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| Social Procurement Strategy 2022-2023  Department of Health |
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| To receive this document in another format, [email Procurement Services](mailto:procurement.services@dhhs.vic.gov.au) <procurement.services@dhhs.vic.gov.au>.  Authorised and published by the Victorian Government, 1 Treasury Place, Melbourne.  © State of Victoria, Australia, Department of Health, September 2022.  In this document, ‘Aboriginal’ refers to both Aboriginal and Torres Strait Islander people. ‘Indigenous’ or ‘Koori/Koorie’ is retained when part of the title of a report, program or quotation.  ISBN number: ISBN 978-1-76131-039-3 (pdf/online/MS word)  Available at: [Department of Health – Procurement policies](https://www.health.vic.gov.au/about/procurement-policies) <https://www.health.vic.gov.au/about/procurement-policies> | |

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### Acknowledgement of Country

The department proudly acknowledges Victoria’s Aboriginal communities and their rich culture and pays respect to their Elders past and present. We acknowledge Aboriginal people as Australia’s first peoples and as the Traditional Owners and custodians of the land and water on which we rely. We recognise and value the ongoing contribution of Aboriginal people and communities to Victorian life and how this enriches us. We embrace the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice.

# 1 Context

Victoria’s Social Procurement Framework (SPF) enables government to use its buying power to generate social value above and beyond the value of the goods, services or construction being procured by maximising social, economic and environmental benefits for all Victorians and opportunities for Victorian Jobs. First launched in April 2018, the Framework puts social and sustainable outcomes at the centre of government procurement.

Information about the SPF and related documents can be found at <https://www.buyingfor.vic.gov.au/victorias-social-procurement-framework>.

This Social Procurement Strategy 2022-2023 (SPS) addresses how the Department of Health (DH) will continue to implement the SPF in the next financial year. It covers goods and services as well as construction procurement and applies to all procurement activities of DH, including the activities of portfolio entities directly supported by the department such as Safer Care Victoria.

The DH Procurement Committee includes executive officer representatives from across the department, including the Chief Procurement Officer and is chaired by the Deputy Secretary, Corporate Services Division. The committee receives regular reports about social procurement implementation and will consider implementation issues where necessary.

Key participants in the development of this Strategy include:

* the Victorian Health Building Authority (VHBA) of the Health Infrastructure Division, which is responsible for the planning and delivery of the Victorian Government’s multibillion-dollar health infrastructure program,
* various Cemetery Trusts across Victoria.
* the department’s Chief Procurement Officer, who has responsibility for oversight of the procurement of goods and services (non-construction), which in the 12 months to end March 2022 has supported over 1200 planned procurement activities.

A proactive and strategic approach will continue to be taken to implement social procurement as core business and a strategic function in DH. A commitment to advancing social and sustainable objectives through procurement is demonstrated by social procurement actions already undertaken by DH.

The SPS will be reviewed in July 2023 by the Finance and Procurement Branch in conjunction with VHBA. The review will include strategy content, resources data collection and analysis. This SPS will be implemented in conjunction with the Victorian Government’s Social Enterprise Strategy 2021-2025 and Inclusive Employment Framework and retains alignment with the Department of Health and Human Services 2019-20 Aboriginal Procurement Target. It will be published on DH’s internal social procurement intranet page and on the department’s external facing internet site.

# 2 Department business strategy

DH was formed on 1 February 2021 following the split of the former Department of Health and Human Services. The objectives of the DH Operational Plan have been considered for this Strategy.

The DH vision is to ensure that Victorians are the healthiest people in the world. This is to be achieved by helping Victorians to stay healthy and safe and delivering a world class healthcare system.

The key priorities of the department are:

* Keep people healthy and safe in the community.
* Care closer to home.
* Keep improving care.
* Improve Aboriginal health and wellbeing.
* Move from competition to collaboration.
* A stronger workforce.
* A health system you can count on.

The significant potential of procurement to achieve broader social, economic and environmental policy objectives is key and will be promoted and supported through implementation of this SPS.

