



Government of **Western Australia**
Department of **Finance**

The Western Australian Social Procurement Framework Practice Guide

May 2021



Acknowledgments

This guide is a product of the Western Australian Department of Finance.

The Practice Guide draws from various sources. Most particularly the guide references ideas and frameworks described in the Queensland Government Social Procurement Project, the Social Procurement in NSW – A guide to achieving Social Value through Public Sector Procurement, published in October 2012 and Victoria's social procurement framework – State of Victoria published 2018.

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Introduction

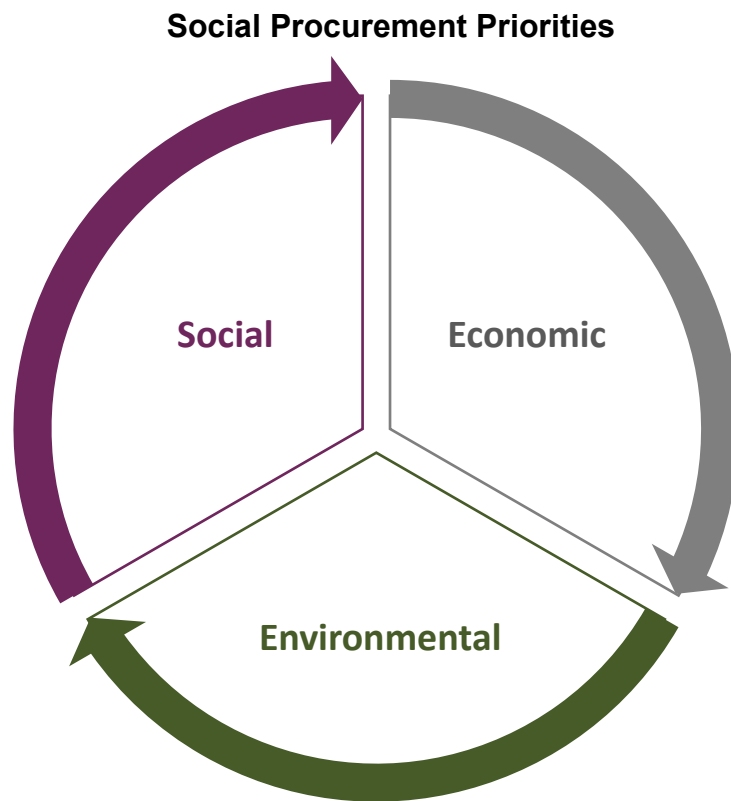
The Western Australian Social Procurement Framework Practice Guide (the Practice Guide) forms part of the broader Social Procurement Framework (the Framework) which brings together all relevant Western Australian Government social procurement policies and priorities into one place. This guide should be read in conjunction with the Western Australian Procurement Rules (the Procurement Rules).

The value for money rule underpins Government procurement. It is the achievement of a desired procurement outcome – not necessarily the lowest price – based on a balanced judgement of Government’s social, economic and environmental priorities, cost and non-cost factors relevant to the procurement.

The Framework uses the term ‘social procurement’ to encompass all social, economic and environmental benefits enabled through government procurement that lead to the achievement of Community Outcomes.

The Practice Guide helps State agencies and their procurement officers (Officers) to incorporate consideration of these Community Outcomes into their procurement activities.

The Framework includes information on each relevant policy and priority.



Determining which Community Outcomes to Pursue

The Western Australian Government has identified the importance of delivering Community Outcomes in the priority areas below. There are a number of (sometimes competing) priorities which make it unrealistic to target all of government's priorities in every procurement.

Officers are familiar with juggling multiple priorities when undertaking procurements. The Practice Guide will assist State agencies to determine where to focus their efforts and ultimately achieve better Community Outcomes for Western Australians.

Community Objectives and Outcomes

The Western Australian Government's Community Objectives and Community Outcomes are identified below. The selection of Community Outcomes should be informed by a State agency's overall responsibilities and priorities.

