

# Leveraging Social Procurement

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Introduction to Social Procurement for local government

Rhianna Dean, Social Traders

# Acknowledgement

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*I would like to acknowledge the the Wurundjeri people of the Kulin Nation, the Traditional Custodians of the country I am joining you from, and acknowledge their continued connections to land, waterways and community. I pay my respect to their Elders past, present and emerging. I extend that respect to the traditional custodians of Country throughout Australia and all Aboriginal and Torres Strait Islander people who may be joining us today.*

# What we'll cover today

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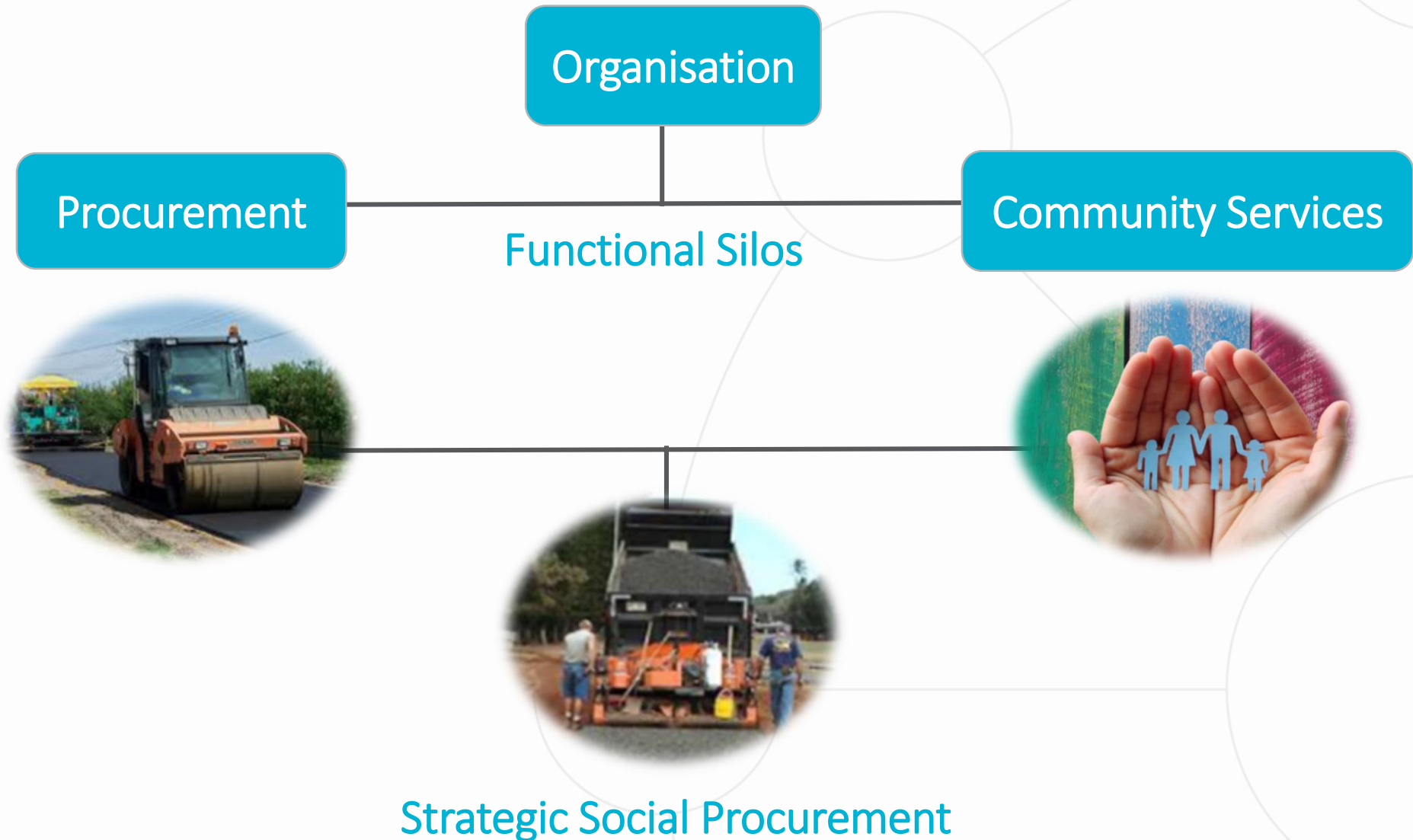
- What do we mean when we say 'Social Procurement'?
- What are some local councils already doing to leverage social procurement?
- What are the different things you can do to strengthen social procurement in your context?
- What are some practical examples of how to embed social procurement into your purchasing processes?
- Working towards the unique role local government can play in building social enterprises?

