

# Social procurement guide

Adding social value when buying for government

Office of the Chief Advisor - Procurement



**Queensland**  
Government

# Table of contents

<b>Table of contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>4</b>
<b>Definitions</b> .....	<b>5</b>
<b>How to use this guide</b> .....	<b>5</b>
<b>Planning</b> .....	<b>7</b>
<b>Defining outcomes</b>	<b>7</b>
<b>Supply market analysis</b>	<b>8</b>
<b>Social value analysis</b>	<b>10</b>
<b>Tender and contracting</b> .....	<b>12</b>
<b>Set asides</b>	<b>12</b>
<b>Social clauses</b>	<b>13</b>
<b>Managing the contract</b> .....	<b>16</b>
<b>Learning</b> .....	<b>17</b>
<b>Resources</b> .....	<b>18</b>
<b>Related Links</b> .....	<b>18</b>

## Social procurement guide

v1.2 June 2018

The State of Queensland (Department of Housing and Public Works) 2018.



<http://www.creativecommons.org/licenses/by/3.0/au/>

This work is licensed under a Creative Commons Attribution 3.0 Australia License.

### Acknowledgments

This guide is a product of the Queensland Government Social Procurement Project. The Queensland Department of Housing and Public Works gratefully acknowledges funding and assistance received from the Queensland Mental Health Commission in establishing and guiding the Queensland Government Social Procurement Project.

This Guide draws from various sources. Most particularly the guide references ideas and frameworks described in *Social Procurement in NSW – A guide to achieving Social Value through Public Sector Procurement*, published in October 2012 and *Social Procurement: A Guide for Victorian Local Government*, published in October 2010.

For more information about resources and for links to other social procurement material refer to page 18 of this guide.

### Contact us

The Office of the Chief Advisor – Procurement is committed to continuous improvement. If you have any suggestions about how we can improve this guide, or if you have any questions, contact us at: [betterprocurement@hpw.qld.gov.au](mailto:betterprocurement@hpw.qld.gov.au)

### Disclaimer

This document is intended as a guide only. It should be read in conjunction with the Queensland Procurement Policy, agency procurement policies and procedures, and any other relevant documents that may be applicable.

The Department of Housing and Public Works disclaims all liability that may arise from the use of this document. In preparing this document, reasonable efforts have been made to use accurate and current information. Users of this document should, however, note that information may have changed since its publication. Where errors or inaccuracies are brought to the attention of the Department of Housing and Public Works, a reasonable effort will be made to correct them.

Whilst every effort has been made to ensure the information contained herein is accurate, this guide, and other items within the Social Procurement Toolkit, is not provided as 'legal advice' and users should seek legal advice specific to their circumstances.

## Introduction

Social procurement refers to how Queensland Government spending can be used to support social priorities. By leveraging even a small slice of the government's spend to add social value, communities and suppliers across the state can benefit enormously.

For example, social and economic participation are indicators of the overall health and vibrancy of a community, so creating employment opportunities is an important priority for the Queensland Government. By harnessing the collective strength of government and industry, social procurement can secure some of these jobs for vulnerable and disadvantaged jobseekers, supporting workforce diversity and meaningful inclusion for all Queenslanders.

Social procurement is recognised in the Queensland Procurement Policy (QPP). Principle 2 states:

*“Advancement of economic, environmental and social objectives – We use our procurement to advance the government's economic, environmental and social objectives and support the long-term wellbeing of our community.”*

In addition, Clause 2.2 of the QPP states:

*“Agencies will use their best endeavours to do business with ethically, environmentally and socially responsible suppliers, and will seek to influence the supply chain in this regard.”*

The QPP presents buyers with an opportunity to contribute to Government's social priorities, for example:

- the Policy commits government to increase government procurement with Aboriginal and Torres Strait Islander businesses to three percent of addressable spend by 2022
- the Policy requirement to invite regional and Queensland suppliers to quote or tender can be met by asking local social enterprises to tender for work, thereby addressing social needs as well.
- In June 2018, the Policy was enhanced to include a commitment to increase government spending with genuine, quality social enterprises and to ensure that all procurement complies with the *Disability Discrimination Act 1992* (Cth).