- Aboriginal Australians
- The WA Regions and regional Western Australians, local and SME suppliers

- Western Australians with a disability
- Gender equality
- Multicultural Western Australians
- A sustainable Western Australia



| Community Objectives | Community Outcomes |
|---|---|
| Opportunities for the Western Australian Aboriginal community | <ul style="list-style-type: none"> • Increased purchasing from Aboriginal businesses. • Improved employment prospects for the Aboriginal community. |
| Opportunities for Western Australian regions and regional Western Australians | <ul style="list-style-type: none"> • Improved job readiness, training and employment for people from regional Western Australia. • Increased regional employment of apprentices and trainees through government contracts. • Increased use of regional small and medium enterprises (SME) within the supply chain. |
| Opportunities for Western Australians with a disability | <ul style="list-style-type: none"> • Increased purchasing from an Australian Disability Enterprises (ADE). • Increased employment of Western Australians with a disability. |
| Opportunities for gender equality | <ul style="list-style-type: none"> • Increased compliance with the Workplace Gender Equality Act 2012. • Improved gender equality in the workplace. |

| Community Objectives | Community Outcomes |
|--|--|
| Opportunities for local ¹ and SME suppliers to win government business. | <ul style="list-style-type: none"> • Increased use of local suppliers in the supply chain. • Improved confidence in sustainable regional employment. • Increased engagement and sustainability of Western Australian SME's. • Increased opportunity to bid for more accessible contracts. |
| Opportunities for multicultural Western Australians | <ul style="list-style-type: none"> • Increased opportunities for businesses established by Western Australians from culturally and linguistically diverse backgrounds. |
| Sustainable Western Australia | <ul style="list-style-type: none"> • Minimising negative impact to the environment • Reduction in the use of disposable materials. • Increased use of recyclable materials. • Increased use of non-toxic materials. • Improved energy and water conservation. • Improved environmentally sustainable business practices. |

Procuring for Community Outcomes

The most effective method of incorporating Community Outcomes into a procurement process, is to consider these outcomes through each stage of the process.

This part of the Practice Guide will take Officers through each stage of the procurement lifecycle and help you incorporate a consideration of Community Outcomes into this lifecycle. These stages of procurement are also reflected in the Western Australian Procurement Rules.

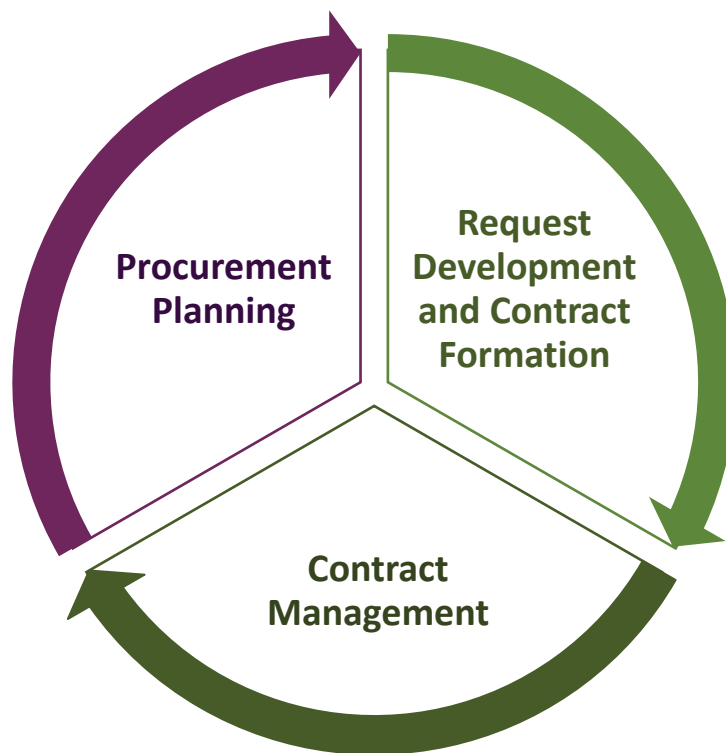
Incorporating social procurement considerations should not, necessarily, carry additional costs, providing the social procurement requirements are proportionate to the size and value of the contract. If undertaking a procurement and the inclusion of significant Community Outcomes has been proposed, for example environmental

¹ Local is as defined within the *Western Australian Jobs Act 2017*.

solutions, Officers are encouraged to seek stakeholder feedback and undertake market analysis to better understand potential cost impacts. It is important that the balance between cost, non-cost and Community Outcomes should be incorporated in a manner that is verifiable, transparent and clearly communicated to potential suppliers.

