , A (2008) "Sustainability reporting in local government: systemic change or greenwash? A research report prepared for CPA Australia", CPA Australia, December 2007: www.cpaaustralia.com.au

14 http://www.proveandimprove.org/new/tools/localmultiplier3.php

[15] "Social Accounting and Audit Pilot Initiative: A partnership between Co-operative Development Scotland (CDS) and the Social Audit Network (SAN) Summary Paper", Social Audit Network: http://www.socialauditnetwork.org.uk/

16 Communities Scotland (2006) "Making the Case: Social Added Value Guide": http://www.evaluationsupportscotland.org.uk

investment, which makes it familiar to funders, investors and financial institutions.[17] SROI places financial "proxy" values on the project effects identified by stakeholders which do not typically have market values.

CASE STUDY AND QUANTIFICATION EXAMPLES

- Recycle Fife[8] recycles aluminium and steel cans and paper through a community collection scheme whilst providing employment and volunteering opportunities to disadvantaged groups. The organisations SROI analysis examined both the environmental benefits and the social impact by estimating:
  - increase in earning potential
  - reduction in benefit costs
  - personal development of employees and volunteers.

  The analysis indicated that for every £1 invested in the establishment of the organisation £5.20 was returned in the social and environmental value.

- In a study undertaken by The Brotherhood of St Laurence, it was found that for every dollar invested in an intermediate labour market program, approximately $14 worth of benefits would be generated.[9]

- A Scottish case study which sought to divert young people at risk from entering the criminal justice system found that for every £1 (AUD$1.50) invested, £12.81 (AUD$19.50) of social value was created. [10]

- The pioneering Scottish mental health social enterprise, Roll on Wheels, found that for every $250 spent by the local health authority on the contract, an additional $240 is generated for the local community from the service. [11]

17 The SROI Network UK: www.sroi-uk.org/home-uk

8 Fife Council (undated) "Community Benefit Clauses in Social Procurement"

9 Mestan, K. and Scutella, R. (2007) "Investing in People: Intermediate Labour Market as Pathways to Employment"

10 Communities Scotland (2006) "Making the Case: Social Added Value Guide"

11 Kernot, C. "A Quiet Revolution", *Griffith Review,* Edition 24

REQUEST FOR INFORMATION TEMPLATE

SOCIAL BENEFIT SUPPLIERS

CONTEXT

Principles of Social Procurement

Social procurement involves using the procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of efficient goods and services.

Through procuring with a positive social objective, councils aim to:

- address complex local challenges
- increase levels of employment
- generate pathways to employment and training
- strengthen partnerships with a diverse range of community stakeholders
- decrease level of disadvantage
- strengthen the local economy.

Council's Social Procurement Policy

<Insert the status of your social procurement policy>

(Refer to council website)

The Council's Past and Current Social Procurement Initiatives*

<Insert your Council's past and current social procurement initiatives>

Future Developments of the Council's Social Procurement Policy and Implementation*

<Insert the future development of your Council's social procurement initiatives>

*not necessary in a RFI but may useful.

REQUEST FOR INFORMATION PROCEDURE

Purpose of the Council Request for Information Process

Council is currently seeking to develop a list of social benefit suppliers operating in the municipality.

Please visit ***<insert council name>'s*** website to view the municipal map ***<insert website>.***

A social benefit supplier is defined as an organisation whose mission is centred on a social purpose, and/or owned by a group of people who are considered disadvantaged. By virtue of their ownership structure, social benefit suppliers channel economic and social resources into marginalised communities.

Social benefit suppliers may include:

- Indigenous businesses
- social enterprises, such as disability firms, social firms and those that generate employment and deliver other local social impacts.

Types of businesses that fall within this definition are outlined in the document *Social Procurement: A Guide for Victorian Local Government* (the Guide). The Guide can be found at www.dpcd.vic.gov.au/localgovernment/councils-reforming-business/procurement/social-procurement.

A brief definition for each type of social benefit supplier is provided below. Further information and examples are provided in the Guide.

Australian Disability Enterprises (p. 48 of the Guide)	• Australian disability enterprises (ADE) have been developed to employ those experiencing difficulties in finding or maintaining employment in mainstream businesses due to a disability, or those who chose to work in an ADE dual focus of providing employment for people with a disability and operating a commercial business • There are 415 ADEs that employ approximately 22,000 people with disability across Australia
Charitable Business Ventures (p. 51)	• Charitable Business Ventures are operated by not-for-profit organisations to raise income which is reinvested in the charities primary operation • Some ventures align their product with their mission, while others raise income through business activities unrelated to their mission
Community Development Finance Institutions (p. 50)	• Independent financial institutions that provide community finance products and services to individuals, organisations, enterprises and communities who are underserved by, or have difficulty securing finance from, mainstream financial institutions
Community Enterprises (p. 49)	• Community enterprises developed by individuals or groups to address local issues or community needs
Cooperative Social	• Cooperative Social Enterprises:

Enterprises(p. 49)	○ are democratic, member-benefit businesses which are formed to meet defined social needs of its members ○ provide a model for responding to a common need facing a group and strengthening communities through values and structures that foster self-help, self-responsibility and equality. • There are over 2,000 CSEs operating in Australia.
Fair Trade Social Enterprises (p. 50)	• Fair Trade Social Enterprises are businesses that exist to benefit producers and workers in developing countries by paying fair prices for products and commodities which they on-sell in developed countries
Indigenous Businesses (p. 13)	• At least 51% owned by Indigenous Australians • Managed by an Indigenous Australian • Controlled by an Indigenous Australian • For profit • Trading as a business
Intermediate Labour Market Companies (p. 48)	• Businesses that create a bridge to the open labour market for individuals experiencing long-term unemployment and other significant disadvantage in the labour market
Social Firms (p. 49)	• Not-for-profit businesses with the specific mission of undertaking commercial work to create employment for people excluded in the labour market as a result of mental illness, disability or other disadvantage
Social Enterprises (p. 13)	• Social enterprises take a number of forms and can range from large enterprises, small businesses, not-for-profit, etc. • Three key features of social enterprises are: 1. A social purpose that is core to its focus, business and structure 2. The key activity and income source is trading, with a significant portion of income coming from enterprising and business activities (as opposed to grants and philanthropy) 3. A profit distribution that aligns with and supports the social purpose.

Request for Information Process

If your organisation matches one or more of the aforementioned definitions of social benefit supplier, please fill out the form attached and send it back to ***<insert Council contact>***.

CONTENT OF YOUR REQUEST FOR INFORMATION

Request for Information Details

Organisational Details	
Organisation Name	**[Insert agency name]**
Location	
How do you identify as a social benefit supplier	
Summary of the organisation's operations	

Contact Person	
Name	
Title	
Email	
Phone	

Lodgement Details	
Method of Lodgement	Electronic copy emailed to **XX** OR lodged at **XX** Files to be provided in Microsoft Word 2007 format File title: **XX** – Organisation's Name
Closing Time and Date	5:00 pm Local Time in Melbourne **[Insert Closing Date]**

Conditions of RFI

(Generally overed in a councils standard RFI Template)

The Registrant agrees, by lodging an RFI:

- that it is bound by these Conditions
- to lodge its RFI as requested by the specified closing time
- to submit all documents as required by the Council
- that RFI Documents become the property of the Council upon lodgement
- to keep RFI Documents succinct and free from elaborate artwork, bindings or any other forms of unnecessary presentation
- that it warrants that all information in the RFI Documents is accurate and complete
- that it will make any inquiries relating to the RFI process only through the Contact Person
- that pursuant to the *Information Privacy Act* 2000 (Vic), it will be bound by the Information Privacy Principles and any applicable Code of Practice with respect to any act done or practice engaged in by the registrant in connection with this RFI process in the same way and to the same extent as the Council would have been bound in respect of that act or practice had it been directly done or engaged in by the Council.
- to license the Council to use and reproduce the whole or any portion of the RFI Documents for RFI evaluation and audit.

The Council

- does not warrant the accuracy or completeness of the information it supplies and the Council is not liable for any deficiency therein
- is not bound to proceed further with this process.

LOCAL TRAINING AND EMPLOYMENT OPPORTUNITIES

This document has been written and provided by Social Traders in partnership with Landell Consultants.

GLOSSARY

A glossary of terms is provided at Appendix A.

1. CONTEXT

A highly-desirable social procurement outcome is the placement of members of disadvantaged groups into employment and training. Unfortunately, providing disadvantaged groups with employment assistance is often a complex process, especially for organisations unfamiliar with the system.

This paper provides the necessary information to help you understand the government-funded employment services system. Once you understand the system, it is easier to develop procurement documentation for providers to achieve employment and social outcomes for disadvantaged groups.

In March 2011, the unemployment rate in Australia was 4.9%[18], which:

- was among the lowest in the industrialised world
- economists regarded as "full employment".

