

POLICY



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Policy title: SOCIAL PROCUREMENT

Directorate: ORGANISATIONAL SERVICES

Branch: ADMINISTRATION

Policy objective: To support positive social outcomes for the Logan community through sustainable and responsible purchasing and procurement practices.

Policy Scope:

Council wants to do business with suppliers who deliver “Best Value”. “Best Value” recognises the value over the entire lifetime of a product or service. For this policy, “Best Value” is a combination of:

- Value for Money (VfM) - which is not about obtaining the cheapest quote, it is about achieving the best overall result for money spent; and
- “Blended Value” – the ability to generate a blend of financial, social and environmental value.

This policy is to apply where Council incorporates social benefits when procuring goods, services or the carrying out of works.

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. Social procurement is a key mechanism by which to generate wider social benefits for triple bottom line considerations, by providing a mechanism for linking and integrating social procurement into Councils procurement practices.

Definitions:

Term	Definition
Social procurement	Social procurement is using the Council's purchasing power to generate social benefits, adding value to procurement outcomes and supporting supplier and workforce diversity.
Social enterprise	Organisations led by an economic, social or cultural purpose consistent with a public or community benefit, social enterprises reinvest the majority of any profit or surplus into the fulfilment of their purpose.
Social benefit suppliers	A proactive business process approach that seeks to provide all suppliers equal access to purchasing and tendering opportunities. It promotes supplier participation reflective of the diverse business community and encourages economic development.
Procurement	Activities for the making of a contract are for: <ul style="list-style-type: none"> • the carrying out of work or the provision of goods and services; or • the disposal of valuable non-current assets.

Term	Definition
Social outcomes	When suppliers can demonstrate through the tender or quotation process that their delivery of goods, services or the carrying out of works will generate positive social outcomes for the City of Logan.
Social benefit supplier certification providers	Organisations that can provide Council staff with a list of businesses that have received certification as being either an accredited Indigenous businesses or a social enterprise.
Social Procurement Tenders or EOI's	Social Procurement tenders and EOI weightings are only to apply to tenders or EOI's that are evaluated under Councils three (3) gate tender process.
Value for Money (VfM)	"Whole of life" accounting – taking into account all relevant costs and benefits over the lifecycle of both the procurement process and the product's/service's lifetime.
Best Value	Best value procurement is a procurement system that looks at factors other than only price, such as quality and expertise, when selecting vendors or contractors. In a best value system, the value of procured goods or services can be described as a comparison of costs and benefits.
Blended Value	Blended Value refers to a framework in which suppliers are evaluated based on their ability to generate a blend of financial, social, and environmental value.

Policy Statement:

1. Policy, procedures and legislation applicable to local government tendering, contracts and purchasing

All Council procurement must be carried out in accordance with the *Local Government Act 2009*, the *Local Government Regulation 2012* (the Regulation) and Council's Procurement Policy. Council's procurement/contracting model is based on the default contracting procedures in accordance with Chapter 6, Part 3 of the Regulation.

2. Sound Contracting Principles (section 104(3) of the *Local Government Act 2009*)

Consideration must be given to the following sound contracting principles when procuring goods and services for Council and for the carrying out of work or disposing of Council non-current assets:

- (a) value for money;
- (b) open and effective competition;
- (c) the development of competitive local business and industry;
- (d) environmental protection; and
- (e) ethical behaviour and fair dealing.

3. Council's Procurement Manual Spend Limits

The below applies for any quotation or tender undertaken:

- (a) \$0.01 - \$3,000 (incl. GST) quotes encouraged;
- (b) \$3,001 - \$16,499 (incl. GST) two verbal quotes recommended;
- (c) \$16,500 - \$219,999 (incl. GST) three written quotes required; and
- (d) >\$220,000 or greater (incl. GST) full tender process required.

4. The details below are provided to assist with the interpretation and application of the principles.

(a) 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 and addresses supplier diversity and inclusion.

The potential outcomes of social procurement may include:

- creation of training and employment opportunities through procurement processes contained in contract clauses and specifications;
- addressing complex local challenges, such as intergenerational employment, crime, vandalism and economic decline in local communities or amongst disengaged groups;
- social inclusion, particularly for vulnerable groups - giving an opportunity to participate in the community and the economy; and
- engagement of small-to-medium enterprises and social benefit suppliers - providing the same opportunities as other businesses, including the ability to engage in the procurement processes.

(b) Social Enterprise

A social enterprise has three defining features:

- (i) a social purpose that is core to its focus, business and structure;
- (ii) the social enterprises key activity and income source being generated from the enterprise or business (as opposed to grants or philanthropy); and
- (iii) a profit distribution that aligns with and/or supports the impacts that are driven out of the social purpose — whether it is structured as a non-profit or for-profit entity it must be for the benefit of something beyond private wealth creation.

(c) Social Benefit Suppliers

A supplier that can deliver social outcomes and contribute back to the City of Logan community. For example, mainstream construction companies or large professional services firms may commit to employment targets for disadvantaged jobseekers. They might share profits to support charities or engage social benefit suppliers in their supply chains.