Accordingly, there is already an awareness of, and a commitment to, enhancing social relationships, structures and benefits and social value creation. Social procurement will have the positive impact of building strong and resilient communities and facilitating the transformative role of employment in addressing disadvantage. It fully aligns with the DH Operational Plan and key priorities.

# 3 Procurement profile

This is a summary of DH’s procurement profile based on its specific procurement needs and requirements. This section, and most other sections of the SPS are divided into goods and services (non-construction) procurement and construction procurement. These two types of procurement occur under different legislation and are organised and resourced separately within DH.

The Procurement Services Unit headed by the Chief Procurement Officer is responsible for goods and services (non-construction) procurement. The VHBA is responsible for construction procurement.

## 3.1 Goods and Services (non-construction) procurement profile

DH successfully operates a centre-led goods and services (non-construction) Procurement team that includes the department’s Chief Procurement Officer. The governing legislation is the *Financial Management Act 1994*.

The strength of the team is the department’s commitment to compliance with Victorian Government Purchasing Board (VGPB) supply policies, supported by the Chief Procurement Officer and the Procurement Committee. The Procurement Strategy and Policy Unit and the Procurement Management Unit support other business units of the department and are committed to customer service, driving compliance, best practice and value for money. Under this strategy, conversations and communications with staff regarding procurement jobs will focus on compliance with the SPS, its impact on each procurement job and the potential to deliver social and sustainable outcomes.

The following statistics are combined data from the Department of Families, Fairness and Housing and the Department of Health (formerly the Department of Health and Human Services). In 2020-21 in total over 1650 procurements of varying complexity had been processed. The team had worked with some 750 staff throughout the year, ranging from administrative staff and project managers to financial delegates including Deputy Secretaries and the Ministers’ and Secretary’s offices. The department’s main spend categories for Goods and Services are:

* Business Support Services – ICT, approximately 19% of goods and services spend, which comprises a range of information, communications, and technology sub-categories.
* Business Support Services – Non-ICT, approximately 25%, which comprises sub-categories such as security, training, utilities, and equipment.
* Professional Services, approximately 48%, which comprises a range of consulting and advisory sub-categories, and Client Support Services, which comprises medical and support services for clients.

## 3.2 Construction procurement profile

The department has a significant construction program (around $12.93 billion) for health infrastructure, and the various Cemetery Trusts across Victoria.

The following table, derived from Budget Paper No 4, shows the value of all construction projects managed by the department and/or Health Services and agencies.

**Construction and Cemeteries projects value and expenditure**

| **Projects by category** | **Total value of projects** | **Estimated expenditure for**  **2022-23** |
| --- | --- | --- |
| Total Health capital works projects | $12,932,852.00 | $3,501,769.00 |
| Total Cemeteries projects | $215,469.00 | $82,267.00 |
| Other capital expenditure | Not applicable | $1,279,321.00 |
| Total 2022-23 Health capital expenditure | $13,148,321.00 | $4,863,357.00 |

The asset investment program is regulated by the *Project Development and Construction* *Management Act 1994*, along with associated Ministerial Directions and Instructions.

When conducting selective tendering in accordance with Direction 3.2, suppliers are chosen from the Whole of Victorian Government Register managed by the Department of Treasury and Finance called the Construction Supplier Register. The department complies with existing policies around employment of apprentices and local supplier content and works with central agencies to examine how large construction projects can meet social procurement goals.

The size and scope of projects means that many social enterprise businesses will be precluded from the tender process due to capability requirements. However, there will be opportunities for these firms to be included as suppliers and subcontractors.

# 4 Social procurement opportunity analysis

This opportunity analysis includes both direct and indirect approaches to social procurement, that is, procurement from Victorian social enterprises, Victorian Aboriginal businesses, other social benefit suppliers or delivery of social and sustainable outcomes through contracts with the private sector.

The SPF requires that government buyers incorporate social procurement into all procurement planning. A social procurement plan will be completed for all procurements valued at $20 million or more and/or associated with Budget funded initiatives, in collaboration with the Social Procurement Assurance team at the Department of Treasury and Finance. For other procurements, social procurement will be included in regular procurement planning, with social procurement requirements incorporated in relevant procurement planning and out to market templates.