# What is social procurement?

When buyers use their purchasing power to achieve social outcomes beyond the products and services they require, they are undertaking social procurement.



# A cross functional approach to driving social value

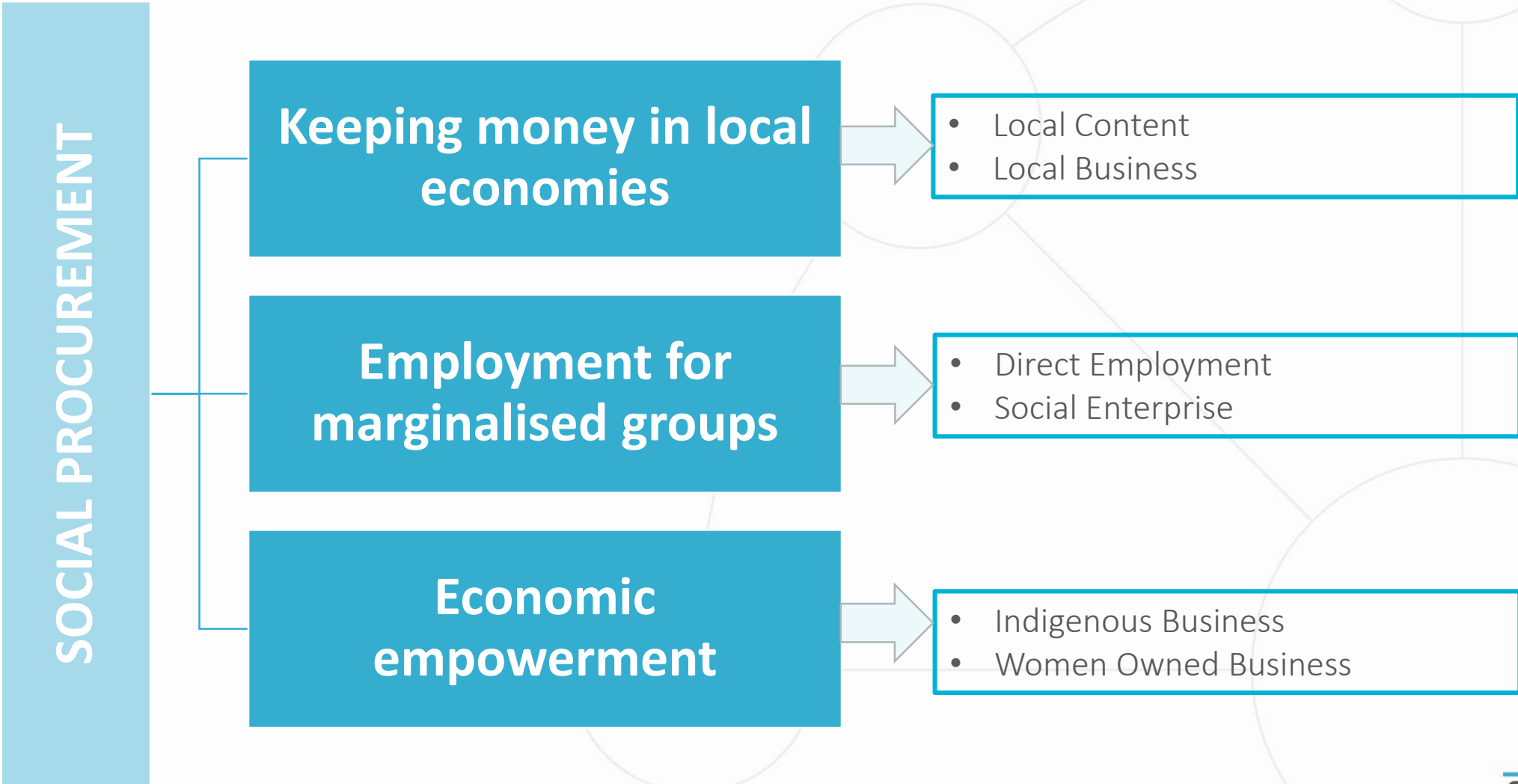


# Breakout - Impact in your context

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- What are some examples of the types of 'social impact' that you think could be supported through this type of procurement?
- Do you already have any social targets, goals or commitments to your community that align to these impact areas?

# Social Procurement



# What is a social enterprise?

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Social enterprises are businesses that trade to intentionally tackle social problems, improve communities, provide people access to employment and training, or help the environment.



A Social Traders certified social enterprise:

1. Has a defined primary social, cultural or environmental purpose consistent with a public or community benefit
2. Derives a substantial portion of their income from trade; and
3. Invests efforts and resources into its purpose such that public/community benefit outweighs private benefit



# Social Traders Services

## Business & Government



Access & support



Leadership network

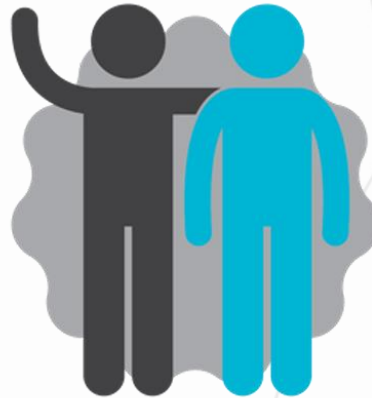


Strategy development



Staff engagement

Building connected community



Social Traders role is to work as the broker between Business and Government & social enterprise