Securing value for money is central to procurement practice for government buyers. Opportunities to advance economic, environmental and social objectives of the government should be considered as part of a broader context of value for money. In other words, delivering the best value for Queensland is more than just the 'price paid'.

There is no evidence that incorporating social considerations into procurements should, necessarily, carry additional costs, providing the social benefit requirements are proportionate to the size and value of the contract. It is better to do a few things well than to overload a contract with unachievable or onerous social benefit expectations.

This guide complements a range of other materials supporting government objectives through procurement. These include:

- putting Queenslanders first when securing value for money guide
- Queensland Indigenous Procurement Policy
- other social procurement toolkit resources, including:
  - a guide to assist government buyers deliver on the government’s commitment to “*take into account workplace policies and practices aimed at ending domestic and family violence as part of supplier evaluation and selection.*”
  - frequently asked questions
  - a social clauses factsheet – including example clauses for tender and contract documents.

## Definitions

For the purposes of this guide.

**Social procurement** is described as:

*Using the government’s purchasing power to generate social benefits, adding value to procurement outcomes and supporting supplier and workforce diversity.*

**Social benefit** (or social value) is described as:

*The positive impacts on people, places or communities generated through procurement practices.*

Social benefit considerations might include, but are not limited to:

- the creation of training and employment opportunities, particularly for disadvantaged or marginalised jobseekers such as people with disability
- making sure procurement supports diversity in the supply market by generating opportunities for employers such as small and regional businesses, social enterprises and Aboriginal and Torres Strait Islander businesses
- considering supplier’s corporate social responsibility policies and practice when buying for Government.

### Who are social benefit suppliers?

Any supplier to government can deliver social benefits. For example, mainstream construction companies or large professional services firms might commit to employment targets for disadvantaged jobseekers. They might share profits to support charities or engage social benefit suppliers in their supply chains.

For the purposes of this guide, social benefit suppliers are described as organisations that have a social purpose or mission, they are often owned or managed by disadvantaged groups. These include, but are not limited to:

- 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
- social enterprises - led by an economic, social, cultural, or environmental purpose consistent with a public or community benefit, social enterprises reinvest the majority of any profit or surplus into the fulfilment of their purpose.

It is important to understand that engaging social benefit suppliers will often help buyers meet other procurement priorities, such as supporting small and medium size businesses, and buying local or from regional businesses.