Incorporating Community objectives into your procurement should not be complicated. Officers do not need to define exactly how they expect suppliers to achieve the desired Community Outcome. Officers may achieve the best outcome by allowing respondents to propose a solution enabling innovative and alternative offers.

Key stages of a procurement process



Procurement Planning

Deciding which Community Outcomes

A State agency's strategic goals and or the type of procurement may lean naturally towards one or more of the Community Objective areas. If an agency is more aligned with a specific Community Outcome, Officers would be more likely to consider including these outcomes in the procurement process.

For example, the Department of Water and Environment Regulation may focus on environmentally sustainable practices, whereas the Department of Primary Industries and Regional Development would have a strong focus on supporting regional businesses.

A State agency may also have internal priorities that directly relate to the Community Outcome areas and have established goals and expectations. Officers should familiarise themselves with your State agencies commitments and areas of focus.

Annual Strategic Forward Procurement Planning and Community Outcomes

The Western Australian Procurement Rules require State agencies to complete an annual strategic forward procurement plan.

Annual strategic forward procurement planning provides an ideal opportunity to focus on social procurement opportunities for upcoming procurements, and in the longer-term, ensuring alignment with the State agency's strategic goals and purpose as well as wider government priorities.

At the forward procurement planning stage, agencies should examine upcoming procurement profiles and pipelines of work. Upon examination, State agencies may decide not to procure at all; it may be determined to reuse, recycle or borrow resources from another State agency to meet the identified need.

Officers can also:

- Identify any goods, services or works that are able to be delivered by a registered Aboriginal business², or an Australian Disability Enterprise (ADE)³
- Identify procurements that will be delivered to a particular group, and therefore suited to pursuing Community Outcomes for that group
- Compare procurements with examples from other State agencies that have successfully incorporated Community Outcomes
- Examine opportunities to unbundle contracts to target regional SME's, ADEs and Aboriginal Businesses. Note agencies should not disaggregate purchases for the sole purposes of meeting policy targets or to avoid higher procurement thresholds.

² Registered Aboriginal business refers to any business listed on Supply Nation's Indigenous Business Direct, or the Aboriginal Business Directory of WA.

³ ADEs are commercial businesses that employ people with disability. A complete list of approved ADEs is available from the Australian Disability Enterprises website [URL: www.buyability.org.au/directory]

- Research state-wide and regional supply chains, including SME capability and maturity to deliver Community Outcomes (see below for more information).

Determining the suitability of Community Outcomes

When determining whether it is appropriate to incorporate a consideration of Community Outcomes into a procurement, Officers should consider the value, scale, complexity and location of the individual procurement activity.

Effective analysis will enable the State agency to determine if the main procurement need can be delivered effectively while increasing social value by including Community Outcomes. Key questions for this analysis can be found below.

Analysing the suitability for including Community Outcomes in a procurement

- Which communities are affected by the procurement activity?
- Will the goods, services or works be delivered to, or target the specific needs of a particular group, such as Aboriginal people in discrete locations, or in locations that have a high Aboriginal population?
- Are there opportunities to break down the procurement by designing a program of smaller works, thereby supporting supplier diversity and generating opportunities for SME, regional or Aboriginal businesses?
- Should any of these works be offered to a ADE or local business with the required capability?
- Are there any opportunities for larger suppliers to collaborate with local SMEs, Aboriginal business or ADEs, to include these businesses in their supply chain?
- Are the businesses who are likely to tender for this opportunity large enough to be able to deliver Community Outcomes? Will it be stretching the market too far? Will it reduce the market and preclude small businesses from tendering?
- Are there any peripheral services that will result from the work (e.g. catering near job sites or cleaning services), and is it possible to link the successful supplier with businesses that contribute to a Community Outcome to promote these opportunities?
- Are there opportunities to offset emissions and /or divert waste from landfill?
- Could apprenticeships be created/required to support the delivery?

Consideration of Community Outcomes when completing planning for individual purchases

State agencies may identify opportunities to incorporate Community Outcomes as part of their annual forward strategic procurement planning or more specifically at the individual purchasing level.

It is important that Community Outcomes are included in Procurement Plans and other planning documentation that is considered and agreed to in a manner that is informed and achievable. The following key activities can assist State agencies to develop a procurement process and contract that maximises Community Outcomes.