## Social Enterprise



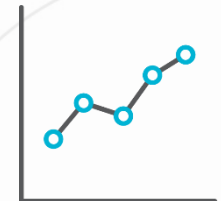
Credibility



Connect with Customers



Join the community



Help grow your business

# Key Achievements



**53** Social Traders Business & Government members  
As at end of FY2019 26% increase on FY2018



**\$105**  
Million spend



**290** Social Traders certified social enterprises  
As at end of FY2019 16% increase on FY2018

**IMPACT:** on people and communities experiencing disadvantage.

**700**  
Jobs Supported

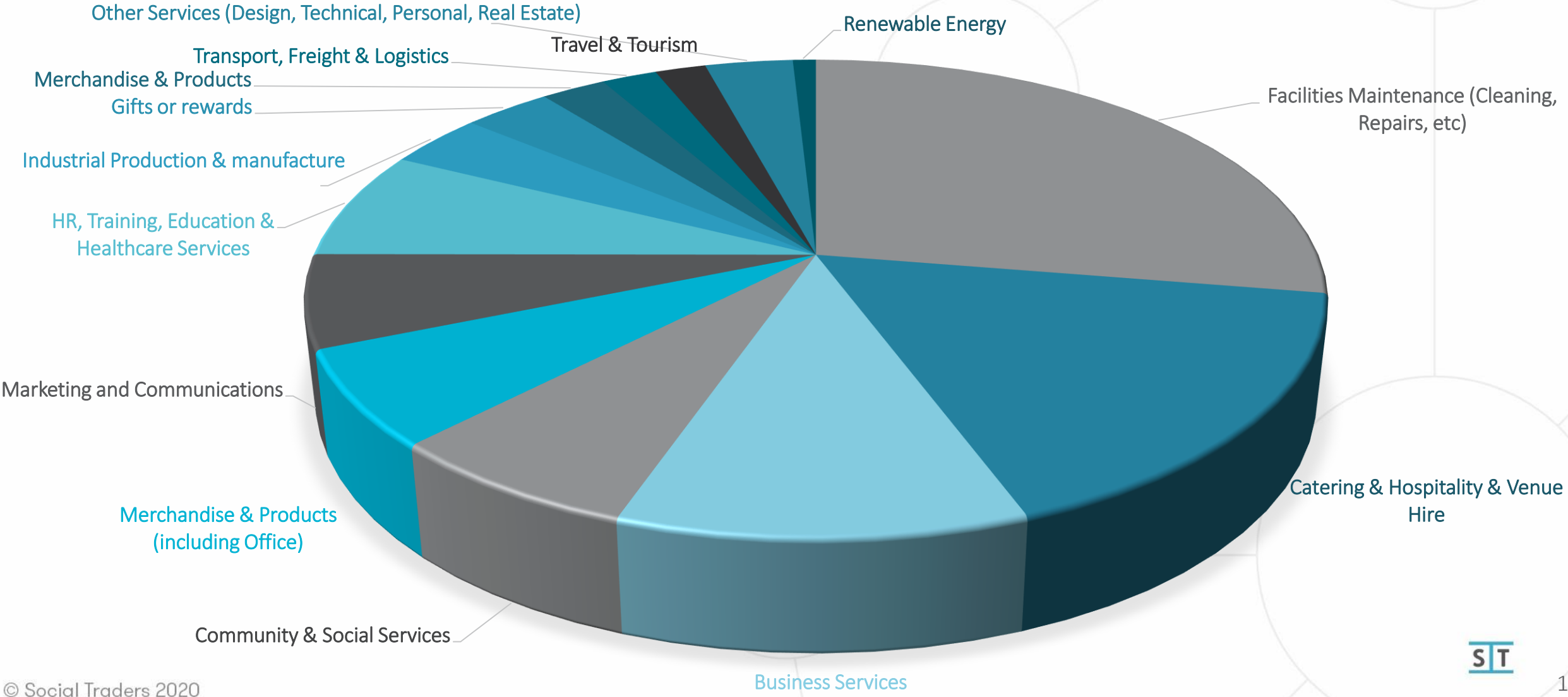
**220<sup>K</sup>**  
hours of employability skills training

