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|  | Social Procurement Framework |
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| Expiry date: | 9 July 2017 |
| Responsible officer: | Finance Manager |
| Policy owner | Procurement Coordinator |

1. Purpose

To provide guidelines on how Council can incorporate social procurement principles into current procurement practices including what form social procurement should take and identifying local population sectors that could best benefit from this initiative.

2. Objective

The purpose of this framework is:

- To provide an overall direction on how Council can incorporate social procurement into Council procurement practices.
- To define the scope of social procurement
- To identify Melton's target population sectors which could best benefit from social procurement initiatives.
- To identify Council contracts that can best deliver social benefit outcomes.

So as to support Council's objectives towards social procurement including:

- To enhance direct employment and traineeship opportunities for specific target population sectors within the municipality.
- To incorporate Social Procurement practices in Council business through Council contracts.
- To ensure the following key success factors are implemented where Social Procurement occurs;
 - Customised pre-employment training and preparation for jobseekers
 - Tailored preparation and support for employers
 - Supported work placement
 - Post work place transition

3. Scope

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.

Melton City Council proposes to do this through a range of methods including:

- procuring from local social benefit suppliers where such purchases may be justified on a "Best Value" basis and are competitive across a range of evaluation criteria;
- procuring from local businesses (as above);
- inclusion of social benefit clauses in tenders and contracts to provide employment and training opportunities for specific community groups who would otherwise find it difficult to find employment in the job; and
- engagement of social enterprises to deliver Council services.

The Framework applies to identified long term contracts and tenders (minimum five years) across Council including but not limited to parks, open space, tree maintenance, road and drainage maintenance, graffiti removal, building maintenance and cleaning.

Internal traineeships and Capital Works contracts are excluded from the scope of this framework.

4. Definitions

| Word/Term | Definition |
|--------------------------|--|
| Social Procurement | <p>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.</p> <p>Social procurement provides a way to increase economic participation and decrease disadvantage in local communities by reconceptualising council procurement practice through the purchase of goods, services and works that also generate a positive social impact in the local community.</p> |
| Social Benefit Suppliers | <p>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.</p> <p>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.</p> |
| Job Services Australia | <p>Job Services Australia is the Australian Government employment services system that supports job seekers and employers.</p> <p>There are four streams in Job Services Australia that help guide the level of support job seekers might be eligible for. These are:</p> |

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| | <p>Stream 1, for job seekers who are work ready</p> <p>Stream 2, for job seekers with relatively moderate barriers to employment</p> <p>Stream 3, for job seekers with relatively significant barriers to employment</p> <p>Stream 4, for job seekers with severe barriers to employment.</p> <p>Most JSA's services are targeting Streams 3 and 4 jobseekers.</p> <p>Local Job Services Agencies that can assist employers with access to a potential pool of employees include CVGT, Matchworks, Wise and Tracys.</p> |
| <p>Disability Employment Services</p> | <p>Disability Employment Services provide specialist help for people with disability, illness or injury to find and keep a job. Disability Employment Services can provide a range of supports including shorter term support for those who do not expect to need long-term support in the workplace through to regular ongoing support for those with an assessed need for the longer term.</p> <p>Local Job Services Agencies that can assist employers with access to a potential pool of employees with a disability include WCN (Working Communities Network), Wise, APM (Advanced Personnel Management), MatchWorks and Each Employment.</p> |

5. Targeted population sectors

Social procurement aims to connect local community members with meaningful work and skill development opportunities arising from the procurement contract. In particular, it aims to level the barriers for people who identify as experiencing one or more of the following social characteristics:

- A person whom identifies as an Aboriginal or Torres Strait Islander;
- A person whom identifies as a person with a disability or as being in need of additional personal support to realise equitable access to employment or pathways to requisite skills advancement opportunities;
- A person who was not born in Australia, including new arrivals, refugees and skilled migrants where qualifications may not be readily translated within Australia.
- A young person who is not currently engaged or is at risk of becoming disengaged from ongoing education, training or workforce opportunities.
- A person who has experienced a prolonged period of absence for the workforce, due to ill health, labour force shortages, skills matching misalignment, parental leave or relocation from another community.
- People who have relocated to the municipality as a result of incarceration, community based order, or family violence order, either personally or as a result of immediate family connection; and identifies as experiencing barriers to employment or skills development opportunities.
- A person who has retired or semi retired from the workforce seeking to apply or adapt existing skills and aptitude to a meaningful social benefit or community program deliverable.