Supply Market Analysis

Understanding the supply market is an important part of procurement planning and can assist State agencies in identifying how these markets might respond to the inclusion of social procurement requirements.

State agencies should undertake research to identify suppliers who can fulfil the procurement requirements in the delivery region and who have experience of delivering Community Outcomes. Supply market analysis is particularly important in regional areas.

Supply market analysis should consider:

- Supplier's capacity to deliver Community Outcomes in the service area
- Supplier's experience in delivering Community Outcomes
- SME collaboration and sub-contracting opportunities
- Risk identification and management (e.g. regional supply chain)
- Diversity of suppliers
- Likelihood of suppliers accepting social procurement requirements into the procurement process (i.e. the overall maturity of the supply market in delivering on social procurement requirements).

State agencies are encouraged to use the information gained from a supply market analysis to build regional market profiles that identify businesses with the capability and capacity to deliver Community Outcomes. These profiles can be used across the State agency to support procurement planning activities.

The following table includes useful sources when conducting supply market analysis. Relevant contacts and resources can be found within the Framework.

| Source | Purpose |
|--|---|
| <p>Aboriginal business directories</p> <p>Supply Nation's Indigenous Business Direct (national directory)</p> <p>Aboriginal Business Directory of Western Australia (WA directory)</p> | <p>These directories are listed as suitable directories in the Aboriginal Procurement Policy for identifying registered Aboriginal businesses. They are useful for Officers looking to identify businesses that may assist their agency in meeting the Aboriginal Procurement Policy targets.</p> |
| <p>Disability enterprise directories</p> <p>West Australian Disability Enterprises (WA directory)</p> <p>BuyAbility's Directory of Australian Disability Enterprises (national directory)</p> | <p>Increasing employment opportunities of people with disability through the management of socially responsible procurement opportunities for Disability Enterprises.</p> <p>The WA Directory provides information on the eight Western Australian Disability Enterprises (ADEs), operating from more than 50 business locations. The ADEs offer a wide range of quality products and services across WA.</p> <p>The BuyAbility Website provides government and private business with an easily navigated website to identify and source Disability Enterprises nationally. Officers can search by location or by procurement category.</p> |
| <p>Local Content Advisers</p> | <p>Department of Primary Industries and Regional Development Local Content Advisers (LCAs) are located in the nine Regional Development Commissions to take a lead role in maximising local content opportunities, including goods, services and jobs, for State Government funded projects.</p> <p>The LCAs can provide feedback from SMEs on their experiences seeking government contracts and thereby help State agencies to design procurements in a way that helps these businesses gain access to supply opportunities. LCAs may also promote major upcoming contracts in regional areas to enable regional industry to consider and prepare competitive bids.</p> |

| Source | Purpose |
|---------------------------------------|--|
| Tenders WA | <p>Tenders WA is used by State Agencies to advertise public requests and publish contractual awards. Tenders WA has available:</p> <ul style="list-style-type: none"> • Advertised and awarded contract information • Details by region • Type of contract. • Contract value • Supplier information • State agency contacts |
| PowerBI dashboard | <p>State agencies may have access to a PowerBI dashboard which draws information from Tenders WA to allow identification of trends in spend, regional variation, application of the Buy Local Policy and numbers of small businesses contracted by government.</p> <p>Contact gpbusinessanalysis@finance.wa.gov.au for further information about accessing the Tenders WA dashboard.</p> |
| Who Buys What and How | <p>Who Buys What and How is an annual report on the goods, services and works expenditure of government agencies according to information listed on Tenders WA, Common Use Arrangements and other expenditure reports.</p> |

Stakeholder identification and engagement

Stakeholder identification and analysis is encouraged so that anyone with an interest in the proposed goods, services or works receives appropriate communication. This is a vital consideration when procuring regionally and can provide a better understanding of supply chain considerations.

A few simple questions can often assist in identifying stakeholders:

- Who are the goods, services or works for?
- Who is affected by the goods, services or works?
- Who can influence the goods, services or works?
- Who is interested in the goods, services or works?

The stakeholder engagement process should:

- Be a genuine consultation process so that all parties have the opportunity to exchange views and information
- Be free from manipulation or coercion
- Be developed early enough to identify and plan for opportunities and issues
- Disseminate all information in advance to the relevant stakeholder and present it in an easily understandable format.
- Inform stakeholders of any results or outcomes of the consultation process.