However:

- there were 230,000 people who had been unemployed for more than two years and there were 250,000 families where no adult had been working for at least one year
- the youth unemployment rate was still double the overall unemployment rate[19]
- Indigenous people in the labour force were three times more likely than non-Indigenous people to be unemployed (16%)[20]
- people with disabilities had the highest unemployment rate of any group in Australia, other than Indigenous Australians[21]
- while the unemployment rate of all migrant skill stream categories was below the national unemployment rate 18 months after arrival,[22] initial unemployment rates for migrants were

[18] Australian Bureau of Statistics, *6202.0 - Labour Force*, Australia, Mar 2011
[19] "Gillard vows welfare shake-up" 14 Apr 2011; ABC News, http://www.abc.net.au/news/stories/2011/04/13/3190877.htm
[20] Australian Bureau of Statistics, 4713.0 - Population Characteristics, Aboriginal and Torres Strait Islander Australians, 2006
[21] "Pension cuts to pay for floods 'not an option'", 14 Feb 2011, ABC News, Professor McCallum, http://www.abc.net.au/news/stories/2011/02/14/3138305.htm
22 NATIONAL COMMUNICATIONS BRANCH, DEPARTMENT OF IMMIGRATION AND CITIZENSHIP, FACT SHEET 14 - MIGRANT LABOUR MARKET OUTCOMES, 2009

relatively high.Though skills and accredited training are very important, there are a series of other needs that must be recognised and met if disadvantaged people are to secure employment in the longer term, hence, the importance of the broader employment support system.

In addition, there are people who possess skills and qualifications, but who simply cannot find work. In fact, there has been a perceived "oversupply" of people trained to Certificate III level, but who do not have:

- sufficient or targeted work experience
- other non-skills-related needs, such as inadequate housing, or low confidence/self-esteem.

Through social procurement, additional opportunities can be identified to provide people with the work experience they need to improve their chances of future employment.

2. PLANNING

If a council is seeking to achieve targeted training and employment through social procurement or through an internal program, it is important that the training and employment outcomes being sought are fully understood.

Typically, social procurement involves a provider being required to employ a particular group from a specific community, as a way to provide employment for people who would otherwise find it difficult to find employment in the mainstream labour market.

When planning for training and employment outcomes through procurement, it is important to consider:

- whether there are sufficient members of the target group ready and willing to be part of the project (the "supply" side of the equation)
- how the provider can access these groups
- how prepared members of this group are to move directly into a role in the labour market
- what the end goal is for the group members (and the council)
- what role the council will play beyond commissioning and implementing the project.

For example, if a council's goal is local economic development, then it is appropriate to require employment of local people and possibly a requirement that materials should be supplied by local businesses.

However, if a council's goal is to create significant employment opportunities for a target group of long-term unemployed people (that is, people who have been unemployed for over 12 months), who live in a marginalised community, then the requirement of the provider is more complex. A number of social benefit organisations (social enterprises and Indigenous businesses) have been established to deliver training and employment outcomes for disadvantaged groups. Most commercial businesses are not designed to deliver these outcomes, and to do so, they require some assistance in sourcing labour and maintaining these staff.

Once you are clear about why you are socially procuring, the path that you take through the employment and training system will become clear.

The options for employing people from disadvantaged groups range from the straightforward to the complex, depending on the level of assistance the council intends to provide.

Straightforward

Case Study

Assisting social enterprises: Brisbane City Council

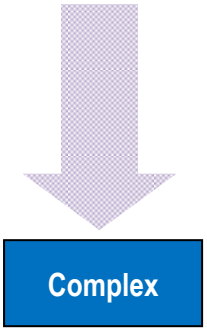
- Brisbane City Council's social procurement framework includes a number of mechanisms for assisting social enterprises to participate in competitive procurement and eventually compete for commercial tenders for contracts.

Medium Complexity

Case Study

One-Off Purchase: Moonee Valley City Council

- Moonee Valley City Council undertook playground and creek revegetation works in the Melbourne suburb of Flemington. As creek revegetation lends itself to products and services from social enterprises, Council tended for this component of the procurement separately.
- The social clause in the procurement documentation recommended the purchase of plants from a list of social enterprises and requested that the provider employ at least two labourers who were public tenants from the local area.
- A local provider called Australian Landscape Management (ALM) purchased plants from two social enterprises:
    - Brite, which employs people with disabilities
    - the Victorian Indigenous Nursing Co-operative.
- ALM casually employed seven (7) public tenants who were undertaking their pre-apprenticeship at Victoria University through a partnership with Flemington Neighbourhood Renewal and the Department of Human Services Public Tenant Employment Program (PTEP). The benefit for the provider was they were already equipped with White Cards, uniforms and work readiness skills.



Case Study

Procurement: Department of Human Services

- In 2009, the Department of Human Services (DHS) released a tender for the provision of a concierge service on the Fitzroy, North Richmond and Collingwood public housing estates. Aside from the four supervisory staff members, the remaining 20 positions were to be allocated to long-term unemployed public housing tenants.
- The successful provider was also required to operate an intermediate labour market model which would involve each of the 20 tenant employees undertaking a certificate III in Community Services and then being supported into employment outside of this contract. Given the complexity of this tender, a social enterprise was appointed to deliver the service.

3. CLASSIFICATION

The Australian employment system uses a classification system to determine the status of people seeking work. The process starts with Centrelink, the Commonwealth Government agency that determines income support eligibility, administers payments and refers people to employment services.

There are two kinds of employment services. Job Services Australia services are delivered by both non-profit and for-profit organisations that have been contracted by the Commonwealth Department of Employment Education and Workplace Relations. Disability Employment Services target people with disabilities, and though contracts are organised slightly differently, these are also contracted.

When a person applies to Centrelink for unemployment benefits, Centrelink asks a series of questions to determine a person's chances of finding employment and hence their eligibility for services. These series of questions are known as the Job Seeker Classification Instrument (JSCI). If a person evidently has more serious barriers to employment, they will undertake a Job Capacity Assessment (JCA).

JSA consists of four "Streams" that are resourced to provide services appropriate to the needs of different types of unemployed people. The Stream designations affect the levels of service fees paid to the provider, and also (according to Stream level) the level of discretionary funding to pay for materials and services that might assist the person to secure employment (for example training, licences, clothing/equipment for work and transportation).

STREAM	STATUS
1	• Ready to work (for example newly retrenched long-term worker)
2	• Ready to work with minimal support (for example women returning to work after maternity leave)
3	• Individuals requiring targeted support (for example newly-arrived migrants)
4	• Individuals requiring significant additional support and training (e.g. the generationally unemployed)

4. PLACEMENT AND SUPPORT

Unemployed people are linked to the employment services system unless they are raising small children or have been determined to have no capacity for work due to a disability.

Job Services Australia providers are paid for placing job seekers with employers. Payments are higher for people who are considered to be harder to place.

The following organisations have links with Job Services Australia:

- local not-for-profit organisations
- charities
- Group Training Organisations (GTOs)
- Registered Training Organisations (RTOs)
- youth services providers
- disability employment services
- housing and other social services organisations.

These organisations will be able to assist in identifying people who could potentially fill the available places.

The more disadvantaged unemployed people are, the greater the support that will be required to transition them into the workplace. Whilst some unemployed people are ready for direct job placement, others may require additional structures and supports to prepare for, and maintain, a job. For some, this can involve undertaking a traineeship or apprenticeship as part of social procurement to gain skills and accreditation necessary for the work and to improve their long-term employability. For those who have been out of work longer, or who face more complex barriers to work, there may be a need for more intensive management support, and sometimes, clear links to external service providers in the area of case management.

By ensuring that the people being recruited are keen and capable, job placement is achievable even with the more difficult-to-place target groups. With complex target groups, such as Stream 3 and Stream 4 job seekers, it is advisable to ensure there is a pre-employment program in place to help

identify people who are prepared to seize the employment opportunity. These programs are often run by Group Training Companies, some training organisations and a number of Job Services Australia providers.

Direct Job Placement	• Some unemployed people have sufficient skills and/or experience to be placed directly into employment.
Traineeships and Apprenticeships	• Traineeships provide access to qualifications, training and pay rates that recognise some of the costs attached to the reduced productivity of some trainees. • The full-time apprenticeship term is generally three years (sometimes four). • Apprenticeships are usually offered in trade industries like plumbing, building, carpentry and commercial cookery. • The full-time traineeship term is six months to two years, depending on the way the training and qualification are delivered. • Traineeships are offered in trade and non-trade industries such as hospitality, business administration and retail. • Apprenticeships and traineeships can also be completed part-time over a longer period of time.
Intensive Management Support	• Where a large number of Stream 3 and Stream 4 individuals are targeted as a percentage of the workforce, there will often be a need for supportive management structures. This can range from lower supervision ratios, hiring supervisors and managers with strong support skills to working closely with RTOs to deliver training tailored to the needs of the targeted group. • Where the percentage of the workforce from this cohort is high, social enterprises and other social benefit organisations may be best positioned to deliver these contracts, although a number of commercial providers will go the extra mile in providing support to win the contract.

The more unskilled an individual, the more important it is that s/he undertakes a pre-employment training program. Five-week pre-employment courses are available for trainees. Trainees are vetted via interview for acceptance into pre-employment training (success often depends on the individual's readiness and enthusiasm). An individual can be placed with an employer during pre-employment training. The trainee does not receive payment during the five-week period, but if the trainee has successfully completed the preparatory training, the trainee will be placed in a job upon completion of the training.