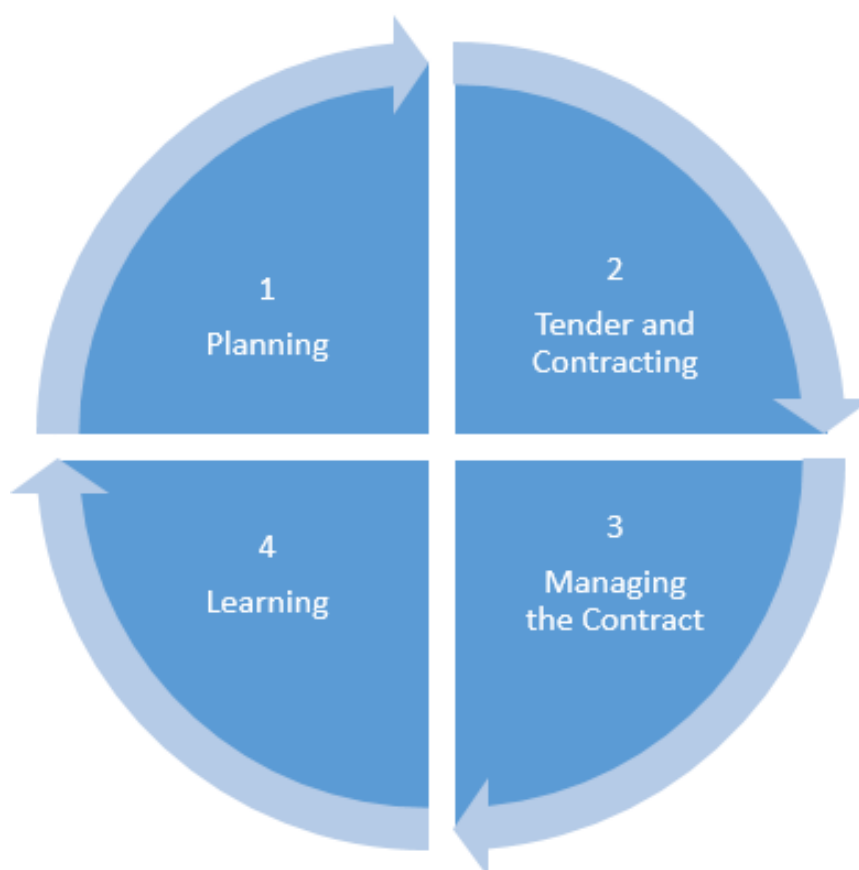
## How to use this guide

This guide is focused on process and practice for significant 'procurement' rather than lower value transactions, or 'purchases'.

### Significant procurement

Social benefits should be considered at every stage of a procurement process, at the planning stages, when engaging with suppliers, establishing contracts through to managing supply arrangements, and evaluating outcomes. Ultimately, the goal is to embed social procurement practice as "business as usual" when buying for the Queensland Government. This guide is structured to align with key stages of a significant procurement process.

#### Key stages of a significant procurement process



### Purchasing

Low value, low risk, direct purchases, mostly using quotes or corporate cards, also play an important role in securing social value in Queensland communities. For example: These smaller purchases can help social benefit suppliers remain viable, prove their capacity as suppliers and 'scale up' gradually. Purchasing can have considerable impact because there are so many of these transactions.

### Case study

Multicultural Affairs Queensland (MAQ), within the Department of Local Government, Racing and Multicultural Affairs, seeks to engage social enterprises wherever possible and practical to contribute to positive outcomes for vulnerable Queenslanders.

For example, for a meeting of the Multicultural Community Reference Group in 2016, MAQ purchased catering from Mu'ooz and hired a meeting room at Common Ground Brisbane.

Mu'ooz is an African not-for-profit social enterprise and restaurant, located in West End, Brisbane, which provides employment and traineeships for African refugee women. Common Ground Queensland is a non-profit organisation with a vision of creating supportive housing for people who are homeless through effective, public, private and community partnerships. Hiring their meeting rooms helps support the provision of homes for people who have experienced chronic homelessness.

## Planning

Social procurement begins as soon as a need to buy a good or service is identified. In line with the Queensland Procurement Policy, Category planning and agency procurement planning will include social benefit considerations. Government buyers should become familiar with government, category and agency priorities. As highlighted in the case study above, even small purchases can be an effective way to contribute to these priorities.

Social procurement does not change the fundamentals of a typical procurement process.

For significant procurement, social benefit considerations should be embedded into the overall procurement process and form part of procurement planning from the outset.

There are three key activities to be performed when planning your social procurement. Use all three in parallel, findings from each analysis will influence the other areas.

- **Clearly defining outcomes** – ensuring that the core outcomes being sought (the reason why the goods/services are being purchased) are well understood and clearly defined. Focusing on outcomes promotes innovation regarding how the goods/services might be delivered.
- **Supply market analysis** – to understand the social benefit suppliers which can deliver the good or service required or if mainstream suppliers are able to deliver a social benefit, perhaps by committing to employment or apprenticeship targets for vulnerable groups or by subcontracting to, or collaborating with, a social benefit supplier.
- **Social value analysis** – to understand and clearly set out what social benefit a procurement initiative can deliver.

### Defining outcomes

While not all procurement initiatives are suitable for a social benefit inclusion, many are, and it is important buyers test suitability to make sure best value is being achieved.

Buyers should be able to articulate a clear understanding of why a good or service is being procured, the context in which it is being procured and an understanding of communities affected by the procurement. Effective analysis will enable a buyer to determine if the 'core need' can be

met, and the primary good or service delivered efficiently while increasing value by including social benefit(s).

Buyers can better understand Queensland communities by consulting with relevant stakeholders, such as local government, and referring to data. Some useful data sources include:

- [Queensland Regional Profiles](#)
- and [profile ID](#).

