

Guideline		Document No.	XXXXXX
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1. Purpose of guideline

The purpose of this guideline is to provide practical advice for suppliers to ensure they understand and are better prepared for quotation or tender opportunities that contain social procurement clauses or requirements. Most suppliers are both buyers and sellers and should consider local content from both perspectives.

Ask yourself the following:

1. Are we supporting other local business when we need to buy goods or services?
2. Are we supporting other local business when we are selling goods or services?

This guideline applies to all sellers, from the identification of a sale or tender opportunity, through to supply of the goods and services. You should implement the guideline in conjunction with your existing organisational policies and processes, and with adherence to any current legislative requirements.

2. Definitions

Term/Acronym	Definition
GROW	G21 Region Opportunities for Work
G21	Geelong Region Alliance
KPI	Key Performance Indicator
RFT	Request for Tender
SOW	Scope of Work

3. Process Overview

3.1. What is the G21?

G21 is the Geelong Region Alliance between Government, Business and Community Groups. The G21 has eight Pillar Groups including the Economic Development Pillar which contains the GROW Project. G21 works as a forum to discuss regional issues across interest groups and municipalities resulting in better co-ordinated research, consultation and planning.

The G21 region has a population of almost 300,000 people and covers 8972 square kilometres. It includes five municipalities: [Colac Otway](#), [Golden Plains](#), [Greater Geelong](#), [Queenscliffe](#) and [Surf Coast](#).



3.2. What is the GROW Project?

GROW (G21 Region Opportunities for Work) is an innovative regional strategy which focusses on one of the key features of place-based disadvantage—joblessness. GROW aims to reduce unemployment in the G21 Region's most disadvantaged areas over the next ten years.

Social procurement is one of the four domains of GROW. It aims to generate social value from procurement spend to maximise job opportunities in target communities in the G21 region.

A collective approach to social procurement practice and processes in the G21 region will support GROW's aim to target, influence prosperity, and deliver greater social outcomes for areas identified as more disadvantaged according to social and economic indicators.

Three principal objectives of GROW are to:

1. Embed social procurement policy and practice so that contracts issued in the region support local training and employment;
2. Increase investment and other supports to strengthen and grow small to medium enterprises and employment; and
3. Expand existing brokerage approaches and investigate additional brokerage models for sustainable pathways between job seekers and employers.

3.3. How can Procurement influence change?

Procurement is a vital consideration for driving systemic change, because it is the mechanism through which private and public sector organisations expend most of their resources in the purchase of goods, services and works.

Social procurement often takes the form of a public or private sector entity using an appropriate procurement opportunity (major project or routine) to generate targeted employment for specific population groups. Groups targeted by these procurement activities may include people with a disability, those who have experienced long-term unemployment, Indigenous Australians, culturally and linguistically diverse groups, youth, public housing tenants, or residents of communities impacted by social and economic disadvantage.

3.4. How can I prepare for Social Procurement?

As businesses from within the G21 Region increase the integration of social procurement practice into standard tender processes, they will require suppliers to demonstrate their capacity to add social and economic value to their deliverables.

The following questions could be used to test your organisation's social procurement maturity.

1. What do we currently do to support local and social businesses within the G21 Region?
2. Do we have a policy or strategy to buy more from local and social businesses?
3. Who is leading the focus on social procurement within our business?
4. How well is social procurement understood within our business?
5. Do we have an accurate listing of G21 local and social businesses by category that we could engage?
6. Has our organisation defined its social priorities including:
 - a. Job creation for long term unemployed
 - b. Social Enterprise development
 - c. Economic growth for social enterprises
 - d. Increasing our local spend as an overall percentage of our total spend?
7. Do our various policies and business plans align and complement our social procurement targets?
8. Have we conducted education and awareness sessions with our key clients and suppliers to understand requirements and opportunities?

In addition to the above questions it is critical to analyse your own buying and selling practices and to develop a plan to support local and social businesses. To assist in the preparation of a tender response you will need to know the following:

- > How much do we spend on businesses owned and operated within the G21 Region?
- > What percentage of our staff live and work in the G21 Region?
- > Do we currently spend any money on or support any social enterprises from within the G21 Region?
- > Have we pre-qualified or contracted local and social enterprises ready for potential project works?
- > Have we communicated our capability and capacity to the Compact Action Group representatives?