It is important to note that jobs created through social procurement should only be offered to people who:

- want to work
- have the capacity, or will be able to build the capacity, to undertake work for which they are being recruited.

Jobs the participants are offered are real and people employed in them have the same obligations as other staff.

A guide to potential pathway training required by coded groups is provided below.

<u>Note</u>: This is a generic guide – individuals must be considered on a case-by-case basis.

	Stream 1 individuals	Stream 2 Individuals	Stream 3 Individuals	Stream 4 Individuals
Direct Job Placement	☑	☑		
Traineeship (where appropriate)		☑	☑	☑
Intensive Management Support		☑	☑	☑
Pre-Employment			☑	☑

Information required to support the planning outcomes are tabulated below.

Direct Job Placement	• List of the Job Services Australia providers in the area. • Identify the contact for LLEN. • Identify the contact for the Group Training Company/ies. • List any geographic parameters. • Utilise the modelling template provided in the *Social Procurement Toolkit* to determine employment and training objectives.
Intensive Management Support	• Determine the level of assistance that the council will provide to providers to achieve these goals. • Provide local agency network information that could assist in recruitment. • Determine whether there are social enterprises operating in the relevant industry that may be interested in the contract. • Identify the specific model of employment for example numbers and trainee qualifications. • Identify targeted postcodes and the relevant participant Stream. • Research to identify opportunities for pre-employment training. • Assist providers to understand support needs of Stream 3 and 4 participants. • Consider the provision of incentives for providers to take on a greater number of targeted-group members.

There may be cost implications if Intensive management support is required. Discussions with providers will help clarify the cost levels.

Even social enterprises and indigenous businesses will often still require assistance to hook into local networks if they are not based in the area.

5. STEP-BY-STEP PLACEMENT PROCESS

STEP 1. Identify your objective(s) at the outset

- Review your council's priorities and policies.

Potential participants

STEP 2. Undertake desktop research using any number of key sources, such as SEIFA, (a number of resources are provided at Appendix B)***.***

Potential employers

STEP 3. Undertake research

- Identify local employers.
- Identify local not-for-profits in the area dealing with employment and supporting unemployed people (for example there is a LLEN in every municipal area, which focus on supporting young people in transition).
- Identify social enterprises that may be able to deliver the contract and the employment outcome that you are seeking

CASE STUDY
CITY OF YARRA

- The City of Yarra identified two simultaneous demographic problems:
  - an ageing council workforce; and
  - high levels of unemployed, disadvantaged youth in the municipality.

The Council engaged in a project with the Brotherhood of St. Laurence to trial the engagement of unemployed residents from high-rise public housing estates to deliver a street cleaning contract in the suburbs of North Fitzroy and North Carlton.

STEP 4. Be pragmatic

It is important not to be too idealistic at the outset. For example, it can be challenging to train and employ Stream 4 individuals, simply due to the greater needs of this group. For councils unfamiliar with training programs, it may be advisable to consider focusing initially on a relatively "easier" group to train and place (for example Stream 1 and 2 people, the recently retrenched, newly arrived migrants), which usually includes individuals committed to finding work.

If you view social procurement as a means of addressing unemployment in a targeted group (for example, young people), it is important to understand the most appropriate contract opportunities and models to achieve this. Employment and training outcomes can best be delivered through contracts

that are labour-intensive. This could range from delivering Home and Community Care services through to cleaning and grounds maintenance. Quite often, training and employment programs are most readily delivered through a social enterprise, which are organisations designed to deliver social outcomes.

STEP 5. Identification of the training type

An agreement can be made with a TAFE or other registered training organisation (RTO) regarding the training process.

Alternatively, the council can contract with a Group Training Organisation (GTO), which will assume all administrative responsibility. A council can host an apprentice who is employed by a GTO, which employs trainees and apprentices and hires them out to "host employers". GTOs are independent and separately incorporated not-for-profit organisations.

A GTO acts as the primary employer by:

- arranging and monitoring on-the-job and off-the-job training.
- taking responsibility for all administrative requirements relating to wages, allowances, superannuation, workers' compensation, sick/recreation pay and other employment benefits.
- ensuring that councils do not have to provide a permanent position for the trainee (e.g. councils can replace a trainee if the trainee's performance is unsatisfactory).

Some GTOs specialise in one particular industry, while others work with a range of industries in their region.

Each GTO recoups its costs through financial support from Australian and state governments and a nominal charge to "host" employers.

STEP 6. Advise providers of federal and Victorian training initiatives

If a council believes that traineeships would be appropriate, it should stipulate this and let providers know of the existence of GTOs, Job Services Australia providers, and RTOs to link participants with federal and Victorian training initiatives.

There are a couple of important caveats to be mindful of at this stage, including:

- the risk that training itself is considered to be a solution to unemployment (that is people are "training for training's sake" rather than being supported to link in with genuine job opportunities)
- the fact that a person can be deemed to have "spent" his or her entitlement to training once a certain level has been reached and then be ineligible for subsequent training, even when a job opportunity arises.

Potential incentives (which are Commonwealth or State government funding and/or assistance received or due to the employer in relation to the people being employed) include:

- Apprenticeship Training Vouchers
- Apprentice Wage Top-Up
- Australian School-based Apprenticeship Incentive
- Commencement, Recommencement and Completion Incentives for Training
- Employment Pathway Fund
- GTO Special Completion Incentive
- Incentives for Higher Technical Skills (Diploma and Advanced Diploma)
- Innovation Incentive
- Mature-Aged Worker Incentive
- Rural and Regional Skills Shortage Incentives
- Support for Mid-Career Apprentices
- Targeted Assistance for Rural and Regional Areas Across Australia
- Victorian Training Guarantee
- Workplace Modifications

When an organisation contracts a GTO, the GTO undertakes this step.

6. SELECTING A TARGET GROUP FOR TRAINING

There are a number of potentially disadvantaged groups that would benefit from employment through social procurement or direct employment, including:

- youth at risk
- early school leavers without work experience
- newly arrived immigrants
- the generationally unemployed
- people with a disability
- Indigenous Australians
- the older unemployed
- the newly retrenched
- public housing tenants
- parents (especially motrhers) returning to work.

Your focus may also be on creating local employment rather than for marginalised groups or targeting social procurement outcomes to a specific geographic area (for example, a postcode or neighbourhood).

7.

8. KEY PERFORMANCE INDICATORS

8.1. Suggested Key Performance Indicators (KPIs)

Some potential KPIs for training and employment programs are tabulated below.

REQUIREMENT	COHORT	MEASURE
People recruited over a specified period of time	Stream 1/2 or 3/4	Number of people
Apprentices recruited		Number of people
Trainees to be recruited		Number of people
Vacancies to be advertised		Number of vacancies
Work opportunities for social enterprises		Number of placements
Work experience opportunities		% of overall spend
Local small-to-medium sized enterprises (SMEs) assessed as potential providers		Number of SMEs

8.2. Caveat

It is important to ensure that you do not specify recruitment requirements that are overly onerous (for example, specifying too many recruits, too high a level of training) in your procurement documentation, may disadvantage smaller providers.

9. PROCUREMENT PROCESS

The procurement documentation must provide sufficient information to ensure that providers understand the service system that is available to support them to achieve the council's objectives.

Tabulated below are suggested questions that can be included in the procurement response schedules for providers responding to procurement opportunities.

Employment and Training	• Describe your policy with regard to training and new apprenticeships and identify and describe opportunities for increasing skills of employees. • Describe the steps that will be taken to ensure that local apprentices, trainees, unemployed persons and residents will be engaged for the duration of each contract. • Describe how you will achieve compliance from sub-providers necessary to meet the employment requirements.
Targeted Recruitment	• Describe the steps that will be taken to ensure that suitable apprentices / trainees are engaged. • Describe the steps that will be taken to ensure that all vacancies, including those with subproviders, are notified to local agencies. • Describe the steps that will be taken to ensure that information on the numbers of vacancies filled by local people are recorded for monitoring and reporting purposes.
Local Business	• Describe activities that you will undertake to identify local SMEs and assess their capacity to deliver works, services or supplies that are required for the contract. • Describe any actions you will undertake to support or assist local SMEs to obtain contracts in relation to the initiative.
Social Benefit Suppliers	• Describe any experience or evidence from other areas that has influenced your organisation's support for social benefit suppliers. • Describe the support you will give to social benefit suppliers, including development support, business support and funding.
• Providers may also be required to provide information about how the above will be recorded, monitored and reported, including sub-provider requirements. • Providers may be required to identify the person who will be responsible for ensuring that the Community Benefit requirements are met.	

10. LESSONS LEARNED

The lessons learned from training and employment social procurement projects should ideally include the following:

- Proposed outcomes are confirmed and approved during the development of the project's specifications.