#### Questions for analysing the suitability for including social benefit requirements

- What 'need' is being met by the procurement initiative?
- What is being procured?
- Which communities are affected by the procurement initiative?
- What are the social priorities in those communities?
- What are the social priorities for government?
- Will the goods or services be delivered to, or target the specific needs of, a particular group, such as Aboriginal people or Torres Strait Islander people in discrete locations, or in locations that have a high Aboriginal population and/or Torres Strait Islander population?
- What are the priorities for the procuring agency?
- Are there opportunities to break down the procurement by designing a program of smaller works, thereby supporting supplier diversity, generating opportunities for social benefit suppliers, small or regional businesses?
- Should any of those smaller works be set aside and offered to social benefit suppliers only (in the first instance)?
- Are there opportunities for larger suppliers to collaborate with social benefit suppliers, thereby including them in the supply chain?
- What are the periphery services that may result from the work (e.g. catering near job sites or cleaning services) and is it possible to link successful tenderers with social benefit suppliers to promote these opportunities?
- Could apprenticeships be created / required to support the delivery?
- Should suppliers be asked to describe their corporate social responsibility strategies? Particularly how they support (or plan to support) the communities in which they will deliver on a contract?

**Note** – The hints, tips and questions in the boxes are adapted from: Social Procurement in NSW – A guide to achieving [Social Value through Public Sector Procurement](#).

## Supply market analysis

When planning a procurement, it is important to understand how the supply market might respond to the inclusion of social benefit requirements. With the right knowledge and support most suppliers can efficiently and enthusiastically deliver social benefits alongside the goods and services required by a contract.



Engaging with and analysing a supply market is most effective when done early. It can assist buyers to clearly understand:

- capacity within a supply market to deliver on social benefits
- what social benefit suppliers exist, their capacity and capabilities
- any examples of social value generation using suppliers in a market
- the diversity of suppliers in a market
- how risks can be managed when social benefits are added to a contract environment
- how suppliers may respond to the addition of social benefit requirements into procurement projects.

Buyers should identify peak bodies, intermediaries and networks that can help deliver social value. Many provide market intelligence about social benefit suppliers, including lists and capability descriptions, or they can advise mainstream suppliers about delivering social benefits alongside goods and services.

**Table 1** - Examples of supporting organisations (such as peak bodies and intermediary services). Links to these organisations are at <https://www.forgov.qld.gov.au/consider-social-procurement>.

Organisation	Description
Social Traders	Social enterprise development organisation, including a service connecting buyers with social enterprises.
Australian Network on Disability	National, membership-based organisation helping businesses become disability confident.
Queensland Social Enterprise Council	Membership based organisation supporting the development of the social enterprises in Queensland, including a membership list.
Black Business Finder	Queensland's Indigenous Business Gateway. Including a Queensland Aboriginal & Torres Strait Islander business directory.
Supply Nation	National Aboriginal & Torres Strait Islander business directory.
Social Ventures Australia	Financial intermediary between social investment and venture philanthropy and the community sector, (including social enterprises).
National Disability Services - BuyAbility	Contract management service connecting buyers to Australian Disability Enterprises (ADEs). Including a directory of ADEs.
Job Services Australia	Job Services Australia providers offer personalised support to help job seekers to find a job, and help employers find staff
Disability Employment Service	Workplace and employment information and assistance for people with disability, employers and service providers.
Industry specific peak bodies	Industry peaks can help suppliers access assistance tailored to their specific needs.

In some cases, there are government agencies with expertise. For example: The Department of Aboriginal and Torres Strait Islander Partnerships can provide advice and information about the Queensland Government Indigenous Procurement Policy (contact [QIPPhelp@datsip.qld.gov.au](mailto:QIPPhelp@datsip.qld.gov.au)), which sets out the government's strategy for procurement from Aboriginal and Torres Strait

Islander businesses; buying from Aboriginal and Torres Strait Islander businesses (<https://www.datsip.qld.gov.au/programs-initiatives/enterprise-development>); and the Black Business Finder.

The Department of Local Government, Racing and Multicultural Affairs, through Multicultural Affairs Queensland, can provide advice on how to identify and engage local Culturally and Linguistically Diverse (CALD) communities and organisations.