- > Have we considered forming strategic alliances with or sub-contracting to larger businesses for projects or tenders larger than we could handle?
- > Do we know what type of social procurement tender clauses we may need to respond to?
- > Is supporting local and social businesses a priority of our own business?
- > Does our employment strategy align with the GROW Project to create opportunities in G21’s most disadvantaged areas.

It is important to understand your current performance and spend profile within the G21 Region, and develop a plan to increase local content where local capability exists. The more you support and plan for the increased social procurement focus in the G21 the better your position to demonstrate capability and commitment during the tender phase.

3.5. Responding to a tender?

Set up an internal meeting after receipt of the new tender request with relevant internal stakeholders to review and discuss the following:

1. Scope of Work;
2. Deliverables;
3. Timing;
4. Contract clauses;
5. Technical specification and drawings;
6. Amount of local content (sub-contracting local businesses);
7. Resourcing (local employment and training opportunities).

The following are two examples of social procurement tender clauses that you may need to cover within your tender submission.

1. Accurately calculate and estimate the value of local content in your Tender

2. Number of total personnel (equivalent full time employees) you will source from the G21 Region

To prepare a good tender response (which we cover in section 3.6) you need to understand your actual performance, current plans and the actual commitments you are willing to make to support local and social businesses as covered in section 3.4.

3.6. Example of a good tender response

The following is an example of a potential supplier response to the same two social procurement clauses built into the standard tender during section 3.5

1. Accurately calculate and estimate the value of local content in your Tender

ABC Pty Ltd is committed to the G21 Region with 100% of the contract to be purchased locally.

ABC Pty Ltd intends to deliver the majority of services with our current employees and will sub-contract Electrical Engineering Services elements to a local supplier EFG Pty.

All materials for the project will be sourced from local suppliers with whom we hold current commercial arrangements.

ABC Pty Ltd spent \$2m dollars in FY14/15 on goods and services with 90% invested in businesses owned and operated within the G21 Region.

2. Number of total personnel (equivalent full time employees) you will source from the G21 Region

ABC Pty Ltd currently employs 15 staff with all of them living locally and within the G21 Region.

ABC Pty Ltd proposes approximately 10 staff full time for 36 months to deliver the tendered maintenance services.

ABC Pty Ltd will use 5 existing experienced staff and propose to recruit 5 new local employees. Two of these employees will be recruited from less advantaged postcodes. In addition to the recruitment, ABC Pty Ltd plans to recruit two new apprentices to support the growth from this contract.

The recruitment strategy will be developed and fully executed within three months of contract commencement.

A supplier must provide a comprehensive response and not give a generic statement like “we generally buy locally and will try to for this project” or the evaluation team may apply a low weighting during the evaluation.

For larger contracts or projects, the key social outcome that the supplier will be looking to assess is your actual commitment to creating employment opportunities for the long-term unemployed in target communities within the G21 region. In preparation for pending opportunities, it is necessary to understand which employment agencies and social enterprises will be able to assist you to match targeted employment strategies.

The following clauses may apply to large service or construction projects that allow the greatest opportunity to support GROW’s key objective:

1. Demonstrate how your organisation will contractually commit to providing employment opportunities and/or education, training, and apprenticeship opportunities in the G21 Region including:
 - a. Number of proposed personnel directly linked to the contract
 - b. Number of new personnel (equivalent full time employees) including the number from the G21 Region
 - c. Number of total personnel (equivalent full time employees) from the G21 Region
 - d. Number of apprentices (equivalent full time employees) including the number from the G21 Region
 - e. Number of trainees (equivalent full time employees) including the number from the G21 Region

- f. Indigenous employment target (number of equivalent full time employees) including the number from the G21 Region
- g. Workforce disadvantaged group employment target (number of equivalent full time employees) including the number from the G21 Region
- h. The number of labour hours to perform the contract
- i. The number of labour hours to be performed in the G21 Region
- j. The number of labour hours to be performed in Victoria.

2. What strategies will your organisation undertake to ensure people who experience barriers to employment (e.g. long-term unemployed; indigenous and ethnic cultural groups; older workers; people with disability; and/or young people who have not completed year 12), are recruited to the project? Provide a timeframe for this activity relative to the project timeframe.

3.7. How will they evaluate my tender?

To represent true value for money, the initial evaluation should address more criteria than the upfront purchase price or cost. Indicative criteria may include:

- > Quality assurances
- > Experience and past record in the industry
- > Expertise of key personnel
- > Technical viability/suitability
- > Delivery performance
- > Commitment to local and social enterprises
- > Innovation, flexibility or savings initiatives.