- Support is available for providers in the delivery of social benefits, particularly where providers may not be familiar with concepts such as “social impact” or “social enterprise”.
- Ensuring that social benefits are an explicit component of the contractual obligations rather than voluntary or aspirational goals.
- The mechanism for monitoring and reporting social procurement outcomes should be included in the procurement plan.
- An understanding that social procurement often requires most effort the first time it is undertaken.

11. RESOURCES AND INFORMATION

http://www.deewr.gov.au/employment/jsa/employmentservices/pages/serviceproviders.aspx

APPENDIX A

GLOSSARY OF TERMS

ABS	• Australian Bureau of Statistics
ABSTUDY	• Aboriginal Study Assistance Scheme • A Commonwealth Government scheme providing financial assistance to indigenous students in school or further education
Accredited course	• A group of modules established to meet an industry training need which is not covered by a qualification
Adult Education	• Education programs designed for adults, often incorporating approaches to education which draw on the learner’s life or work experiences • Involve learners in planning the learning activities, encourage learning in groups, as well as more self-directed learning
AMEP	• Adult Migrant English Program • An education and settlement program funded by the Department of Immigration and Citizenship for new immigrants and refugees providing English language teaching, counselling and support services
AMES	• Adult Multicultural Education Services • A provider of English language and literacy programs and related services • Assist clients to access training programs, obtain recognition for overseas qualifications, and gain employment.
Apprenticeship	• Apprenticeships and traineeships are jobs that combine paid work and structured training which lead towards a nationally recognised qualification • In Australia, all apprenticeships and traineeships supported by the Australian Government are

	called “Australian Apprenticeships” • When an organisation such as a council appoints an Australian Apprentice, the Apprentice works for the council while completing a nationally recognised qualification • Australian Apprentices can be full-time or part-time at a range of qualification levels up to and Advanced Diploma in more than 500 occupations across Australia. Australian Apprentices undertake on-the-job training or off-the-job training or a combination of both to complete their qualification • When a person with disability is employed, the employer may be eligible for the following additional support • Disabled Australian Apprentice Wage Support • Assistance for Tutorial, Interpreter and Mentor Services • “New Apprenticeships” is an umbrella term for the new national apprenticeship and traineeship arrangements which came into effect on 1 January 1998. The main characteristics of New Apprenticeships include a contract of training between employer and apprentice or trainee, public funding and support for employers, choice of training provider, a wider range of occupations and industries than previously, competency-based training using national training packages, apprenticeships in schools, and a continued role for group training companies.
Approved Providers List	• A list of Registered Training Organisations who have successfully tendered and signed a contract for the delivery of training from their Victorian scope of registration.
Centrelink	• Centrelink, the government agency that determines income support eligibility, administers payments and refers people to employment services.
Competency	• Demonstrated capacity, knowledge and ability to perform a task or skill needed to satisfy the special demands or requirements of a particular situation.
Competency Based Training	• Training developed for and based on the competency requirements of a job.
DEECD	• Victorian Department of Education and Early Childhood Development.
DEEWR	• Commonwealth Department of Education, Employment & Workplace Relations.
DEN	• Disability Employment Network • A Job Services Australia version for the disability community.
EPF	• Employment Pathway Fund • The EPF is a flexible pool of funds available to Job Services Australia providers to purchase a broad of assistance to help people secure the right training and other support to assist in finding and retaining a job. • The EPF is designed to enable optimum flexibility so that each eligible job seeker receives assistance based on his/her individual needs and his/her to employment. • Some of the types of assistance which can be purchased under the EPF may include (but are not limited to): o training courses; o work related clothing and safety equipment; o short term travel costs;

	○ relocation costs to commence in employment; and ○ other personal support services.
GTA	• Group Training Australia • The national association representing GTOs, Australia's largest employer network of apprentices and trainees • GTOs are located in metropolitan, regional and remote areas.
GTC	• Group Training Company • An example of a GTC is Apprenticeships Plus, which is very socially motivated training organisation.
GTO	• Group Training Organisations • Organisation which employs apprentices and trainees and places them with host employers. The host employers provide the on-the-job training and experience, while the GTO organises off-the-job training, handles recruitment, job rotation and pay.
Host Employer	• A host employer hosts an apprentice or trainee employed at that time by a Group Training Organisation and provides the on-the-job training. The Group Training Organisation is the legal employer and is responsible for all the associated administrative functions including workers compensation, payroll tax.
ITO	• Industry Training Officer • State Training Services staff who provide advice, assistance and support to apprentices, trainees and their employers.
JSA	• Job Services Australia • The Commonwealth Government's national employment services system, which provides opportunities for training, skills development, work experience and tailored assistance.
LLEN	• Local Learning and Employment Network • LLENs have operated from 2002 to connect employers, education and training providers, government groups, agencies and individuals to help turn business and community needs and ideas into new and innovative employment programs for 10-19 year olds • From 1 January 2010 the School Business Community Partnership Brokers program in Victoria is delivered through the LLENs jointly funded by the Australian and Victorian Governments under the National Partnership on Youth Attainment and Transitions, a joint initiative of the Australian and State and Territory Governments • LLENS are located everywhere and have no vested financial interests.
New Entrant Trainee	• Someone employed for less than three months full-time or 12 months part-time or casually, or any combination of the above, prior to commencing a traineeship, also see existing worker trainee.
Newstart Allowance	• A government allowance paid to unemployed people who are actively seeking paid work and are participating in activities designed to assist their employment prospects, e.g. undertaking approved training or approved voluntary work.
NH	• Neighbourhood Houses • Neighbourhood Houses are known by many different names, including:

	○ Community Houses ○ Living and Learning Centres ○ Neighbourhood Centres ○ Learning Centres[23] • These places are local organisations that provide social, educational and recreational activities for their communities in a supportive environment. Neighbourhood Houses are managed by volunteer committees and paid staff. They offer many opportunities for volunteer participation in all aspects of the house activities and management. Good quality affordable childcare and playgroups are offered at most houses. • There are approximately 360 Neighbourhood Houses across Victoria with at least one Neighbourhood House in almost every town and suburb in Victoria.
Qualification	• A nationally endorsed group of units of competency to meet the training requirements of industry workforce roles
RTO	• Registered Training Organisation • RTOs are registered by state and territory training authorities to deliver nationally recognised training that: ○ is recognised by all RTOs throughout Australia; ○ is part of a Training Package that has been developed to meet the needs of a particular industry, and ○ results in a qualification that is part of the Australian Qualifications Framework • An RTO can be a government department or a private enterprise, and training does not have to be its core business (e.g. Qantas is an RTO). Panel beaters, schools, TAFE colleges and beauty therapists are all examples of organisations that can be RTOs
SEIFA Index of Disadvantage	• SEIFA stands for Socio-economic Indexes for Areas. This suite of indexes ranks geographic areas across Australia in terms of their socio-economic characteristics • SEIFA is derived from attributes such as low income, low educational attainment, high unemployment, jobs in relatively unskilled occupations and variables that reflect disadvantage rather than measure specific aspects of disadvantage (e.g. Indigenous). • The SEIFA indexes are created by combining information collected in the five-yearly Census of Population and Housing
STA	• State/Territory Training Authority • The body in each State or Territory responsible for the operation of the vocational education and training system within that jurisdiction • Each State or Territory training authority participates in the formulation of national policy, planning and objectives, and promotes and implements the agreed policies and priorities within the State or Territory
Statement of Attainment	• Certification issued to a student for partial completion of a qualification, including, where relevant, the units of competency achieved under nationally endorsed standards • Achievements recognised by statements of attainment can accumulate towards a qualification within the Australian Qualifications Framework

[23] ANHLC is the Association of Neighbourhood Houses and Learning Centres: http://www.anhlc.asn.au/about_nh

VCAA	• Victorian Curriculum and Assessment Authority
VCAL	• Victorian Certificate of Applied Learning
VCE	• Victorian Certificate of Education
VELS	• Victorian Essential Learning Standards
VET	• Vocational Education and Training
Victorian Training Guarantee	• The Victorian Government contributes on average around 70%-90% of the fees for eligible employees under the Victorian Training Guarantee. • The Guarantee entitles every Victorian who meets the Australian citizen/residency requirements to a subsidised training place in an accredited course. • An employee is eligible if s/he is: o applying to do a course at a higher level than any qualification they already hold o under the age of 20 and applying for a course in any qualification o applying to do a Foundation Skills course (English language, literacy, numeracy and vocational preparation) o applying to do a course as an apprentice (as long as they have registered training contracts).