Social procurement work and skills initiatives which engage with community members who identify as experiencing any one or more of the above situational characteristics might participate in either individuals or small group tailored programs.

6. Contracts and Tenders

6.1. Identified Contracts

Implementation of Social Procurement objectives is to be considered for all contracts, however Council's primary focus will be on long term "Service Oriented" contracts of 5 years or more which allow amortisation of the costs over the term of the contract. These contracts will tend to have larger workforce resource allocations and can provide a greater opportunity for participants to find a career path following an initial traineeship or long term employment.

The following service contracts are well suited to incorporation of Social Procurement:

- Parks and Open Space Maintenance;
- Road Services;
- Management and Operation of the Melton Recycling Facility;
- Litter Collection;
- Management and Operations of Melton Waves;
- Facilities Cleaning.

6.2. Capital Works Contracts

It is very difficult to implement Social Procurement within capital works delivery contracts due to the finite term and specific skills and expertise that are required to deliver such projects. A different model to the Service Contract social procurement model will be required due to variations associated with each individual works project. Further investigation is required to consider how council could implement social procurement in such cases.

6.3. Required Approach to Contract Market (Service Contracts)

Council's Social Procurement objectives as outlined in this framework are to be included in the "Service Specification" section of tender documents. The specification should clearly articulate these objectives and how these are to relate to the service being provided under contract. For example, where significant full time resources (>20 FTE) are required to provide the service, a Social Procurement employment ratio objective of 1 SP traineeship to 10 FTE could be stipulated. The "key success factors" must be clearly articulated and guidance is to be provided in relation to the use of JSA's to assist in delivering the Social Procurement Objectives. Key performance indicators that are aligned to the objectives and key success factors are to be developed and outlined along with the performance reporting requirements.

Tenderers will be provided with guidance in regards to the use of Social procurement providers to meet the requirements and may include either engaging directly with JSA's to source the targeted group or alternatively work with employment agencies that can provide comprehensive support services via a fee for service model.

A specific Social Procurement Tender Schedule is to be included in the "Invitation to Tender" that is mandatory for all Tenderers. An example Social Procurement Tender Schedule (refer to attachment 1) is provided as a guide. This schedule is to be customised to the specific service contract that it will relate to and as a minimum must align to Council's Social Procurement objectives. A non exhaustive list of local JSA service providers is to be provided as a guide within the "Invitation to Tender".

6.4. Tender Assessment

6.3.1 Tender Evaluation Plan

Prior to advertising the tender, the Contract Manager is to prepare a Tender Evaluation Plan that must include amongst other elements, what the tenderer must furnish in regards to Social Procurement and how the tender evaluation panel must assess the Social Procurement elements of the tender submission.

6.3.2 Weighting & Evaluation Criteria

Specific weighting and evaluation criteria must be developed in relation Social Procurement and this must be outlined in the Tender Evaluation Plan. When applicable, Social Procurement Objectives are to be mandatory criteria, with the specific objectives developed for the particular service contract clearly articulated within the Service Specification

6.3.3 Invitation to Tender

The "Evaluation of Tender Responses" section of the Invitation to Tender must outline any mandatory criteria along with the evaluation criteria and weighting that will be used by the Tender Evaluation Panel. The Tender Schedules within the Invitation to Tender must include the Social Procurement Tender Schedule.

6.3.4 Tender Evaluation Report

The "Tender Evaluation Report" must include a summary of the Social Procurement responses provided, associated evaluation outcomes and outcomes expected from the recommended tender. The Tender Evaluation is to be presented to Executive and Council for their endorsement.

6.5. Implementation

Sufficient lead time is required between the contract award and the commencement of the contract term to allow the required support arrangements to be put in place, suitable local trainees to be identified in accordance with the framework objectives, and for the initial training and induction process to take place. It is critical that support mechanisms be put in place for the both the trainees and Contractors as early as practically possible to provide the best possible opportunity for success.

6.6. Performance Monitoring and Reporting

Performance monitoring and reporting should be undertaken throughout the term of the contract. "SMART" (Specific, Measurable, Achievable/Agreed, Relevant, Time Related) measures should be utilised that align to the contract KPI's as outlined in the Service Specification. Performance reporting should be included within the monthly contract reports that are furnished by the service provider and used for corporate reporting purposes (ie: Council Action Plan Reporting, Monthly Snapshot Reporting).

7. Review and Assessment

Regular review and assessment of the KPI's will be undertaken to ensure our overarching objectives as outlined in this framework are being achieved. Consideration must also be made to the impacts (both positive and negative) that the Social Procurement objectives are having on the actual delivery of the service. Prior to retendering the service, a detailed review is to be undertaken and recommendations provided in relation to continuation of SP objectives within future service contracts. Learnings from each service contract are to be used in the development of future Invitation to Tenders and Service Specifications.