Stakeholder engagement should be delivered by Officers with strong communication skills. State agencies should consider the development of internal process to ensure;

- Stakeholder engagement techniques that are culturally appropriate
- Use of appropriate technology to enhance level of awareness amongst stakeholders
- Processes that reflect timeframes, regional realities and languages
- Good record keeping practices of who has been consulted.

If possible, look at previous stakeholder engagement processes that were undertaken in procurements for similar goods, services and works to identify any potential opportunities, problems and solutions.

Researching Strategies to Incorporate the Community Outcome

A clear understanding of the benefit of including Community Outcome requirements can be achieved by identifying and assessing opportunities, costs, risks, issues and mitigation strategies. A particular focus should be placed on the procurement life

cycle to enable informed strategies to ensure the Community Outcomes can be achieved.

These findings should be documented and if applicable included in procurement or project planning documentation.

The table below provides possible examples that may be used to identify the most appropriate strategy when determining how to implement social procurement within the procurement process.

| Community Outcome | Tender document requirement (prescriptive) | Approach to market | Risk and mitigation | Other considerations |
|---|--|--|--|---|
| Increased purchasing from registered Aboriginal businesses | Qualitative criterion regarding cultural competence when engaging with Aboriginal stakeholders | Direct engagement with registered Aboriginal businesses Or Open tender with experience for subcontracting/ partnerships with Aboriginal businesses | Risk: Aboriginal business in area not able to undertake full scope of work Mitigation: Consider disaggregation of work packages where applicable | Capability building options available for registered Aboriginal businesses |
| Improved job readiness, training and employment for people from regional Western Australia. | Suppliers complete WAIPS participation plan outlining how they will engage local industry and provide for employment opportunities | Open tender with requirements for apprenticeships and employment opportunities | Risk: Insufficient workforce in the region to meet employment commitments made in the tender Mitigation: Engage with Local Content Advisers to determine local workforce conditions | TAFE resourcing or Group Training Organisation availability |
| Increased use of non-toxic materials | Clear requirement in specifications and inclusion of qualitative criterion regarding Sustainability and Environmental Impact | Open tender with a mandatory requirement for the supplier to be certified in environmental management systems AS/NZS ISO 14001 | Risk: Suppliers with higher environmental standards may represent a significantly higher cost Mitigation: Qualitative evaluation balanced with cost considerations | Compulsory Environment certification Alternative methods possible such as experience History of breaches of the Environmental Act |

Approaches to Market

When thinking about the achievement of Community Outcomes through procurement, most people tend to think about tender design – including selection criteria or including the delivery of these outcomes in contract scopes or specifications.

Limiting consideration of social impact to tender design overlooks other ways we can deliver on Community Outcomes. These other ways include:

- Directly engaging registered Aboriginal businesses and Australian Disability Enterprises
- Disaggregation of a project or programme of works to encourage SME participation, and
- Releasing an Early Tender Advice.

Engaging Aboriginal businesses and Australian Disability Enterprises

As permitted in the Procurement Rules, State agencies may directly engage a registered Aboriginal business or Australian Disability Enterprise (ADE) up to any value, in conjunction with establishing value for money.

The resources listed earlier in this guide can be useful for Officers to identify whether an Aboriginal business or ADE is capable of delivering on requirements that represents value for money. Once an Officer has identified a suitable business on either the Aboriginal business directories or the ADEs website, they can search the business' name on Tenders WA to see if they have previously been awarded a contract for a similar requirement. The contact person will also be listed if further details are required.

An assessment of the business' capability should be undertaken alongside any further due diligence requirements.

For further information about directly engaging an Aboriginal business or ADE, see the Guidelines on Directly Engaging Aboriginal Businesses or ADEs.

Disaggregation to encourage Small to Medium Enterprise participation

Where appropriate, State agencies may consider the disaggregation of a project, program of work or procurement into multiple, to make it more accessible to, and provide increased opportunities for SMEs (including Aboriginal businesses and ADEs). This approach may be particularly effective in regional areas, resources listed earlier such as Tenders WA will support Officers.

State agencies must ensure there are clear community benefits when deciding to disaggregate procurements. This may be to facilitate the development of multiple SME's whilst ensuring decisions are financially responsible.