#### Hint

Mainstream suppliers can often deliver surprising and innovative solutions when asked to consider social benefit requirements. In many cases, mainstream suppliers are already actively supporting community needs, particularly through corporate social responsibility initiatives. Using government spending to encourage these strategies or facilitate collaboration between mainstream suppliers and social benefit suppliers (such as social enterprises) can be a very effective way of adding social value to a procurement.

As with all procurement processes, it is important to be mindful of probity considerations when dealing with potential suppliers. The following strategies can be used to test and inform the supply market before and during any procurement which includes social benefit requirements.

- Present social procurement intentions, policies and practices to all potential suppliers ahead of tendering processes. For example: At information sessions, supplier briefings and 'Meet the Buyer' events.
- Provide a briefing session to all potential tenderers on large upcoming procurements about the objectives of the procurement, what is required, proposed social benefit requirements and what supporting organisations they could contact for support or information.
- Check for conflicts of interest, such as a peak body also being a potential supplier, then brief any peak bodies or intermediaries which are able to support tenderers to meet social benefit requirements.
- Consider opportunities for innovation and market development. For example, a procurement might be about solving a problem or delivering a sustainable outcome rather than meeting an immediate need. In these cases it can be more effective to work with suppliers on developing solutions, requiring more consultation and time.

## Social value analysis


A buyer can better understand and set out the 'value proposition' for adding social benefit requirements by identifying and assessing opportunities, costs, risks, issues and mitigation strategies and then documenting findings in a business case.

**Table 2** provides a framework for organising and documenting information collected.

Social value goal	Opportunities within tender documents & contracts	Opportunities within supply chains	Potential risks and mitigation strategies	Other considerations
<p><b>Example</b></p> <p>Employment opportunities for people with disability.</p>	<p>The inclusion of job targets for people with disability.</p> <p>Or</p> <p>The inclusion of social clauses in tender documents asking tenderers to identify policies or practices designed to provide employment opportunities for people with disability.</p>	<p>The opportunity for subcontracting arrangements leading to employment of people with disability.</p> <p>For example:</p> <p>Opportunities for social enterprises to be engaged as subcontractors or service providers to a lead contractor.</p>	<p><u>Risk</u>: Unfavourable supplier reaction to social clauses.</p> <p><u>Response</u>: Use market engagement activities and briefing sessions to inform all potential suppliers about social benefit requirements, why they are important and how they will be included in the procurement process.</p>	<p>Capacity building opportunities for socially conscious mainstream businesses can be considered.</p> <p>Opportunities for collaborations with social benefit providers.</p> <p>Government buyers should plan early for reporting requirements, measuring and evaluating outcomes.</p>

### Developing the business case

Social benefit requirements within significant procurements should be clearly documented in a procurement plan or business case. When including social benefit considerations, a clear rationale should be articulated, setting out the benefits, any costs and including a social value and risk management assessment and mitigation plan.


Tips about what to include in a business case

- Make sure social benefit requirements are proportionate for the tender.
- Make sure the business case includes social benefits in the objectives of the project.
- Include the findings from the social value analysis identifying opportunities, risks and issues.
- Incorporate social benefit suppliers into a supply market analysis and, if necessary, make appropriate links to peak bodies, intermediaries, support organisations and resources.
- Clearly describe benefits and any potential costs of including social benefit requirements.
- Incorporate any risks and mitigation strategies related to social requirements.
- Ensure social benefits are built into the requirements, outputs and performance measures within the business case.

## Case study

### Myuma– Department of Transport and Main Roads alliance

The Queensland Department of Transport and Main Roads (Department) developed a framework for Indigenous development and job readiness which led to an alliance with Myuma Pty Ltd, a not-for-profit Indigenous training organisation. Myuma has worked with the Department since 2000 on a number of road construction projects and alliances.

Myuma conducts a diverse range of business and training operations on behalf of the Indjalandji–Dhidhnu People, the Aboriginal traditional owners of the Camooweal region in north-west Queensland. These operations include civil and general construction and the provision of plant and labour hire services to the mining and construction industries.