APPENDIX B

RESEARCH SOURCES

- Council Community/Demographic Profiles documented in profile:id
- Australian Bureau of Statistics' National Regional Profiles 2005-2009, which provides data collected from a range of sources at the LGA level across a range of topics including economy, unemployment, population/people and industry.
- Socio-Economic Indexes for Areas (SEIFA), which identifies disadvantaged groups by postcode[24]
- Council Plans
- Community Plans
- Municipal Public Health Plans.
- Discussion with internal community development, community services, and economic development managers/staff
- "Unequal in Life", a Jesuit Social Services' study which investigates the distribution of social disadvantage in Victoria and New South Wales by postcode
- "Dropping off the edge: the distribution of disadvantage in Australia", a comprehensive study (a joint project by Jesuit Social Services and Catholic Social Services Australia) which maps the distribution of social disadvantage throughout Australia
- Victorian Department of Health Statistical Profiles - Local Government Area (LGA) profiles are available covering a wide range of topics including social and multicultural features, disability characteristics, etc.
- "The Melbourne Atlas and Regional Matters – An Atlas of Regional Victoria", developed by the Department of Planning and Community Development, which includes a wide range of social, environmental and economic indicators (for example, opulation, work, skills.) compiled across Victorian Government in two atlases – one for metropolitan Melbourne and the other for regional Victoria.
- Commonwealth and Victorian funding initiatives targeting specific groups
- Local agencies (e.g. LLENs for local young people)
- Council vacancies for traineeships and apprenticeships.

[24] The ABS produces four different Socio-Economic Indexes for Area (SEIFA) which enables analysis of different aspects of relative area disadvantage. The Index of Relative Socio-economic Disadvantage (IRSED) is calculated using selected measures collected in the 2006 Census of Population and Housing

UNDERSTANDING SOCIAL ENTERPRISES AND OTHER SOCIAL BENEFIT SUPPLIERS

This document has been written and provided by Social Traders in partnership with Landell Consultants.

1. CONTEXT

There are a number of ways in which councils can achieve positive social outcomes via procurement processes, including the incorporation of public benefit clauses in tender documentation and contracts and the procurement of goods and other services based on ethical supply chains.

Another key mechanism by which to achieve social benefits is by contracting directly with businesses whose primary purpose is positive social and community outcomes. These social enterprises are oriented towards public, or community benefit rather than private financial gain.

2. WHAT IS A SOCIAL ENTERPRISE?

Social enterprises are organisations that:

- are led by an economic, social, cultural, or environmental mission consistent with a public or community benefit
- derive a substantial portion of their income from trade
- reinvest the majority of their profit/surplus in the fulfilment of their mission.

Social enterprises provide goods and services just like their commercial counterparts, but they exist to generate social value. By purchasing from a social enterprise, contracting organisations are purchasing social value that most conventional commercial businesses do not provide. Social procurement aligns strongly with social enterprises, as social enterprises are well-positioned to deliver social procurement outcomes where there is an alignment between the social value sought by a council and the social mission of the social enterprise.

The purpose of a social enterprise typically falls into one or more of three broad categories:

1. **Employment**	Businesses that provide employment, training and support for marginalised groups
2. **Service Innovation**	Businesses that create and/or maintain services in direct response to social or economic needs in the community
3. **Income Generation**	Businesses that generate profits to support other community or charitable not-for-profit activities

Social enterprises often win contracts in competitive tender processes without any reference to the organisations' social contributions. In many cases, the social benefit provided through these social enterprises often contribute to the achievement of an organisation's strategic objectives, even though this is often not recognised in the tender process. There are times when it is prudent to commission a social enterprise (for example, in the event of a market failure).

An estimated 20,000 social enterprises operate in Australia. These enterprises comprise a diverse range of businesses, spanning every Australian Bureau of Statistics' industry category, including hospitality, retailing, education and training, health and community services, transportation and storage, mining, construction, communication services, finance and electricity, gas and water supply. Examples of well-known social enterprises include *The Big Issue*, Hepburn Wind and Bendigo Community Banks.

There are a number of less well-known social enterprises that deliver training and employment outcomes for the communities in which they work. These social enterprises tend to distinguish themselves based on their beneficiaries; for example, Australian Disability Enterprises benefit people with disabilities, while others target newly-arrived immigrants or the long-term unemployed, youth, women, the Indigenous community or a specific geographical area (for example, rural shires).

Many councils already purchase from social enterprises without even knowing that they are social enterprises. Examples of organisations which are often not known to be social enterprises include the YMCA, community child care centres, and many waste transfer stations in Victoria.

EXAMPLES
1. A council may support the generation of businesses in a rural community after the major banks have left by pledging its businesses (or proportion thereof) to a community bank. The bank will contribute to the viability of the community by retaining wealth through local ownership, local profit redistribution and the local retention of jobs – such an initiative has a powerful multiplier effect. 2. If a council is seeking to create jobs for the long-term unemployed in a targeted area, there are many social enterprises that are sustainable and high quality businesses that specialise in employing people who have difficulty in accessing jobs in the mainstream labour market. By purchasing from social enterprises, or by requiring that sub-contractors purchase from them, there is potential for a high local social benefit. 3. If a community is seeking to engage the Indigenous population through employment, it may be prudent to purchase from local Indigenous businesses or Indigenous social enterprises that have the cultural understanding to deliver these outcomes.

3. SELECTING THE RIGHT PROVIDER FOR YOUR PROCUREMENT

Social enterprises are not always the best option for social procurement. The following table indicates when a particular provider type might be most appropriate for your social procurement initiative.

	Mainstream business	Social Enterprise	Indigenous Business	Local Small to Medium Enterprises (SMEs)
Application of social procurement across all contracts and engagements	✓	✓	✓	✓
Generate high employment and training opportunities for targeted groups		✓		
Building Indigenous economic participation in the supplier market			✓	
The regeneration of a disadvantaged rural community		✓		✓

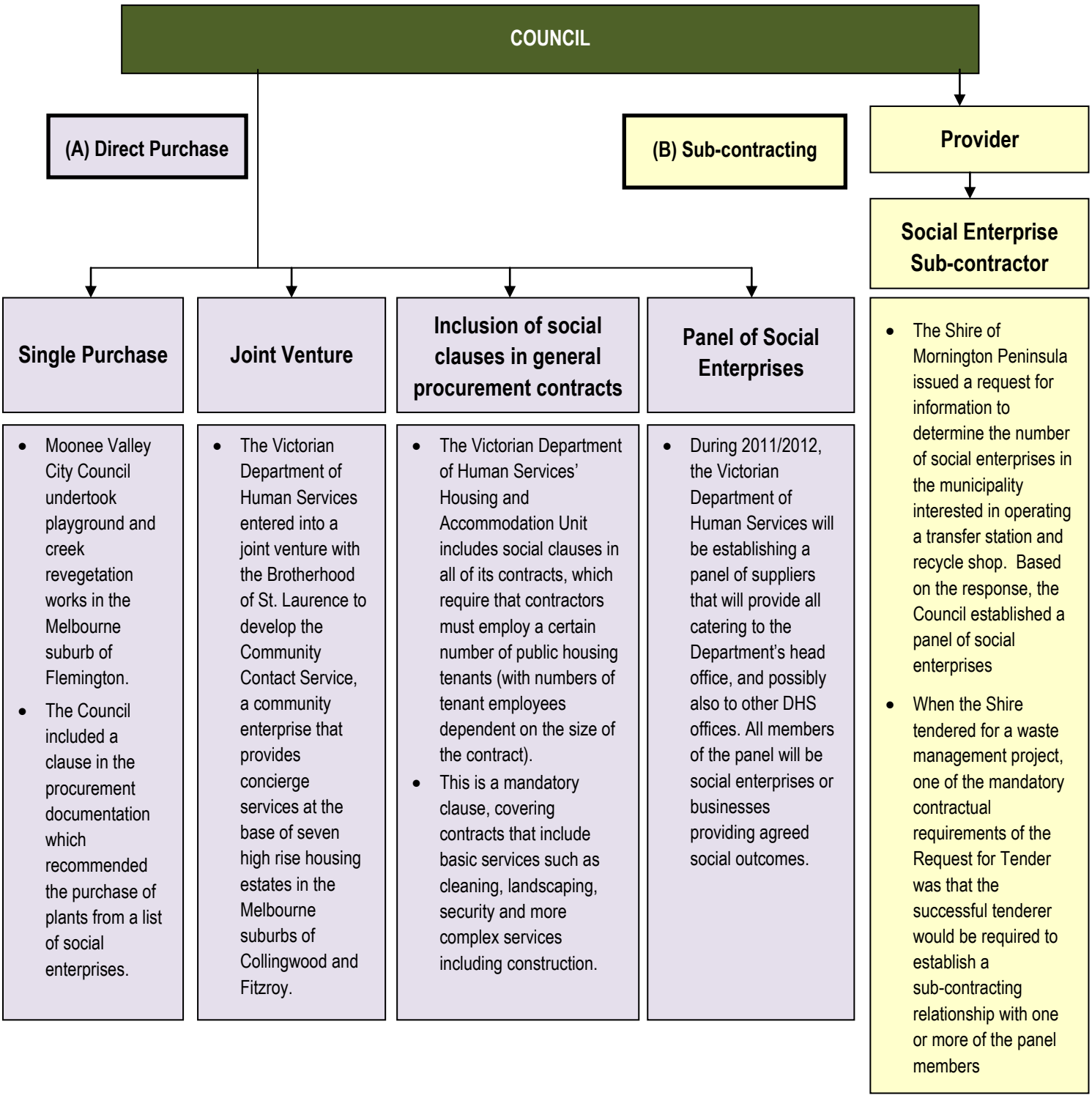
4. HOW CAN LOCAL GOVERNMENT PROCURE FROM SOCIAL ENTERPRISES?