8. Other Opportunities

Further opportunities will be explored in relation to utilising traineeships and Capital Works contracts to fulfil the Social Procurement commitments as outlined in this framework. These matters will be considered as part of a separate exercise due to the complexities associated with each.

9. Measuring Social Procurement Outcomes

Council will explore a range of methods to measure Social Procurement outcomes. This could include;

- Analytical modelling principles could be used to measure overall benefits of applying social procurement practices.
- Benefit Cost Analysis (BCA) approach would best articulate the marginal benefits of increasing employment opportunities for people with disabilities and long-term unemployed.

Economic modelling can be applied to understand the likely flow-on benefits associated with people gaining work / additional work:

- Savings in government transfers / welfare payments
- Increase in economic output associated with people gaining work / additional work
- Increase in wages and salaries and the associated consumption impacts
- Benefits for business from government support programs and subsidies
- Shift in support from residential carers to workplace carers

10. References and links to legislation and other documents

| Name | Location |
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| Local Government Act 1989 | http://www.dtpli.vic.gov.au/local-government/how-we-regulate-councils/acts-and-legislation |
| Melton City Council Procurement Policy | http://intranet2013.melton.vic.gov.au/Systems/bps/PoliciesAndProceduresDocuments/Procurement%20Policy.pdf |
| Purchasing Procedures Manual | http://intranet2013.melton.vic.gov.au/Systems/bps/PoliciesAndProceduresDocuments/Purchasing%20Procedure%20Manual.pdf |
| Economic Development and Tourism Plan 2014 – 2030 | http://www.melton.vic.gov.au/Services/Business/Economic_Development_and_Tourism_Plan |
| Disability Action Plan 2013 – 2017 | http://www.melton.vic.gov.au/Services/People/Living_with_a_disability/Disability_Action_Plan_2013-2017 |
| Municipal Public Health and Wellbeing Plan 2013 – 2017 | http://www.melton.vic.gov.au/Services/Health_safety_and_wellbeing/Health_promotion/Municipal_Public_Health_and_Wellbeing_Plan |

ATTACHMENT 1**SCHEDULE x****SOCIAL PROCUREMENT****Definition of Social Procurement**

Social procurement is a strategic approach to meeting social objectives through procurement.

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

Social Procurement Practices

Social procurement often takes the form of strategically using an appropriate procurement opportunity to generate targeted local employment opportunities, educational, training and apprenticeship opportunities for a specific population sector as outlined in the specifications.

It can also include procuring goods and services from local social benefit suppliers, where such purchases may be justified on a "best value" basis.

Social Procurement Questions that the Tenderer needs to address in their submission:**1. Local Employment Opportunities**

- 1.1. Demonstrate how your organisation will contractually commit to providing (insert target outcome here, ie direct employment opportunities and/or traineeships and apprenticeships) opportunities for residents from the municipality during the contract period.
- 1.2. Describe steps that your organisation will undertake to ensure that (insert target population sector here) will be recruited from residents from the municipality to the project and provide a timeframe for this activity relative to the project time frame.
- 1.3. Provide details of pre-employment training and job preparation that would be required of potential employee/trainees/apprentices and how, when and who would deliver this requirement.
- 1.4. If you propose to partner with a JSA (Job Services Australia) or other employment organisation to deliver the Social Procurement objective detailed in the specification, provide details of the organisation to be engaged.
- 1.5. If you plan to manage this process internally within you organisation, please provide details of the person who will be responsible.
- 1.6. Provide details of the structured support you will provide in your workplace for employees/trainees/apprentices engaged from this target group.
- 1.7. One of the aims of Social Procurement is for people from the target sector to gain ongoing employment within the community. Describe how your organisation, at the conclusion or during this contract will manage post work transition for employee/trainees/apprentices who have been engaged as part of a Social Procurement requirement, to maximise this potential.
- 1.8. Describe how information on Social Procurement objectives and outcomes are captured and reported to Council.

1.9. Detail any previous experience your organisation has had in the area of Social Procurement employment outcomes.

2. Social Benefit Suppliers

2.1. Indicate what if any Social Benefit Suppliers would be used during the contract and what service they would provide.

2.2. Describe the social purpose of the enterprise.

2.3. Describe the social outcomes that this enterprise will deliver as an outcome of this engagement.

Name of Tenderer:

Signature Date.....