Myuma also delivers a biannual 13-week work readiness training course which provides trainees with certification in civil construction. The Department supports this prevocational training with an infrastructure works program to provide on the job training.

The Department has pioneered a successful model to advance the employability of Indigenous people while improving and maintaining roads through alliance contracts with Myuma. The Myuma model is based on a guarantee of work to local Indigenous trading organisations, including the provision of services and as an alliance partner in construction projects. The Department assisted Myuma to build its organisation in order to achieve pre-qualification for civil construction works.

Working together on the Split Rock Inca Alliance, Myuma and the Department were nominated for several awards. In 2007 the alliance won the Australian Training Initiative Award for its innovative approach to sustainable employment and training opportunities for Indigenous people. The alliance also won two Premier's Reconciliation Awards for Business — in the partnerships category and the overall Premier's award. It also won the Premier's Innovation in Skilling Award in the Queensland Training Awards and a Civil Contractors Federation Earth Award.

In 2013, the Myuma Group and the Department were awarded the Premier's Reconciliation Award. The Myuma–TMR Alliance was recognised for their partnership model used to deliver significant new Indigenous reconciliation outcomes through road construction projects.

## Tender and contracting

Social benefit requirements, specifications and evaluation criteria must be made clear and achievable. This is usually done through the inclusion of specific clauses in tender documents and contracts.

When developing a procurement strategy it is important to consider which tendering method will provide the best opportunity to achieve the procurement objectives. Tender methods include; open tendering, limited tendering and selective tendering. Any of these can include social benefit requirements.

### Set asides

A set aside is a practice whereby a specific procurement initiative or portion of a procurement spend is 'quarantined' and offered, in the first instance, to a particular grouping or type of business, such as social enterprises. In these situations, the buyer would only provide tender documentation to eligible businesses or make it clear that tenders are only being accepted from a particular type of business.

A set aside is used to advance a specific outcome and must be done in a logical and justifiable manner. There is no policy requirement dictating when a set aside process can or must be used. Government buyers have discretion in using set asides. Notwithstanding this, the use of set asides still needs to comply with legislation and policy, it must also be defensible and justified. In particular, it is important any set aside process encourages competition among eligible suppliers and ensures a value for money outcome. Examples of situations which may suit a set aside process include where:

- analysis shows there is a competitive social benefit supplier market for particular goods or services
- the procurement is low value and low risk
- the goods or services are to be delivered to, or target the specific needs of, a particular group, such as people with disability or Aboriginal people or Torres Strait Islander people.

Set-asides within the Queensland Government Indigenous Procurement Policy requires Queensland Government agencies to first look to engage with Indigenous businesses where one of the following apply:

- the goods or services being purchased will be delivered to Aboriginal people or Torres Strait Islander people in discrete locations, or in other locations that have a high Aboriginal population and/or Torres Strait Islander population; or
- the goods or services being purchased target the specific needs of Aboriginal and Torres Strait Islander Queenslanders (or a cohort of Aboriginal people or Torres Strait Islander people).

Agencies are not required to use set-asides where no suitable business can be identified in the market analysis stage. In addition, agencies are not required to award a procurement as a result of this set aside process if no business is evaluated as representing either value for money, or as having the necessary capability or capacity to supply.

## Social clauses

Social clauses should be specifically drafted to suit the particular circumstances and context of a procurement. Example clauses are available at [www.forgov.qld.gov.au/consider-social-procurement](http://www.forgov.qld.gov.au/consider-social-procurement). Each social clause should be reviewed by agency legal and / or procurement teams.

### Social clauses in tender documents

Social benefit requirements should clearly state the intended social impact and be proportionate to the value of the procurement. Potential suppliers can then determine and articulate their capacity to deliver.

Where appropriate, social clauses should be treated as specified requirements of a tender and drafted in such a way as to allow them to be 'weighted' in the evaluation process. Weighting a social requirement and including it alongside other specifications provides a clear signal to the supply market regarding the value the buyer places on social outcomes.