**\$8** MILLION  
in free or low cost goods and services

**\$2** MILLION  
of funds distributed to charitable purposes

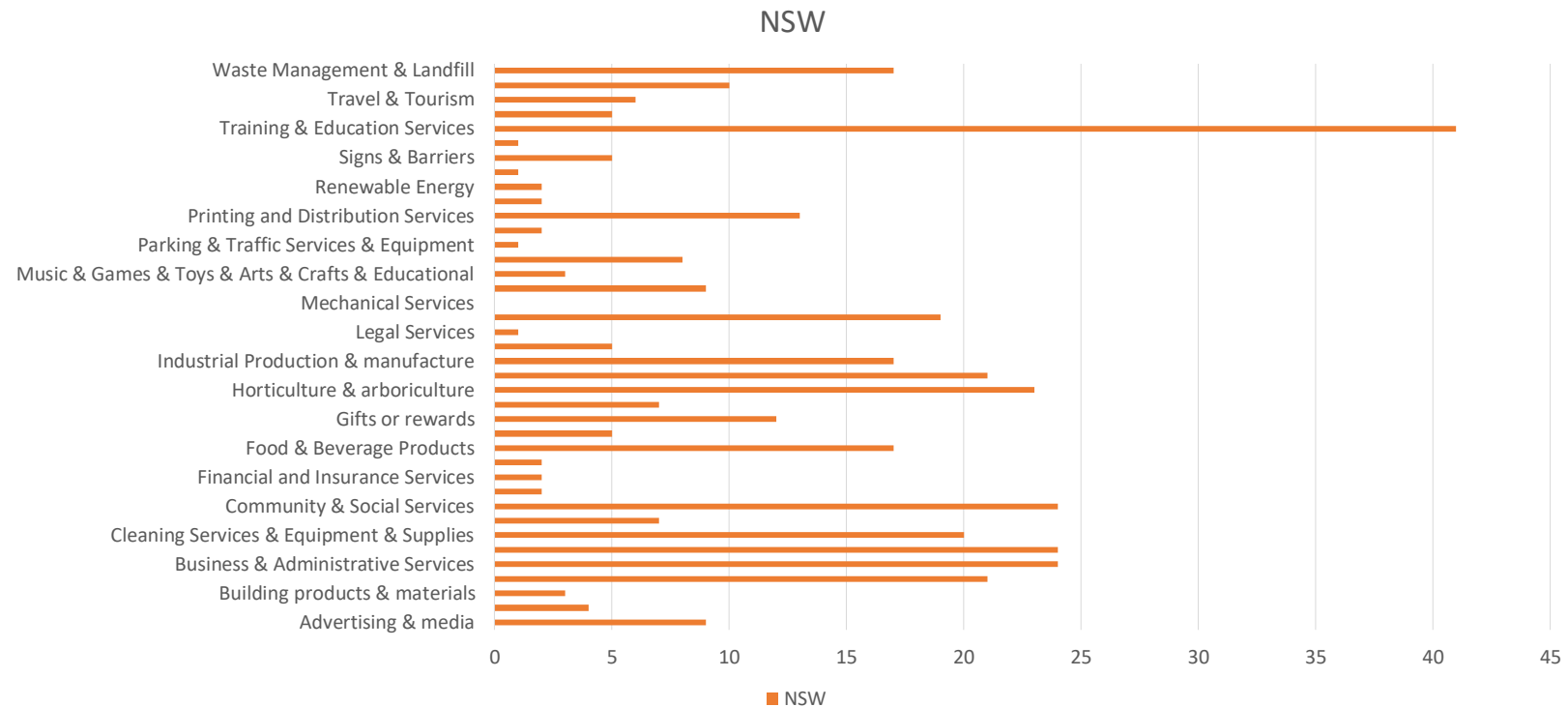
Spend and impact data is cumulative over FY2018 and FY2019

# 600+ ST certified social enterprise categories



# Categories in NSW

## Social Enterprise Categories by State



# Crowdsource – SEs in your area

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- Do you already know of any social enterprises in your area?
- What services do they provide?

# Why are others doing Social Procurement?

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- Meeting key stakeholders expectations
  - Government efficiency
  - Contractual targets
  - Staff attraction and retention
  - Customers - competitive advantage and compliance
  - Shareholders/Investors - delivering greater value
  - Social license
  - *“It’s the right thing to do”*





# Local Governments - Customers

Kylie Flament  
General Manager  
Green Connect Illawarra

**GREEN  
CONNECT**



## Last year, Green Connect...



Kept **102 tonnes of waste** out of landfill



Grew and distributed **35,250kg of chemical free food**



Employed **144 former refugees and young people**



# Local Governments - Strategic

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# Banyule

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- Survey, Stakeholder Working Group, Literature, Community
- Strategy and Action Plans that link to Vic Govt and Council
  - Innovation pathways and engagement
  - Capacity and Funding
  - Procurement
  - Public Awareness
- <https://shaping.banyule.vic.gov.au/SocialEnterprise>

# Local Governments – Anchor Institution

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*‘Anchors’ are organisations and institutions based in a place - whether that be a suburb, town, city or region - for the long term, with a mission or purpose that is tightly connected to that place. They are significant because they are among the largest employers and spenders in that place, and can align their resources (e.g. HR, estates, construction, facilities, financial assets, procurement) to benefit the community in which they are anchored (beyond their core services).*

- Impact Investment Provocations Series, Yunus Centre, Griffith University



# Local Governments - Partners

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- Darebin Council & Outlook Environmental
- A partnership that has lead to incredible scale and growth
- Great Lakes Council & Community Resources
- Multiple enterprises now under one community owned banner

# Breakout – where are you best placed?

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- What model would work well in your local area? What's your unique role?
- Have you been part of similar approaches before, or are you now?