The SPF establishes requirements for government buyers based on four expenditure bands in Table 3 on page 19 of the SPF, which is summarised as follows:

SPF expenditure bands

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Below threshold Regional under $1 million; Metro or State-wide under $3 million | Lower band Regional $1 million to $20 million; Metro or State-wide $3 million to $20 million | Middle band $20 million to $50 million | Upper band Over $50 million |
| Described approach | Encouraged  **Seek opportunities where available to procure from social enterprises directly or indirectly, Australian Disability Enterprises (ADEs) or Aboriginal business** | Proportionate  **Use evaluation criteria (5 to 10% weighting) to favour businesses whose practices support social and sustainable objectives** | Targeted  **Include performance standards and contract requirements that pursue social and economic objectives** | Strategic  **Include targets and contract requirements that pursue social and sustainable objectives** |

## 4.1 Goods and services procurement opportunity analysis

The following statistics are combined data from the Department of Families, Fairness and Housing and the Department of Health (formerly the Department of Health and Human Services). During 2020-21 there had been 578 contracts executed. These contracts were either sourced through existing State Purchase Contracts or through individual sourcing strategies.

Goods and Services Contracts 2020-21

|  |  |  |
| --- | --- | --- |
| **Value Range** | **State Purchase Contracts** | **Individual Sourcing** |
| $0 to $250,000 | 144 | 248 |
| $250,001 to $1 million | 48 | 74 |
| $1 Million to $3 million | 13 | 29 |
| Over $3 million | 6 | 16 |
| Total | 211 | 367 |

As can be seen from the above table, most goods and services procurements fall within the SPF ‘*Below Threshold’* (Regional under $1 million and Metro or State-wide under $3 million band). The SPF approach for this band is “Encouraged – Seek opportunities where available to directly or indirectly procure from social enterprises, Australian Disability Enterprises (ADEs) or Aboriginal business”.

Many of these contracts are for knowledge-based services at a state-wide level, e.g., an organisation review, a needs study, a feasibility study or a service review and as can be seen from the data above a large number of contracts are valued at less than $250,000.

To streamline and facilitate direct social procurement an upper threshold for a single quote procurement process with an approved social enterprise supplier of $150,000 has been established, subject to validation of value for money. This Strategy will facilitate greater use of a direct, targeted sourcing approach from approved social enterprise suppliers, where a suitable supplier can be identified.

A social procurement requirement will be included in all market approaches for procurements that require a contract. The department has introduced social or sustainable criteria for knowledge-based service procurements over $150,000.

A goods and services social procurement plan template has been developed based on the template provided in the SPF – Buyer Guidance, *Guide to planning requirements.* A social procurement plan will be completed for all procurements valued at or above $20 million and/or associated with Budget funded initiatives, in collaboration with the Social Procurement Assurance team at the Department of Treasury and Finance.

In the department, goods and services procurements that require a contract are undertaken through the Procurement Management unit. Most procurement activities must be registered by business owners, that is, departmental staff who wish to procure a good or service, on the department’s Procurement Job Management System (PJMS). A Procurement Officer is allocated to guide and assist the business owner with the procurement process. This centre-led, planning based approach will enable the department to systematically implement social procurement.

It is mandatory for a General Procurement Plan to be completed for all non-State Purchase Contract procurement activity greater than $250,000, or deemed high risk, and for all State Purchase Contract procurements greater than $1 million (excluding Master Agency Media Services) or if not following State Purchase Contract rules.

The General Procurement Plan template has been amended to include planning for social procurement. At this planning stage, decisions will be made regarding the approach to take to enable social procurement including:

* Whether an encouraged, proportionate, targeted or strategic approach is required.
* The application of social procurement sourcing tactics listed in Table 5 of the SPF.
* The feasibility of approaching social enterprises, disability enterprises, aboriginal or women owned businesses to submit a bid.
* Methods of alerting the above types of businesses to an advertised procurement.
* Inclusion of weighted Key Selection Criteria on social and/or sustainable objectives in approach to market documents, if appropriate.
* Identifying if there are any opportunities for suppliers to provide entry level jobs, apprenticeships or traineeships.
* For procurements at/or greater than $20 million and/or associated with Budget funded initiatives, a Social Procurement Plan will be completed in conjunction with the Social Procurement Assurance team in the Department of Treasury and Finance. The plan will then be implemented.