Social benefit suppliers can be described as an organisation that has a social purpose or mission and are often owned or managed by disadvantaged groups. These include, but are not limited to:

- (i) Aboriginal and Torres Strait Islander businesses - making a substantial contribution to addressing disadvantage, primarily by growing and developing the Indigenous business sector, and through this, generating employment opportunities;
- (ii) social enterprises - led by an economic, social or cultural purpose consistent with a public or community benefit. Social enterprises reinvest the majority of any profit or surplus into the fulfilment of their purpose;
- (iii) any businesses that can demonstrate through a procurement process how their business contributes, or will contribute, towards a positive social outcome within the City of Logan; or
- (iv) to recognise and be inclusive of minority-owned businesses (including people with disabilities, people from non-English speaking backgrounds, Aboriginal and Torres Strait Islander people) and small to medium size enterprises (SMEs) who previously may not have had the opportunity to compete for Council business.

(d) Social Supplier Certification

There are currently two (2) supporting organisations that provide an online portal to Council which contains a listing of all suppliers that have received social procurement supplier certification.

They are:

- Social Traders - a social enterprise development organisation, including a service connecting buyers with social enterprises; and
- Supply Nation - National Aboriginal & Torres Strait Islander business directory.

5. Social Procurement Strategy

The Logan City Council Corporate Plan 2017-2022 outlines a priority focus to develop and implement a social procurement strategy to encourage investment and local initiatives that achieve positive social outcomes.

Forward Procurement Plan

To inform Council's annual Forward Procurement Plan, Corporate Procurement will proactively consult with Council Branches to identify quotes, tenders or Expressions of Interest (EoI's) that provide a direct positive social benefit to the City of Logan.

A clear social benefits rationale including benefits, costs and risks should be documented in the project business case and procurement plan.

Where a social outcome has been identified and validated, the responsible branch will include social procurement considerations in the scope of work, specifications, performance standards and evaluation weightings.

The following procurement strategies apply to all procurement activities:

Low value procurement (between \$0.01 and \$16,499 incl. GST)

Council will proactively seek opportunities, where appropriate, to directly procure from Local Indigenous Businesses, Social Benefit Suppliers or Social Enterprises through Peak Services Local Buy panel arrangement and Vendor Panel marketplace.

Alternatively, where value for money outcomes are equal, Council may give preference to suppliers that provide a direct benefit in achieving positive social outcomes for the City of Logan.

Medium-sized contractual arrangement (between \$16,500 and \$219,999 incl. GST)

Council will proactively seek opportunities, where appropriate, to directly procure from Local Indigenous Businesses, Social Benefit Suppliers or Social Enterprises through Peak Services Local Buy panel arrangement or seek quotations from Vendor Panel marketplace.

Alternatively, where value for money outcomes are equal, Council may give preference to suppliers that provide a direct benefit in achieving positive social outcomes for the City of Logan.

Large-sized contractual arrangements (equal to or greater than > \$220,000 incl. GST)

Council will proactively seek opportunities to include positive social benefits in tenders and contracts through specifications, scope and percentage weightings.

For example:

- Council may allocate a pre-determined non-price weighting percentage of 30% for Indigenous Businesses, Social Benefit Suppliers or Social Enterprises that provide a direct social benefit to the City of Logan.
- Where appropriate, performance standards / contractual requirements may be included within contractual clauses that mandate positive social outcomes on the Supplier.
- Where value for money outcomes are equal, Council may give preference to suppliers that provide a direct benefit in achieving positive social outcomes for the City of Logan.

- In accordance with section 230 of the Local Government Regulation 2012, where Council decides, by resolution, to prepare a quotation or tender consideration plan.

6. Assessing Models of Social Outcomes

Examples of social outcomes and benefits of social procurement may include:

- local sustainability
- fair trade
- creating job opportunities or skills-based training in areas of disadvantage; or
- addressing complex local challenges, such as intergenerational employment, crime, vandalism and economic decline in local communities or amongst disengaged groups;
- social inclusion, particularly for vulnerable groups and giving them the opportunity to participate in the community and the economy; and/or
- engagement of all local social benefit suppliers and providing them with the same opportunities as other businesses, including the ability to engage in procurement processes.

7. Managing and Evaluating Social Procurement

Monitoring, reporting and managing the targeted social benefit objectives being realised is critical to the success of the policy. Ensuring that methods and mechanisms are in place for measuring both the service deliverables and the social benefits of the process will assist in managing the social procurement activity and reporting.

As a minimum, social clauses in contracts must include references to measurable performance indicators, how the benefits will be monitored by Council (including reporting requirements) and what management processes are in place to evaluate the supplier’s performance in relation to achieving the agreed social outcomes (i.e. monthly reporting supplied by the supplier/contractor).

8. Monitoring and review

Identifying, developing and monitoring social benefit outcomes shall be included in branch key performance indicator reporting requirements.

The success of this policy will be assessed using two key performance indicators:

- (a) The number of social benefit/enterprises contracted to Council; and
- (b) An increase in the number and value of purchase orders/contracts awarded to social benefit/enterprises.

Related policies/legislation/other documents:

DOC ID	DOCUMENT TYPE	DOCUMENT NAME
5962134	Policy	Procurement
11380251	Policy	Procurement - Buy Local
7172216	Policies Manual	Procurement Policies Manual
9250148	Guidelines	Contract Management Framework