For more strategic social procurement opportunities including larger capital projects it is very important to demonstrate your past performance and current awareness in this area. A supplier who has performed and is currently committed to social outcomes is more likely to deliver successfully on any new contractual commitments.

The following is an example of how the sourcing team or business owner may assess the response to similar social procurement tender clauses.

Tender Clause	Evaluation Summary
Accurately calculate and estimate the value of local content in your Tender	100% commitment to local content. 90% of current annualised spend is within the G21 Region. Proven record at supporting and contracting locally.

	Only proposed sub-contracting is a local business.
Number of total personnel (equivalent full time employees) you will source from the G21 Region	<p>100% of current workforce is living within the G21 Region.</p> <p>All proposed manning to be sourced within the G21 Region.</p> <p>Bidder has committed to recruiting 5 new local employees. Two of these employees will be recruited from less advantaged postcodes.</p> <p>Bidder has also committed to the recruitment of two new apprentices to support the growth from this contract.</p> <p>Bidder implementation timing is acceptable given this three year arrangement.</p>

The evaluation team has determined the supplier has demonstrated a very good understanding of local content and commitment to supporting economic development in the G21 Region. This will reflect in the overall weightings and selection criteria of the evaluation team.

3.8. Implementation and Contract Performance

To ensure a successful transition phase to the new agreement, you can develop your implementation plan for the contract with the supplier and other stakeholders. This may involve regular meetings and reviews to identify potential downstream issues related to the implementation.

You will need to allow sufficient time to complete the implementation stage; the contract-sourcing plan will have allowed duration for the mobilisation, updated with the successful vendor’s proposed plan.

For contracts that require a mobilisation plan, the supplier project and client representative will meet once the contract is executed to further review and detail the implementation plan, the which may include:

- > Validation and execution of the Contract;
- > Issue of a valid Purchase Order;
- > Approval of the completed Health and Safety Plan (If applicable);
- > Approval of the completed Industrial Relations Plan (If applicable);
- > Completion of site induction and familiarisation activities for the contractor’s on-site personnel;
- > Completion of site access approvals;
- > Social procurement commitments including:
 - > Local recruitment and employment targets
 - > Local spend targets
 - > Training and awareness commitments
 - > Sub-contracting targets
 - > Performance review and reporting standards;
- > Inspection and approval of contractor vehicles, plant, tools and chemicals;

- > Completion of mobilisation checklists, impact assessments and delivery of a mobilisation ‘kick-off’ meeting.

The seller must understand who is responsible for coordination of the social procurement reporting and governance. The seller may require an internal dashboard or performance measuring tools to capture data and update performance against the contract.

Someone within the supplier’s organisation will need to monitor and report to their internal leadership on the following:

1. How are we trending against targets?
2. Do we have areas, suppliers or contracts that are exceeding performance?
3. Do we have areas, suppliers or contracts that are not achieving targets?
4. Who is contributing to the success and how do we reward/recognise them?
5. How does our reporting align with sustainability, Corporate Social Responsibility or VIPP requirements?

The primary need for a contract review is to evaluate the progress and performance of the contract against the contract intent documented in the Scope, KPIs and terms and conditions. It is crucial to review the executed contract on a regular basis to maintain contract compliance.

There are several methods to review the compliance of the contract with the most conventional being the Quarterly KPI review.

The following contains potential social procurement KPIs that could be included in the contract performance review.

Item	KPI Category	Key Performance Measure	% of KPIs	Threshold	Target	Stretch
1	Local Content (Spend)	Contract value to be spent within the G21 Region	20%	80%	100%	100%
2	Local Content (All labour)	Percentage (%) of hours worked by the Contractor's personnel sourced from local G21 Region	20%	80%	100%	100%
3	Local Content (Employment)	Number of local employment, education, training, and apprenticeship and trainee opportunities created	20%	3	5	7

3.9. Do I need to wait for the tender before we focus on Social Procurement?

Do not wait for a tender before you consider your social procurement performance and targets. Businesses may have a significant percentage of their sales contracted in multi-year arrangements. If you have existing contracts with significant term left to run, you could introduce social procurement priorities and performance with your client. A strong performing and socially responsible supplier will be more difficult to transition and therefore gives the supplier a strategic competitive advantage.

Take the initiative and introduce social procurement and performance reporting as part of your next contract performance review. This is another great opportunity to work with the client on local priorities and inform them of your commitment to the G21 Region.