There are two key ways in which social enterprises can be engaged through social procurement:

(A) by purchasing directly from a social enterprise

(B) by contracting a provider which sub-contracts out the social procurement component of the contract to a social enterprise.

Note: With respect to (B), a council cannot specifically nominate a third party with whom the supplier must sub-contract, as this is contrary to Commonwealth and State competition law. The council may assist the provider in identifying a range of social enterprises.



CASE STUDY
BENDIGO COMMUNITY BANKS

Between June 1993 there was a 29% reduction in bank branch numbers as approximately 2,060 bank branches closed across Victoria ostensibily to reduce bank operating costs. Many communities were left without local branch facilites and found it difficult to met their business and personal banking needs.

The Bendigo Bank pioneered the concept of the 'community bank' in regional areas. Community bank branches do not directly retail financial services, but are franchisees of the services of another financial institution. A community bank branch is alocally owned and operated company– with functions as a franchise.

When the local company begins to make a regualr operating surplus, after the payment of branch running costs and Bendigo Bank's share of the revenue is recieved, the remaining funds are avaliable to be reinvested back into the community through dividends to shareholders and grants to community groups and projects.

Community branches:

- deliver employment opportunities for local people
- retain local capital in the community
- act as a local investment option for shareholders

provide a source of revenue for important community projects as determined by the lcoal community.

5. MEASURING THE VALUE OF A SOCIAL ENTERPRISE

The value generated by social enterprises will typically be measured in terms of the achievement of their social, cultural or environmental mission, as well as their financial sustainability. There are rigorous models for measuring the impact of social enterprise, such as Social Return on Investment. (This is discussed further in the cost benefit and monitoring papers in the toolkit.)

6. HOW TO FIND A SOCIAL ENTERPRISE

There are over 20,000 social enterprises in Australia that operate in almost every industry however, it is not always immediately evident that a business is a social enterprise.

Social Traders, itself a Victorian not-for-profit organisation, has developed a directory of social enterprises that provides a platform for the collection of data on social enterprises including industry, location and social benefit. The Social Enterprise Finder, an online register of social enterprises, is in the early stages of development stages as at August 2011, but will grow over the forthcoming

12 months to provide a valuable resource to councils and other procurers. To access this resource, go to www.socialenterprisefinder.com.au

There are a number of social enterprises currently contracted by local government. A number of social enterprises have benefited from social procurement processes, but many of these social enterprises have won work via a competitive tendering process that has not involved social procurement requirements.

7. HOW TO SUPPORT SOCIAL ENTERPRISE DEVELOPMENT

If you can identify goods and services that you regularly purchase you might like to work with a local charity to explore the potential to support or otherwise contribute to a social enterprise to create your own social benefit provider.

Advice and assistance for this is available from Social Traders www.socialtraders.com.au

8. RESOURCES AND INFORMATION

- *Social Procurement in Australia* - http://www.csi.edu.au/project/Social_Procurement_in_Australia.aspx
- *Finding Australia's Social Enterprise Sector (FASES) - Final Report* http://www.socialtraders.com.au/finding-australias-social-enterprise-sector-fases-final-report
- *Social Traders:* www.socialenterprisefinder.com.au

GLOSSARY

Contractual Clause	• A section in a contract that specifies a legal requirement.
KPI	• Key Performance Indicator • Quantifiable measurements used to evaluate the success or otherwise of a project in achieving its strategic goals.
Request for Quotation (RFQ)**	• An RFQ is the invitation document sent to selected parties to offer a quote. • Following the receipt of quotes, an evaluation is conducted to select a successful supplier.
Provider	• The term "provider" indicates a party that has entered into a contract with a council and includes: o supplier of goods o supplier of services o contractor o consultant.
Selection/Evaluation Criteria	• Published criteria used to evaluate tenders or quotes to determine the best value for money offering. • Selection criteria are typically comprised of non-financial criteria (to assess the capability, capacity, experience, etc of potential providers), as well criteria relating to cost, commercial and risk factors.
Social Benefit Clauses	• Contractual provisions which fulfil a particular social aim.
Specifications	• All the technical or descriptive functional, operational, performance requirements or other characteristics of a deliverable provided by one of the parties under a contract. • The term "specifications" in this document includes: o project brief o brief of services o Key Performance Indicators (KPIs), which may form part of the specifications or be complementary thereto.
Request for Tender (RFT), tendering process**	• A RFT is the invitation document seeking offers (usually by public advertisement) from interested parties to submit a tender. • Following the receipt of tenders, an evaluation is conducted to select a successful tenderer(s). The end-to-end process is often referred to as the "tendering process".

** Please contact your council procurement unit or refer to your procurement procedures for guidance.

SOCIAL PROCUREMENT DOCUMENTATION

General Conditions of Contract

Councils use various forms of General Conditions of Contract based either on their own unique document templates or those of the Australian standards.

The following are some of the current Australian Standard General Conditions of Contract with which numerous councils comply:

- AS4000 General Conditions of Contract which comprises general conditions of a contract suitable for a wide variety of construction and building contracts including civil, mechanical, electrical and other types of engineering contracts
- 4122-2000 General Conditions for the Engagement of Consultants
- AS4300 General Conditions of Contract for Design and Construction
- 4902 General Conditions of Contract for Design and Construction which specifies general conditions of contract suitable for the design and construct project procurement method.

Note: Please refer to your procurement department for the guidance of the General Conditions of Contract appropriate to your procurement.

Developing Social Procurement Specifications

Specifications clearly and accurately detail the essential requirements for goods, products or services in procurement documentation.

Specifications provide external parties with the basis for submitting an offer to council, and thus act as the foundation of the contract. The specifications become a critical contract management document to ensure that the provider delivers the contracted goods or services.

Regardless of the method used for the social procurement, the specification must clearly and accurately detail the social benefit requirement, as with other requirements in the specification.
Specifications should identify clearly defined benefits that are proportionate to the length, value and complexity of the contract.[25] It is important to consider the social aspects of procurement during the planning stage, to ensure that the social dimension is fully taken into account when requirements are being developed.

Questions[26] to address when developing the specifications include:

- Have you clearly identified all the potential social benefits that could be delivered as part of the performance of the contract while still being able to demonstrate value for money?
- Are the social requirements:
    - clearly drafted?

[25] Investment Strategy Northern Ireland (2010) *Delivering Social Benefits through Public Procurement: A Toolkit*
[26] Scottish Procurement Directorate (2007) *Social Issues in Public Procurement, A Guidance Note*, Scottish Directorate, Scottish Procurement Policy Note SPPN 6/2007

- appropriate for the size and associated risk of the project?
- sufficiently outcome-based to encourage a range of solutions?
- equitable to all potential providers?
- sufficiently flexible to allow for innovation?
- not too onerous for potential providers?
- readily comparable for the purposes of the evaluation?

In addition, given that social procurement is a relatively new area for both councils and providers, the specifications should identify the assistance that the council will give to the provider in delivering the social benefits (for example, links to employment agencies).

It is essential that the specifications must:

- be clear
- be straightforward
- be accurate in defining the expectations of the providers for the service outputs and the functional and performance requirements for goods[27]
- not restrict competition
- not preclude innovation.

Properly prepared specifications assist providers to:

- understand the procurement
- enable them to respond effectively and undertake their contractual obligations
- bid on a level playing field
- ensure that responses can be readily evaluated.

TENDER EVALUATION CRITERIA

2.1 Overview

Evaluation selection criteria must clearly articulate those social outcomes that will form the basis of evaluation and awarding of the tender.

2.2 Principles for developing social procurement selection criteria:

- Selection criteria upon which the evaluation will be based must be linked to the subject of the contract. If a social procurement requirement is:
  - **core** (for example, forms the substance of the contract), then the social selection criteria[28] will form part of the assessment to determine which bid offers the best overall value for money
  - **secondary** (for example, not related to the primary purpose of the contract), then careful consideration should be given as to whether to include social requirement in the selection criteria.
- Selection criteria must be specific and objectively quantifiable.

[27] "Good Practice Guidelines: Specification Writing", Victorian Government Procurement Group Department of Treasury and Finance, March 2009

[28] and specifications, procurement documentation and contractual clauses

- Selection criteria must be transparent. Failure to do so, for example by making the criteria too complex or drafting them poorly, can result in confusion for the providers.

Australian courts have found that, where a government entity presents certain terms[29] to the market as the basis on which it will make a procurement decision, it must comply with those terms. If the government fails to do so, unsuccessful tenderers may be able to successfully challenge the resulting contract.

To minimise this risk, local governments wishing to include social benefit considerations in their procurements must ensure that the inclusion, or potential inclusion, of these considerations is *clearly articulated in the request for tender/quote documentation*.

KEY PERFORMANCE INDICATORS

Overview

Key Performance Indicators (KPIs) are quantifiable measurements used to evaluate the success or otherwise of a project in achieving its strategic goals. KPIs are often included in a contract as a specific responsibility of the provider.