Approach to market templates and contract templates have been amended to enable social procurement implementation requirements. Amendments have also been made to the Contract Management and Risk Plan and Contract Evaluation Report templates. The Contract Management and Risk Plan will facilitate monitoring and accountability of the implementation of social procurement objectives.

Each contract has a specific contract manager appointed. It is mandatory for all contract managers to complete the department’s online contract management course which includes information about social procurement.

This holistic approach will enable the department to champion social procurement and lead by example by working closely with all suppliers to deliver social and sustainable outcomes wherever practicable. Social procurement requirements will be embedded in advice on the procurement process cycle throughout the department.

A substantial issue influencing this department’s application of social procurement to the purchase of goods and services is that in any given financial year at least 36% of goods and services expenditure is via State Purchase Contracts. As noted on page 25 of the SPF, central agencies (i.e. Department of Treasury and Finance and Department of Premier and Cabinet) are responsible for the establishment and contract management of State Purchase Contracts which over time will be adapted to embed the SPF objectives.

The department will work with central agencies regarding the revision of State Purchase Contract arrangements to facilitate social procurement and will also identify opportunities for social procurement within existing contracts.

## 4.2 Construction procurement opportunity analysis

Most Victorian Health Building Authority (VHBA) infrastructure projects are funded through the State Budget. The scope and size of these projects limit the number of firms with the capability to be engaged as principal contractors. However, the VHBA will work with suppliers to ensure that, where appropriate, principal contractors consider social procurement objectives in any sub-contracting or purchasing activities.

Procurement activities are recorded in the VHBA Capital Management System, which contains delegations in line with the Financial Management Act Instrument of authorisation.

To promote awareness in the market of available government procurement opportunities, the department publishes forward notice of all upcoming tender processes for Works or Construction Services. This promotes competition and allows potential tender participants to plan for and allocate resources to participating in the tender process as per Ministerial Direction 5 and in accordance with Ministerial Instruction 5.1. The data is publicly available via the [Buying for Victoria website](https://buyingfor.vic.gov.au) <https://buyingfor.vic.gov.au>

Ministerial Directions for Public Construction Procurement in Victoria (MD) requires that approved construction contracts valued over $100,000 be disclosed on the [Buying for Victoria website](https://buyingfor.vic.gov.au) <https://buyingfor.vic.gov.au>.

All construction procurement activities are in alignment with current Ministerial Directions. High Value High Risk (HVHR) projects are governed by a steering committee and manage risk specific to that project. If the project value exceeds $10 million (inclusive of GST) or is otherwise considered to be complex or high risk, a probity plan must be prepared.

To assist contractors and suppliers in achieving their employment and training targets for procurement projects valued at $20 million and above, VHBA will work with the Infrastructure Policy team, Jobs Victoria and relevant partners to meet social procurement objectives.

Employment targets will also link with the relevant Building Equality Policy and the Local Jobs First Major Projects Skills Guarantee (MPSG) apprentice, trainees and cadets.

# 5 Priority objectives and outcomes

The SPF includes the following objectives and outcomes for social procurement. On page 18 of the SPF, it is noted that the Government does not expect every procurement to pursue all recommended actions, which are summarised below. Government buyers are expected to decide which social and sustainable objectives are to be pursued and prioritised in each procurement. The Department of Health is required to report on the achievement of these specific objectives and outcomes.