Note, State agencies that would be required to involve Finance (as set out in Rule C1 of the Procurement Rules) if the procurement was not disaggregated, must seek advice from the Department of Finance before disaggregating.

State agencies must document a decision to disaggregate in writing and provide justification for how the decision is likely to result in the engagement of a wider number of SMEs, while still delivering value for money outcomes for the community.

Releasing an Early Tender Advice and informing the market

The use of early tender advice should always be considered – it is an effective tool in engaging the supply market and providing initial details of the upcoming procurement. State agencies can lodge early tender advice on the [Tenders WA website](#), or on their own website. It is recommended that this advice be publicly advertised at least one month prior to the actual release of the tender or at least 40 days if a Covered Procurement as per the Procurement Rules.

Providing early tender advice for scheduled contracts offers more time for:

- Local businesses to consider and prepare tender responses, which may help them develop more innovative and competitive solutions.
- Head contractors to engage with local subcontractors and/or joint venturers.

Prospective suppliers may also provide feedback on the early tender advice which can help State agencies structure or improve their tender.

Additionally, to continue transparency and clear communications, a tender briefing is particularly useful for tenders that may include significant or innovative social procurement considerations. It provides potential suppliers an overview of the Request and an opportunity to get clarification on requirements before the Request's closing date.

Request Development and Contract Formation

Once a procurement strategy is established, the Request⁴ (including disclosure, specification and qualitative criteria), should be carefully crafted to consider identified Community Outcomes.

⁴ The term Request is used in this guide to describe the relevant approach to market documentation. This includes Request for Tender, Request for Proposal, Expression of Interest or a Request for Quotation.

Integrating social procurement requirements into the Request is the most effective means of ensuring that social procurement opportunities and risks are incorporated into procurement decision-making.

The Request document forms the basis for any subsequent contract that may be awarded. It also sets out the process that Officers must follow when evaluating any offers received. If Officers don't follow the process set out in the Request this may become a significant risk for the State agency.

For this reason, Officers will need to include consideration of Community Outcomes in the Request document, this can include:

- Delivery of Community Outcomes in the specification. This will therefore become a contract provision that must be delivered
- A consideration of how a supplier satisfies the Community Outcomes in disclosures, compliance and qualitative criteria, and / or
- Price preferences for evaluation purposes only.

Disclosure and Compliance Criteria

Disclosure and compliance criteria should be considered when seeking to establish the respondent's position and broader corporate responsibility when making tender decisions.

To do this Officers may utilise the disclosure section of the Request and /or insert compliance criteria. This may ask respondents about previous Community Outcomes and policies in place.

This may include regulatory requirements such as within building and works contracts or for example, a respondent's compliance with the reporting requirements of the Workplace Gender Equality Act 2012. This inclusion should be considered if seeking improved gender equity in the workplace. This may also lead to additional questions relating to the respondent's organisational policies related to gender equality.

Specification and Qualitative Criteria

There are three methods to draft social procurement specifications and qualitative criteria:

- **Prescriptive** – specify targets, deliverables and / or specific Community Outcomes. For example, a predetermined number of apprentices to be employed when delivering on the contract.
- **Non-prescriptive** – State agencies are encouraged to specify the Community Outcomes aligned to the procurement and ask potential suppliers to consider

the nature and extent of Community Outcomes that may be delivered and how these will be achieved.

- **Mixed** – it is possible to mix these approaches. For example, a State agency might prescribe a particular Community Outcome appropriate to the procurement, such as employment opportunities for people with disability, but ask suppliers to describe how they will deliver on these requirements.

Regardless of which of the three methods are used, when drafting Community Outcomes into specifications it is important that they are contractually enforceable. They should:

- Include reporting requirements
- Be referenced to measurable key performance indicators
- State how the Community Outcomes will be monitored, and
- Include what management processes are in place to evaluate the supplier's performance in relation to achieving the agreed Community Outcomes, such as a schedule for contract management meetings.

Performance indicators and reporting requirements need to be clear and specific. Unmeasurable Community Outcomes within contracts significantly diminish the likelihood of success.

Agreed social procurement commitments should be detailed and included in award letters if they weren't included in the specification or Offer. These commitments then need to be monitored over the life of the contract alongside other deliverables.