Social Procurement KPIs

The key performance indicators must necessarily be tailored to the outcomes sought. For example, many employment and training targets are framed in terms of "person-weeks of work" rather than jobs or qualifications, as these are easier to quantify.[30]

Mechanisms for quantifying social procurement targets may include:

- a specified number of members of the target disadvantaged group to be appointed as employees, apprentices or trainees
- a specified number of weeks of engagement of members of the target disadvantaged group
- a specified number of weeks that a employee, apprentice or trainee is appointed to the project
- a specified number of vacancies filled by members of the disadvantaged target group
- a percentage of the total cost of the contract devoted to socially beneficial outcomes.

Social procurement KPIs that may appear in a construction tender is provided below:

- people recruited over a specified time
- apprentices recruited
- trainees recruited
- vacancies advertised
- work opportunities for social benefit suppliers
- work experience opportunities
- local small-to-medium sized enterprises assessed as potential providers.

[29] *Hughes Aircraft Systems International v Air Services Australia* (1997) 76 FCR 151; *Cubic Transportation System Inc v State of New South Wales & 2 Ors* [2002] NSWSC 656

[30] "Delivering Social Benefits through Public Procurement: A Toolkit 2010" Investment Strategy Northern Ireland

KPI Social Procurement Measurement

Unmeasurable outcomes significantly diminish the likelihood of the project succeeding.
For example, if a council indicates that it requires a provider "to provide opportunities for employees to develop essential skills":

- what does an "opportunity" entail?
- what is an "essential skill"?
- how can this required outcome be monitored effectively?

If it is the desired outcome, remember to incorporate into the contract any specific contractual commitments made by the provider in its tender employment opportunities and/or education, training, and apprenticeship opportunities. **For example, to meet the obligation regarding community responsibilities it is a requirement that the provider recruits xx long-term unemployed person/s, either directly or through the supply chain, for each $500,000 of project value.**

SOCIAL BENEFIT CLAUSES

Purpose of a Social Benefit Clause

Governments may impose public policy conditions in contracts in order to encourage certain behaviour by providers which is not strictly necessary to fulfil the contract.[31]

This can occur either by:

- the inclusion of terms in the contract which deliver a wider social benefit
  or
- the government refusing to deal with companies that do not comply with certain policy-related preconditions, usually imposed as part of the tendering process.

These public policy provisions are known as:

- social benefit clauses
- community benefit clauses
- extraneous purpose clauses (as they specify requirements which are additional (extraneous) to the core purposes of the contract).

Outcomes of Social Benefit Clauses

Social benefit clauses for council procurement documentation, particularly tenders and contracts, may specify:

- employment requirements (for example, requiring the hiring of long-term unemployed, newly arrived migrants, members of the Indigenous community or disadvantaged groups, such as youth at risk and youth disengaged from learning and/or the community)
- the engagement of local businesses
- the engagement of social benefit suppliers
- compliance with anti-discrimination principles and environmental requirements.

[31] Seddon, N. (2004) "Government Contracts – Federal State and Local" 3rd Edition, The Federation Press

Timing of Social Benefit Clauses

Social benefit clauses/requirements must be communicated to providers at the very early start of the process:

- during any pre-tender activities (for example, pre-tender briefings)
- when drafting the specifications/brief of services, to ensure that the social dimension is fully taken into account when requirements are being developed
- in the response templates, which should include social performance indicators if the social procurement requirement are core to the contract
- in the draft contract
- at the advertising stage, to consider how the target audience can be advised of the requirements and how to respond to them
- following contract award, at which point council officers can work co-operatively with providers to ensure the effective implementation of the social procurement requirements.

By integrating the social policy requirements at an early stage:

- the council can meet the transparency requirements of the procurement process
- providers have the opportunity to test the requirement (for example, during the industry briefing and procurement question-and-answer period) and make an informed decision as to whether to submit a bid.

Drafting Social Benefit Clauses

▪ Planning

The two critical factors in determining how the clauses are to be drafted are:

- whether the social procurement requirement constitutes the core of the contract (for example, seeking a social benefit supplier) or a secondary component (for example, seeking to include training for a number of unemployed people as part of the execution of the contract); or what the social benefits are to be achieved
- whether the benefits being sought may affect or even jeopardise other key issues like the project timetable or value for money.

▪ Tailoring Social Benefit Clauses

There are no standard one-size-fits-all social benefit clauses or templates[32], as social benefit clauses must:

- be tailored to the procurement sought in a specific contract
- be weighted or evaluated in relation to the overall deliverables
- align with the performance of the specific contract
- be assessed on whether their inclusion represents value for money.

However, some general guidance can be provided, as below.

▪ Clarity

When including social benefit clauses in its procurement documentation, a council should:

[32] Office of the Third Sector (2008) *Social Clauses Project: Report of the Social Clauses Project*

- clearly identify the council's intended social outcomes to enable potential providers to determine their capacity to deliver the outcomes in their tender bid
- carefully and clearly detail the council's expectations of the potential providers, including all measurable deliverables.

▪ Social Procurement Benefits and Outcomes

Procurement specifications must contain clearly defined benefits and outcomes that are proportionate to the length, value and complexity of the contract. Clearly specified benefits ensure that:

- providers understand the outcomes the council is seeking
- councils are able to evaluate the providers' offers clearly and comparatively.

Examples of Social Benefit Questions in Procurement Documentation

Target questions may be developed for prospective tenders. The following are examples of social benefit questions in tender response templates.

- **Demonstrate how your organisation will contractually commit to providing employment opportunities and/or education, training, and apprenticeship opportunities in the municipality.**
- **Describe the steps that you organisation will undertake to ensure that long-term unemployed individuals will be recruited to the project and provide a timeframe for this activity relative to the project time frame.**
- **Provide details on how your organisation will secure employment opportunities for <insert> number of unemployed young people using all reasonable endeavours to recruit them from those individuals who access the training places. (The provider must provide details on how they will ensure that each individual has a high quality experience, thereby increasing their chances of gaining and sustaining a job.)**

SUPPORTING CASE STUDIES

CASE STUDY **SOCIAL OBJECTIVE REQUIREMENT** **REVITALISING CENTRAL DANDENONG INITATIVE**
The Revitalising Central Dandenong Initiative included a requirement within the development bid documents and infrastructure tenders requesting tenderers to demonstrate their intention to integrate local persons, apprentices, trainees and long term unemployed into the labour market when they respond to RFTs on specific works. **Pre-Qualification Tender:** Tenderers admitted to the Pre-qualified Panel were required to demonstrate their intention to integrate local persons, apprenticeships, trainees and long tern unemployed into the labour market when they respond to RFTs on specific works.

Tender Documentation: In response to RFTs on specific works, tenderers have been required to demonstrate training and employment requirements that provide for local people, including apprentices and/or trainees to be engaged for the duration of each contract. Tenderers were required to submit as part of their response to a RFT a Delivery Plan, to show how they will implement employment and training opportunities, including management and monitoring arrangements.

Targets: Specific targets were determined at the outset of the procurement process and the key performance indicators in the specifications and the procurement response template.

CASE STUDY
SOCIAL BENEFIT CLAUSE
FIFE COUNCIL CONTRACT FOR WINDOWS

The Fife Council in Scotland included a social benefit clause in its RFT for windows.

The RFT requested that suppliers: 'provide details of what social benefits you could bring to this contract with the "sustainability" method statement page of this tender document'.
As a result of this inclusion, the contract resulted in:

- 40 jobs
- an apprenticeship scheme
- a classroom and training facility support for the annual intake of five apprentices per year
- a partnering opportunity for building services employees
- a program of donations as a percentage of contract profits to charities of Fife Councils choice.

CASE STUDY
SOCIAL PROCUREMENT EMPLOYMENT AND TRAINING CLAUSE
PUBLIC HOUSING TENANT EMPLOYMENT CLAUSE

With the inclusion of social clauses in contracts, the Department of Human Services (DHS) has awarded contracts on the condition that positive social impacts are delivered to the community. The DHS Housing Division adds social clauses into many of its contracts, stating that contractors employ a certain number of public housing tenants (exact numbers vary according to contract size) as a key deliverable. This clause covers a range of contracts, from basic services such as cleaning, landscaping and security, to more complex services such as construction.

The Public Tenant Employment Program (PTEP), a program funded by the Victorian Government, provides recruitment services to assist contractors with this task. The PTEP has been a cost-effective strategy for DHS, having resulted in almost 650 jobs and more than 1,300 training opportunities for public housing tenants over the past five years. The PTEP clause specifies that a percentage of the workforce delivering the contract is public housing tenants. The proportion varies depending on the type of works and is generally below 10%.

The PTEP clause has provided tenants with a pathway out of poverty, lowered the turnover of tenants

due to stable employment and provided tenants with training opportunities they would not have otherwise received.

EVALUATION OF SOCIAL PROCUREMENT

12. INTRODUCTION

The evaluation of procurements involving social outcomes is no different to the evaluation of a general procurement.