## 5.1 Goods and services (non-construction) procurement priority objectives and outcomes

When undertaking individual procurements, the department supports consideration of all 10 objectives listed in the SPF for goods and services (non-construction) procurement consistent with the department’s strategic direction and based on potential opportunities.

|  |  |
| --- | --- |
| **SPF objectives and outcomes (goods and services)** | |
| **Social procurement objectives** | **Outcomes sought** |
| Opportunities for Victorian Aboriginal people | Purchasing from Victorian Aboriginal businesses  Employment of Victorian Aboriginal people by suppliers to the Victorian Government |
| Opportunities for Victorians with disability | Purchasing from Victorian social disability enterprises and Australian Disability Enterprises  Employment of people with disability by suppliers to the Victorian Government |
| Women’s equality and safety | Adoption of family violence leave by Victorian Government suppliers  Gender equality within Victorian Government suppliers |
| Opportunities for disadvantaged Victorians | Purchasing from Victorian social enterprises  Job readiness and employment for:   * long-term unemployed people * disengaged youth * single parents * migrants and refugees * workers in transition |
| Supporting safe and fair workplaces | * Purchasing from suppliers that comply with industrial relations laws and promote secure employment |
| Sustainable Victorian social enterprise and Aboriginal business sectors | * Purchasing from Victorian social enterprises and Aboriginal businesses |
| Sustainable Victorian regions | Job readiness and employment for people in regions with entrenched disadvantage |
| **Sustainable procurement objectives** | **Outcomes sought** |
| Environmentally sustainable outputs | Project-specific requirements to use sustainable resources and to manage waste and pollution  Use of recycled content in construction works |
| Environmentally sustainable business practices | Adoption of sustainable business practices by suppliers to the Victorian Government |
| Implementation of the Climate change policy objectives | Project-specific requirements to minimise greenhouse gas emissions  Procurement of outputs that are resilient against the impacts of climate change |

## 5.2 Construction procurement priority objectives and outcomes

|  |  |
| --- | --- |
| **SPF outcomes and objects (construction)** | |
| **Social procurement objectives** | **Outcomes sought** |
| Opportunities for disadvantaged Victorians | Purchasing from Victorian social enterprises  Job readiness and employment for:   * long-term unemployed people * disengaged youth * single parents * migrants and refugees * workers in transition |
| Supporting safe and fair workplaces | Purchasing from suppliers that comply with industrial relations laws and promote secure employment |
| Women’s equality and safety | Adoption of family violence leave by Victorian Government suppliers  Gender equality within Victorian Government suppliers  Create training and employment opportunities for women through government procurement on building, infrastructure, civil engineering and any other capital works projects.   * action 1 – meet project-specific gender equality targets * action 2 – engage women as apprentices and trainees   action 3 – implement Gender Equality Action Plans (GEAPs) |
| **Sustainable procurement objectives** | **Outcomes sought** |
| Environmentally sustainable outputs | Project-specific requirements to use sustainable resources and to manage waste and pollution  Use of recycled content in construction |

# 6 Targets

The best way to achieve our objectives is to have clear targets that create an environment of accountability both internally and for our contractors and suppliers. The DH social procurement targets are listed below for goods and services procurement and construction procurement.

## 6.1 Goods and services

In 2022-23 the following targets have been established for goods and services expenditure:

* Spend at least 1% of total expenditure with Aboriginal owned businesses.
* Increase expenditure with social enterprise suppliers by at least 10%.
* Purchase at least 5% of stationery via the State Purchase Contract from Aboriginal businesses.
* Where possible purchase from social benefit suppliers via other State Purchase Contracts.
* Double the number of procurement contracts that include at least one social procurement objective and outcome.

Work has already commenced to support these targets, including:

* Social or sustainable selection criteria are included in knowledge-based service procurements valued at over $150,000 to increase the number of social benefit suppliers contracted for this type of work.
* Procurement processes have been amended to streamline the engagement of Aboriginal business or Australian disability enterprise to increase the number of social benefit suppliers contracted.

## 6.2 Public construction

VHBA is committed to improving gender equality, enabling Aboriginal self-determination, and creating inclusive and thriving communities for all people including for disadvantaged Victorians such as migrants, refugees and asylum seekers, and people with disabilities. VHBA intends to create meaningful social and economic opportunities for these priority cohorts both internally by adopting inclusive organisational strategies and externally by working with our suppliers to create better social value outcomes.