These methods require the inclusion of qualitative criterion that enables the respondent to detail how they will achieve the selected Community Outcome/s in the Request (and contract). Qualitative criteria should also be used to provide information that considers a respondent's experience, current organisational position, policies or broader corporate responsibility, when making a tender decision.

The benefits, risks and mitigations with each different approach to social procurement specifications and criteria are identified below.

| Approach | Benefit | Risks and mitigations |
|-------------------|--|---|
| Prescriptive | <p>Suits procurement initiatives where the Officer has a very clear understanding of Community Outcome requirements and how they want them delivered.</p> <p>Provides clarity to potential suppliers on the Community Outcomes being sought by the buyer.</p> <p>Measurable indicators of success are readily built into contractual arrangements.</p> <p>State agencies can clearly demonstrate leveraging procurement spend to support Community Outcomes.</p> <p>Officers can better target expenditure to address specific priorities.</p> | <p>May present challenges for some potential suppliers who lack experience in delivering on social benefits or outcomes.</p> <p>Can reduce innovative approaches in the market</p> <p>This can be mitigated by undertaking appropriate 'procurement briefings' and / or dedicated stakeholder engagement events or supplier capability building strategies.</p> <p>Potential mainstream suppliers can be linked to social procurement related suppliers' peak bodies, support and intermediary organisations and resources.</p> |
| Non- prescriptive | <p>Suits procurements where social procurement opportunities, including the capacity of the supply market, are not well understood by the State agency.</p> <p>Encourages potential suppliers to aim high in their determination of what Community Outcomes they can deliver.</p> <p>Encourages potential suppliers to build capability in delivering Community Outcomes alongside goods, services and works.</p> | <p>Tenders may contain conservative estimates of Community Outcomes to ensure they are within cost estimates and that any impacts declared are more easily delivered.</p> <p>May be more difficult to develop measurable performance indicators.</p> <p>If Community Outcomes are to be 'weighted' in tender evaluations, comparisons between suppliers may be difficult.</p> |
| Mixed | <p>Suits procurement initiatives where Officers understand the Community Outcomes they want to generate, but don't understand the best way to achieve them.</p> <p>Allows State agencies to direct the nature of Community Outcomes (e.g. employment for people with disability) while encouraging innovative solutions as to how outcomes are to be delivered.</p> | <p>Vague or incomplete specifications might deter some potential suppliers.</p> <p>This can be mitigated by undertaking appropriate 'meet the buyer' events and / or dedicated pre-market soundings or supplier capability building strategies.</p> |

Tips for including social procurement specifications and criteria in procurement documents

- Should be clearly stated so that they are easily understood and addressed by suppliers.
- Should reference the government priorities, commitments, policies or legislation which support their inclusion.
- Social procurement requirements should be proportionate to the size and risk of the project.
- Onerous requirements should be avoided.
- Facilitate fair competition among suppliers.
- Where appropriate, focus on outcomes, describing 'what' is required rather than 'how' it should be delivered. This flexibility allows for innovation and ensures a focus on results.
- Ensure qualitative criteria and any associated weightings are transparent, understandable and included in all tender documentation.
- Consider what is measurable, how it will be measured, reported and evaluated.

Regional Price Preferring

Many will be familiar with the price preferences given to regional suppliers; and suppliers who use regional content to deliver contracts in the regions. Price preferring in this context can be useful to enable informed Community Outcomes. These price preferences are included in the [Buy Local Policy 2020](#) and must be included in all relevant procurements.

Qualitative Criteria (Evaluation) and Weighting

Qualitative criteria should reflect the objectives of the individual procurement being undertaken. Qualitative criteria allow the social procurement practices and commitment of potential suppliers to be assessed as part of the value for money assessment.

When considering the inclusion of specific social procurement related criteria, Officers should consider an appropriate weighting value of a qualitative criterion. This is particularly important if the social procurement criteria are likely to make a difference to the value for money decision.

For example, a contract with the opportunity to build economic development through contracting with SME's, such as a regional construction contract, should have criteria

that are weighted higher than a procurement with less opportunity to influence, such as office-based consulting services.

A consideration of between 5 to 10 per cent is considered normal practice for social procurement qualitative criteria. Officers should assess the appropriate weighting on a case by case basis and ensure it is proportionate to the contract value and importance of delivering Community Outcomes relative to other procurement requirements.