This approach enables potential suppliers to plan strategically before tendering. For example, a mainstream supplier might collaborate with a social enterprise to help deliver on social benefit requirements. Weighting social clauses is particularly suitable where there is a capable group of

social benefit providers within the potential supply market or mainstream providers with a track record for delivering on social benefit requirements.

Social requirements can be included in tenders as unweighted criteria. Tenderers are asked to consider social benefits as well as the weighted evaluation criteria within a tender. A buyer might list social benefit criteria as 'highly desirable'. This indicates to potential suppliers that the buyer has a preference they meet these criteria.

Using unweighted clauses provides more flexibility to consider suppliers that might not necessarily comply 100 percent with the criteria, who might otherwise be excluded if the criteria was mandatory or weighted. This approach might be suited to cases where the buyer wants to test the capacity of a supply market, including mainstream suppliers, to deliver social benefits.

There are different ways to draft social clauses:

- **Prescriptive** – tender documents specify targets or specific outcomes. For example, a predetermined number, or percentage of, disadvantaged jobseekers to be employed when delivering on the contract. Or, social enterprises must be engaged as part of the total solution offered by the supplier.
- **Non-prescriptive** - procurement documents ask potential suppliers to describe the nature and extent of social benefits to be delivered and how these will be achieved.
- **Mixed** - it is possible to mix these approaches, for example, a buyer might prescribe a particular social benefit appropriate to the procurement, such as employment opportunities for people with disability, but ask suppliers to describe *how* they will deliver on these requirements.

**Table 3** - Risks and benefits associated with each the different approaches to social clauses.

Approach	Benefit	Risks and mitigations
<b>Prescriptive</b>	Suits procurement initiatives where the buyer has a very clear understanding of social benefit requirements and how they want them delivered.	May present challenges for some potential suppliers who lack experience in delivering on social benefits or outcomes.
	Provides clarity to potential suppliers on the social benefits being sought by the buyer.	This can be mitigated by undertaking appropriate 'meet the buyer' events and / or dedicated pre-market soundings or supplier capability building strategies.
	Measurable indicators of success are readily built into contractual arrangements.	Potential mainstream suppliers can be linked to social benefit suppliers, peak bodies, support and intermediary organisations and resources.
	Government can clearly demonstrate leveraging procurement spend to support social outcomes.	
	Buyers can better target their spend to address specific priorities.	

<b>Non-prescriptive</b>	Suits procurement initiatives where social benefit opportunities, including the capacity of the supply market, are not well understood by the government buyer.	Tenders may contain conservative estimates of social impacts to ensure they are within cost estimates and that any impacts declared are more easily delivered.
	Encourages potential suppliers to aim high in their determination of what social benefits they can deliver.	May be more difficult to develop measurable performance indicators.
	Encourages potential suppliers to build capability in delivering social benefits alongside goods and services.	If social considerations are to be 'weighted' in tender evaluations, comparisons between tenderers may be difficult.
<b>Mixed</b>	Suits procurement initiatives where government buyers understand the social benefits they want to generate, but don't understand the best way to achieve them.	Vague or incomplete specifications might deter some potential suppliers.
	Allows government buyers to direct the nature of social outcomes (e.g. employment for people with disability) while encouraging innovative solutions as to <i>how</i> outcomes are to be delivered.	This can be mitigated by undertaking appropriate 'meet the buyer' events and / or dedicated pre-market soundings or supplier capability building strategies.



### Tips for including social clauses in tender documents

- Clauses must be clearly drafted so they are easily understood and addressed by tenderers.
- Consider using response forms to guide tender replies, making it easier for tenderers, and evaluators.
- Clauses should reference government priorities, commitments, policies or legislation which support their inclusion.
- Social benefit requirements must be proportionate to the size and risk of the project.
- Avoid onerous requirements.
- Facilitate fair competition among tenderers.
- 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 evaluation 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.

### Social clauses in contracts

After the tendering process is finalised and a supplier(s) chosen, commitments made by the winning tender about delivering social benefits need to be included in the contract. These commitments then need to be monitored over the life of the contract alongside other deliverables.

Social clauses in contracts should describe reporting requirements and play an important role in ensuring delivery of the social value being sought. They should:

- be referenced to measurable performance indicators
- state how the social benefits will be monitored
- include what management processes are in place to evaluate the suppliers performance in relation to achieving the agreed social benefits, such as a schedule for contract management meetings.