13. CONTEXT

Section 186 of the Victorian *Local Government Act* 1989 requires local governments to undertake a competitive process to test the market before entering into contracts for:

- the purchase of goods or services with a value of $150,000 or more
- the carrying out of works with a value of $200,000 or more, unless specified exceptions apply.[33]

Councils must award a contract on the basis of quality and cost standards required by Section 208D of the Act.

In developing quality and cost standards for services to the community, councils may take into account factors set out in Section 208C:

(ii) the need to review services against the best on offer in both the public and private sectors
(iii) an assessment of value for money
(iv) community expectations and values
(v) the balance of affordability and accessibility of services to the community
(vi) opportunities for the growth or retention of local employment
(vii) potential environmental advantages for the council's municipal district.

Therefore, the value for money requirement can incorporate how well the suppliers' offerings address the council's objectives in securing social value, sustainability and public benefit.[34]

[33] Councils have the discretion to establish their own business rules for the procurement of goods, services or works with a value below $150,000, i.e. whether a certain number of verbal or written quotes are to be obtained, or that a tender be undertaken for procurement with a value below $150,000 for goods and services and $200,000 to carry out works

[34] The Centre for Social Impact (2010) "Social Procurement in Australia", www.csi.edu.au

14. SELECTION CRITERIA

A council may use criteria which aims to meet social requirements, defined in the specifications of the contract. A detailed discussion of social procurement selection criteria is included in the procurement documentation paper in this toolkit.

15. SOCIAL BENEFITS NOT INCLUDED IN SELECTION CRITERIA

If the social outcome/benefit requirement has not been included in the selection criteria, the social benefit component should not be used to determine value for money.

However, if two bids have virtually the same value-for-money score, the social benefit proposal may be utilised to differentiate between them on the basis of exceeding the specified requirements and provided that this outcome was specified in the procurement documentation. While it is unusual for procurement bids to have equal value-for-money scores, should this occur, legal advice should be secured before assessing this criterion.[35]

16. EVALUATION PLAN

An evaluation plan should be developed for all procurements, in conjunction with the tender document. This will ensure that any criteria to be evaluated are captured in the tender and that both documents align. The evaluation plan should include including the following components:

- the purpose of the procurement
- a risk analysis
- details of the governance structure
- details of the evaluation team members, their roles and responsibilities
- conflict of interest that may arise
- details of any other members assisting the team, their roles and responsibilities
- phases of the evaluation process
- the evaluation criteria, weightings and how they will be scored
- respondent interview, site visits and referee check procedures
- probity procedures
- the commercial rules
- the required resources required for the evaluation
- a communications plan
- administration of the evaluation process.

For social procurements, or procurements which include a key social benefit component, a discussion of the purpose of the social procurement requirement(s), the intended social benefit outcomes, and the measurement of the benefits (if the benefits are part of a selection criterion), should be included in the evaluation plan.

17. EVALUATION TEAM

Prior to the closure of the procurement period, an evaluation team should be established, chosen primarily on the basis of their expertise in, and experience with, the subject matter of the project.

---

[35] Investment Strategy for Northern Ireland 2008-2018 (2010) **"**Delivering social benefits through public procurement: A Toolkit 2010**":** www.isni.gov.uk

For a dedicated social procurement project, the evaluation team should ideally include a council officer or technical expert with a clear understanding of social procurement and the mechanisms for evaluating social outcomes (as outlined in the cost-benefit analysis and reporting papers in this toolkit). For more general procurements with a social benefit component, this officer may be brought in to review this component of the tenders/quotes, if s/he is not already a member of the evaluation team. The evaluation team should have a thorough understanding of the evaluation plan and the method for the evaluation to ensure the application of a consistent approach.

18. LESSONS LEARNED

It is important that the findings of the evaluation be synthesised and reported to the relevant stakeholders.

CONTRACT MONITORING AND REPORTING

19. MONITORING AND REPORTING BY AUSTRALIAN GOVERNMENTS

While sustainability reporting by Australian governments at all levels was considered to be in its infancy[36], in 2008, 68% of the top 100 Australian companies had published information on their sustainability performance.

Within the Australian local government sector, Victorian councils are advanced in the usage of triple bottom line reporting, with the City of Melbourne having been one of the first Australian councils to develop a triple bottom line toolkit in conjunction with the International Council for Local Environmental Initiatives.[37]

The Department of Planning and Community Development is currently working across government departments to develop a mechanism for measuring social procurement outcomes, this tool could be utilised by local government upon its completion.

20. MONITORING AND REPORTING

Costs and benefits that can be directly expressed in economic terms are readily quantifiable, and thus relatively straightforward to monitor and report.

However, social benefit outcomes are often qualitative, which are legitimate outcomes to monitor and report, but which are often difficult to quantify into costs and benefits. In a review of sustainable procurement practices, it was found that social indicators were the least successfully measured of all indicators, as most providers (and governments) do not have a consistent and considered approach for achieving or measuring social benefit.[38]

Some abstract costs can be quantified in monetary terms, for example travel time, where minutes saved can be converted into dollars of estimated savings.[39]

---

[36] Leeson, R., Ivers, J. and Dickinson, D. (2007) "Sustainability Reporting by the Public Sector: Practice, Uptake and Form"
[37] p. 4 "Triple Bottom Line Reporting for Local Government", 2004, prepared for Adelaide Hills Council, Alexandrina Council and the City of Salisbury by Jigsaw Services P/L
[38] Barraket, J. and Weissman, J. (2009) "Social Procurement and its Implications for Social Enterprise: A literature review", Working Paper No. CPNS 48, Dec 2009, The Australian Centre for Philanthropy and Nonprofit Studies, Queensland University of Technology
[39] "Cost Benefit Analysis Procedure Manual", Civil Aviation Training Authority, http://www.casa.gov.au/wcmswr/_assets/main/manuals/regulate/acm/257r003.pdf

21. TRACKING AND REPORTING OF SOCIAL PROCUREMENT OUTCOMES

With respect to social procurement, tracking and reporting serve to:

- determine the effectiveness of an organisation's social procurement initiatives
- inform decision-making about the existing and future project design and management, including lessons learned
- assist in the integration of sustainability into organisational operations, resulting in enhanced operating efficiency and cost savings
- drive and promote transparency and accountability and meet disclosure expectations
- reinforce organisational commitments and demonstrate progress to staff and stakeholders, thereby enhancing staff satisfaction, improving service quality and their overall confidence in the organisation
- improve internal governance
- facilitate the exchange of learnings between organisations
- enhance participation by various stakeholders in decision-making and governance.

As part of the contract management process, social procurement outcomes can be monitored and assessed at the same time as quality, delivery, service and price.

22. IMPEDIMENTS TO MONITORING AND REPORTING

Unfortunately, the monitoring and reporting of social outcomes have routinely been the weakest element of organisational accounting. For many organisations, social and sustainability reporting is often only "window dressing" or a marketing tool which may fail to reflect true social procurement activities.

Perceived impediments to monitoring and reporting of social procurement outcomes may include:

- a lack of critical commitment to social procurement
- a lack of knowledge and understanding of general reporting and monitoring processes and specifically social procurement reporting and monitoring
- the lack of reporting guidelines to assist local government in undertaking social procurement reporting
- resistance to data collection
- difficulties with communication across the relevant unit 'silos'.

EXAMPLE
COMMUNICATING ORGANISATIONAL SUSTAINABLE DEVELOPMENT
PUBLIC AGENCY SECTOR SUPPLEMENT

The Global Reporting Initiative has developed the Public Agency Sector Supplement. The Supplement is designed for general use by public agencies operating in the three main tiers of government (national, state, local) and offers public agencies the opportunity to assess and communicate their organisational performance relating to sustainable development.

A number of mechanisms for evaluating and quantifying the outcomes of social procurement projects are provided in the cost-benefit paper of this toolkit.

22.1.1. External Reporting

External reporting sharpens the focus on performance and advises key stakeholders of the progress and achievements of an organisation's sustainability initiatives.
Outcomes and achievements of social procurement initiatives could be reported externally:

- in the annual report
- in a dedicated organisational sustainability report
- in organisational publications
- on an organisation's website
- via social media.

CASE STUDY
REPORTING FRAMEWORK
STOCKLAND AUSTRALIA

Stockland is one of Australia's most diversified property groups and a top 50 company listed on the Australian Stock Exchange. The organisation reports sustainability results via:

- an annual Corporate Responsibility and Sustainability Report
- an Annual Report
- a Shareholder Review

In this way the company continually provides a public integrated sustainability reporting framework.

22.1.2. Internal Reporting

Just as crucial as external reporting is the communication to all staff of an organisation's progress and achievements in implementing its social benefit projects.

Sustainability and social benefit outcomes and achievements represent a progressive vision that elicits staff enthusiasm and commitment. A 2007 survey of more than 200 human resource professionals found[40] that:

- an effective and comprehensive corporate social responsibility program was good for an organisation's "bottom line" (87%) and generated a greater sense of employee pride and resulted in greater employee engagement (85%)
- more than seven out of ten respondents felt that corporate social responsibility should be a "top priority".

Mechanisms for reporting internally to staff include:

- the intranet
- staff publications
- presentations to staff by management.

[40] Sirota Survey Intelligence: www.sirota.com