# CHALLENGES



- Change from familiar suppliers
- Scale and capacity may not match - current gap in demand and supply
- Existing procurement practices, standard agreements, contracts, etc
- Early planning and supplier engagement
- Social enterprise capacity to respond to standard market approaches – risk appetite, lean sales overheads, may not have BD staff
- Internal engagement and understanding



# Social Procurement in practice

| Tier 1   | Tier 2   | Tier 3   | Tier 4 |
|--|--|--|--------|
| Waste Contract<br>Awarded to Outlook<br>Environmental SE       |  |  |        |
| Landscaping Contract<br>Awarded to Commercial Org              | Nursery Contract<br>Awarded to Yarraview Nursery<br>SE   |  |        |
| Traffic Control Contract<br>Awarded to Commercial Org          | Labour Hire Contract<br>Awarded to WISE<br>Employment SE |  |        |
| Engineering Expertise<br>Contract Awarded to<br>Commercial Org | Niche Engineering Contract<br>Awarded to Commercial Org  | Web Design Contract<br>Awarded to SKYS Design SE |        |



# Market approach

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## Direct

Buying directly from a certified social enterprise that is delivering on the objectives (or Indigenous Business, Disability Enterprise, etc)

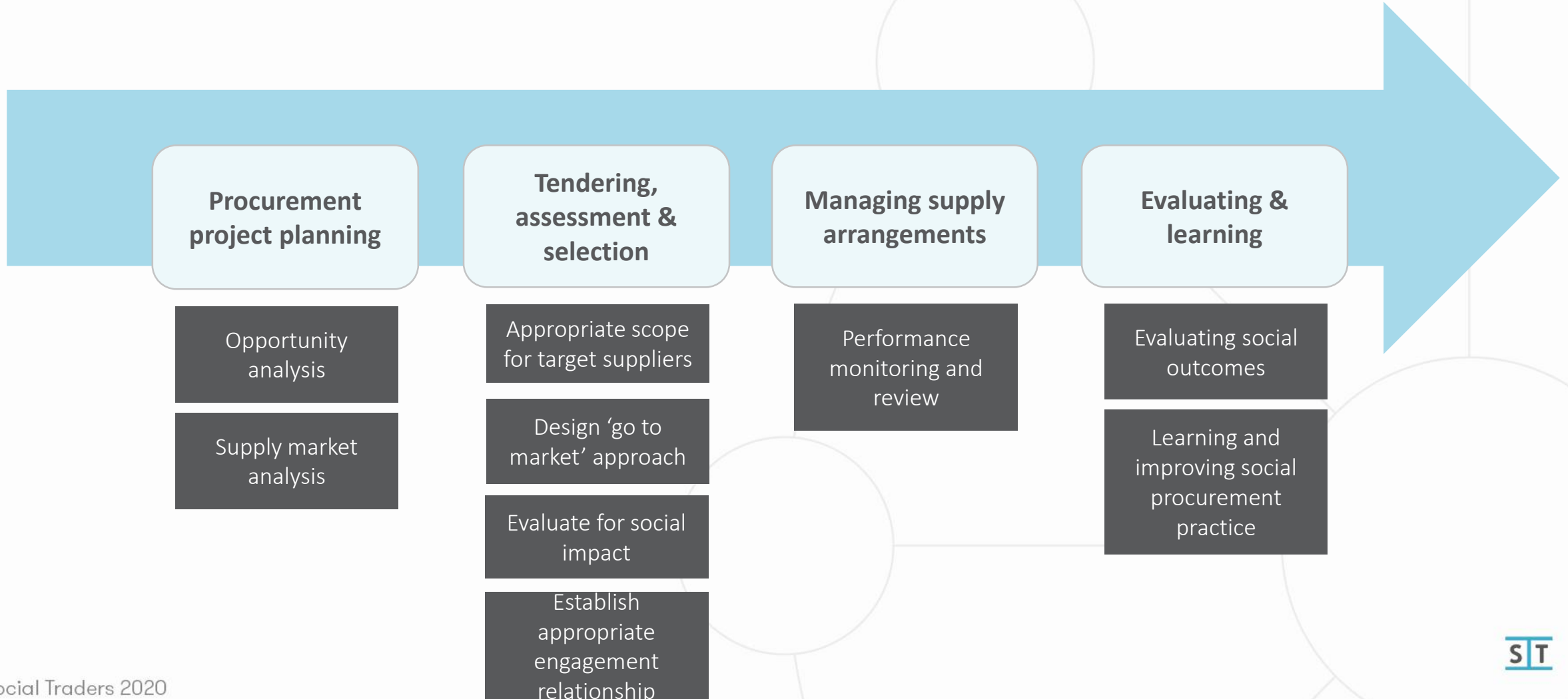
- When there is a relevant supply market
- Can simplify monitoring of social outcomes through contract management