For regionally based procurements, qualitative criteria should ensure regional considerations are prioritised. This may include qualitative criteria such as 'demonstrated regional experience' and 'demonstrated cultural competence'.

Case study: Building in social procurement outcomes through qualitative criteria

The Department of Finance awarded a contract for the delivery of capability building services for Aboriginal businesses across WA in 2019. When developing the Request for these services, a strong focus was placed on ensuring that the successful respondent(s) was culturally competent to deliver the services in each specified region. A qualitative criterion was included for 'Cultural competence', comprising consideration of the respondent's status as a registered Aboriginal business, knowledge of cultural protocols of the Aboriginal community in the delivery area and the cultural competency of specified personnel involved in delivering the program.

The criterion was weighted 20 per cent, ensuring it had a meaningful impact in the evaluation process. The outcome was that three Aboriginal businesses were engaged to provide services in six delivery regions, each with specific knowledge and cultural understanding of those regions. This example demonstrates that where a particular social outcome is relevant and important to the procurement, careful consideration of how the requirements can be built into the Request can ensure delivery of social procurement outcomes.

Evaluation

Incorporating consideration of Community Outcomes and sustainability considerations during the planning, analysis, request formation stage including setting qualitative criteria, will ensure these outcomes are considered during evaluation. A State agency should not deviate from the evaluation process set out in the Request.

When considering the makeup of the evaluation panel, Officers should ensure panel members, be them voting or non-voting, possess a range of skills and experience relevant to the nature of the purchase and the Community Outcome. This is important if considering complex commitments.

Contract Management

Community Outcomes, the supplier's commitments in their Offer, and the resulting Contract, should be actively monitored and regularly managed in the same way as other contract expectations, such as quality and costs. Active monitoring and management of these expectations creates opportunities to identify how outcomes and delivery might be enhanced and ensures the procurement is delivering the intended social impact.

It is important that contract management documentation such as the contract management plan and contract workbooks are updated to reflect the commitments made to deliver Community Outcomes to enable a clear and informed approach.

Stipulating measurable social procurement commitments and actively managing them sends a strong message to suppliers that government buyers are serious about delivering on Community Outcomes through government procurement.

Contract reviews should take place throughout the contract to ensure Community Outcomes remain in focus and remain a priority of both the State agency and the supplier.

Tips for managing outcomes

- Reporting requirements should specify the target Community Outcomes, the performance indicators for achieving the Community Outcomes and the reporting terms and times.
- Ensure performance indicators are easily understood. It should be clear to the supplier how performance indicators are related to targets and Community Outcomes.
- Monitoring and reporting requirements should be proportionate to the size and importance of the Community Outcomes being delivered.
- Ensure the monitoring of social procurement commitments and Community Outcomes are measured and reported alongside other deliverables within the contract.

Contract Review and Learnings

Evaluating the Community Outcomes achieved through government procurement is easier and more meaningful if it is considered during planning stages and not just at the end of a contract. Clearly articulated, measurable and easily reported outputs and outcomes, form the foundation for any review and learning process. Planning for this early takes the hard work out of reporting requirements for suppliers and evaluation of outcomes.

In some cases, such as very large procurements, it might be possible and appropriate to resource and conduct complex and detailed analysis, such as a 'social

return on investment' study. In most cases it will be better to keep it simple by focusing on measuring, evaluating and reporting what is possible.

Tips for evaluating and learning from a social procurement contract

- Document how the procurement and contract will be evaluated early, share ideas with stakeholders and seek their input.
- Link social procurement commitments to specifications, targets, activities, performance indicators and then to outputs and Community Outcomes so the original intent is not lost.
- Keep it simple. Work with suppliers to measure, report and evaluate what is possible, without creating restrictive red tape.
- Document any issues and resolutions that may have occurred.
- Draft a case study about what works and what doesn't work; other projects will benefit from both.
- Documenting the Community Outcomes for individuals, businesses, places and communities and sharing their stories can be a powerful way influence other State agencies.
- Organise a formal stakeholder review of what worked well and what could be improved.

Contact information

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Osborne Park

Western Australia 6017

Email: procurementadvice@finance.wa.gov.au

Website: www.wa.gov.au/organisation/departments-of-finance