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

**Note:** Social clauses need to be reviewed by agency legal teams as part of usual checks prior to public release of tender/contract documentation to the market. Clauses must be compliant with the Queensland Procurement Policy and any departmental procurement procedures.

## Managing the contract

Social impacts and a supplier's commitments should be actively monitored and managed regularly, in the same way as other contract expectations, such as quality and costs. Actively monitoring and managing these expectations creates opportunities to identify how outcomes and delivery might be enhanced and ensures the procurement is delivering the intended social impact.

To ensure success, suppliers may need expert support or guidance during the life of the contract. Depending on their needs, it could be useful to refer suppliers to some of the supporting and intermediary organisations listed at page nine of this guide.

Stipulating measurable social benefit expectations and actively managing them sends a strong message to suppliers that government buyers are serious about securing social value alongside goods and services. For example, the Queensland Government Indigenous Procurement Policy sets a target of three percent of Queensland Government addressable spend procurement to be supplied by Aboriginal and Torres Strait Islander owned businesses by 2022.

Wherever possible, these measures should be linked to government commitments and priorities, such as job outcomes, and should be captured and reported in a standardised way.



### Tips for managing outcomes

- Reporting requirements should specify the target outcomes, the performance indicators for achieving the outcomes and the reporting terms and times.
- Make sure performance indicators are easily understood. It should be clear to the supplier how performance indicators are related to targets and outcomes.
- Monitoring and reporting requirements should be proportionate to the size and importance of the social benefits being delivered.
- Make sure the monitoring of social benefits is resourced and outcomes are measured and reported alongside other deliverables within the contract. This sends a strong message to suppliers about the importance of the social benefits.



- Discuss social benefits with suppliers regularly. Make it clear the social benefits are important to you and work with suppliers to solve any problems or to enhance outcomes where possible.

## Learning

Evaluating the social impact of 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 evaluation and learning process. Planning for this early takes the hard work out of supplier reporting and outcomes evaluation.

As with earlier steps, reporting and evaluation requirements should be commensurate with the size and value of the procurement, and should be kept as simple and clear as possible.

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. Measure, evaluate and report what is possible.



### Tips for evaluating and learning from a social procurement project

- Document how you will evaluate the project early, share your ideas with stakeholders and seek their input.
- Link social benefits to specifications, targets, activities, performance indicators and then to outputs and 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.
- Be flexible and open to changes that can improve an evaluation.
- Draft a case study about what works and what doesn't work; other projects will benefit from both.
- Documenting the outcomes for individuals or communities and sharing their stories can be a powerful way influence other buyers.

While not all procurement will be suitable for delivering social value, ultimately, considering the potential to add social value should be embedded in procurement processes as 'business as usual'. Learning and sharing the lessons from each social procurement project is a powerful way to normalise the practice and maximise the impact government buyers can have over time.

## Resources

[Queensland Procurement Policy. Queensland Government](#)

[Indigenous Procurement Policy 2017-2022.](#)

Social Procurement in NSW – [A guide to achieving social value through public sector procurement.](#)

Social Procurement: [A guide for Victorian Local Government.](#)

*Barraket, J. and Weissman, J. (2009) Social Procurement and its Implications for Social Enterprise: A Literature Review, Working Paper No. CPNS 48, The Australian Centre for Philanthropy and Nonprofit Studies, available from [eprints.qut.edu.au/29060/](http://eprints.qut.edu.au/29060/).*

[Buy Social - A practical guide to socially responsible public procurement.](#)

Procurement Guidance – [Integrating sustainability into procurement](#) process – Queensland Department of Housing and Public Works.

## Related Links

[Social Procurement Australasia](#)

[Social Enterprise: Making It Work A Case For Social Procurement](#)

[Queensland Government Critical Skills Boost – Social Procurement Training](#)

[Queensland Mental Health, Drug and Alcohol Strategic Plan 2014-2019](#)

[Early Action: Queensland Mental Health Promotion, Prevention and Early Intervention Action Plan 2015-17](#)