## Indirect

Where the buyer engages a mainstream/commercial supplier and requires them to deliver social outcomes through the process. This can include requiring spend with social enterprise.

- When there is not a relevant supply market
- Can include a mixed field of social enterprise and commercial
- Usually more complex social indicator measurement and monitoring

# Practical Levers in the Procurement Life Cycle



# Sourcing Strategies

| No | Strategy   | When to Apply  |
|----|--|--|
| 1  | <b>UNBUNDLE</b>  | SE supply market does not have the capacity to meet scope  |
| 2  | <b>BUNDLE</b>  | Size of scope needs to be increased to enable a sustainable social solution (or to maximise social impact)   |
| 3  | <b>EXPRESSION OF INTEREST</b>                          | Limited knowledge of how social impact could be addresses and/ or desire to encourage innovation   |
| 4  | <b>SOURCE FROM SE/IB ONLY</b>                          | Known SE supplier/s with current capability and where internal processes allow selective sourcing  |
| 5  | <b>EVALUATION CRITERIA FOR SOCIAL IMPACT</b>           | Looking for all participants to demonstrate social value – desire to send message to the market on importance of social value to organisation                                |
| 6  | <b>EVALUATION CRITERIA FOR SUBCONTRACTING TO SE/IB</b> | The category/ project does not support direct SE purchasing, but Tier 1/ Tier 2 suppliers can be mandated/ encouraged to incorporate SEs in their supply chain               |
| 7  | <b>INCORPORATE SE/IBS INTO OPEN PANELS</b>             | Panels are a key sourcing tool used by the business with there is an opportunity to encourage/ enable SE to participate  |
| 8  | <b>ESTABLISH SE/IBS ONLY PANELS</b>                    | SE capacity and diversity in selected category enables SE only panels and this approach is supported by internal policy  |
| 9  | <b>SUPPLIER RELATIONSHIP MANAGEMENT</b>                | Relationships and structured SRM processes enable engagement with existing long-term suppliers to explore social impact opportunities  |
| 10 | <b>PARTNERSHIPS</b>                                    | A specific match of SE supplier capability, a pipeline of work and internal openness to partnering<br>Long-term opportunities for innovation around shared social objectives |

# The opportunity in your context

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- What would be a 'live' opportunity in your context? This can either be a real example or something realistic in the future.
- What sourcing strategies or levers might work best for that opportunity?

# Your unique role in the sector!



- Building the network of local social enterprise contacts
- Connecting your region with national opportunities
- Combining to create connections and value
- Creating shared value for your council