VHBA intends to leverage our work and investments to create jobs and training opportunities for people experiencing barriers to employment and to support their participation in meaningful, sustainable work. Research consistently shows that promoting better economic participation for women, Aboriginal Victorians and other marginalised, diverse cohorts can significantly boost Australia’s GDP and increase Victoria’s productivity.

VHBA and Infrastructure Policy will work with central agencies and other relevant partners to explore the feasibility of weighted social and sustainable criteria for procurement below $20 million, with the aim of focusing on inclusive employment practices.

# 7 Roles and responsibilities

As noted in the SPF – Buyer Guidance, *Guide to mandatory planning requirements,* the term ‘government buyer’ means the individual(s) responsible for planning, sourcing, and/or approving the goods, services or construction being procured by a department or agency. Department-wide roles and responsibilities are listed below.

*Secretary and Executive Board*

The Secretary, Department of Health, is the Accountable Officer for the development and implementation of the department’s Social Procurement Strategy, for reporting on social procurement activity in departmental and agency Annual Reports, and for contributing to the Victorian Government aggregated Social Procurement Framework Annual Report.

*Procurement Committee*

The Procurement Committee comprises membership at the executive level, is chaired by a Deputy Secretary, Corporate Services, and is supported by the Chief Procurement Officer and Procurement Secretariat. Members are involved through formal scheduled meetings and out-of-session matters throughout the year. While the committee is primarily concerned with goods and services (non-construction) procurement, membership of the Committee includes representatives from the VHBA. Oversight of the implementation of the department’s Social Procurement Strategy will be provided by the Procurement Committee.

*Social Procurement Group*

Representatives from the Procurement Services unit and VHBA will meet regularly to consider the enhancement of social procurement implementation, support internal communications about social procurement and contribute to strategy development.

## 7.1 Goods and services (non-construction) procurement roles and responsibilities

### Procurement Services unit – Finance and Procurement Branch

*Director/Chief Procurement Officer*

The Director, Procurement Services, is also the department’s Chief Procurement Officer and is primarily responsible for:

* ensuring that the department meets legislative and policy obligations when procuring and managing goods and services;
* procurement strategy, policies, systems and processes;
* supporting procurement, tendering and contract management.

The Chief Procurement Officer will also coordinate implementation of this SPS across the department by leading awareness raising activities so that staff understand the department’s Strategy and procure in accordance with the SPF as outlined in this Strategy.

The Chief Procurement Officer will endorse each Social Procurement Plan for goods and services procurement as part of the procurement planning process, after the Social Procurement Assurance team from the Department of Treasury and Finance has provided input. Construction buyers will be supported with advice or review as requested.

*Procurement Strategy and Policy team*

This team is responsible for monitoring and resourcing the implementation of VGPB policy and governance requirements and will:

* develop and implement communication methods to ensure that the requirements of the SPF and this strategy are understood;
* amend internal goods and services procurement templates and corporate processes to embed SPF considerations into all procurement processes;
* support Procurement Officers to work with Business Owners to implement social procurement;
* collect data from procurement documentation and liaise with Finance to enable reporting on the department’s social procurement achievements in the department’s Annual Report as well as reporting to DTF, and;
* develop education and training activities to raise the level of social procurement capability across the department.

*Procurement Officers*

Procurement Officers guide business owners (government buyers) through the procurement process and provide advice on contract management. This will include the department’s Social Procurement Strategy. They will provide advice and support to individual business owners, to ensure that proposed procurements being presented for approval address the requirements of this strategy.

*Government Buyers (Business Owners)*

These are staff throughout the department who want to buy goods and services. Procurement Officers and Business Owners will partner to implement social procurement during the procurement process by establishing social procurement objectives and outcomes for the procurement, considering how to engage Victorian social enterprises, Victorian Aboriginal businesses, or other social benefit suppliers in the approach to market and when required completing and implementing a social procurement plan.

*Financial Delegates*

Financial delegates are responsible for budget, confirming what is to be procured, and approving procurement expenditure.

*Contract Managers*

The appointed Contract Manager is responsible for managing the implementation of the contract and ensuring that goods and services are received in line with the terms of the contract. Contract Managers are responsible for monitoring social procurement implementation during the term of the contract, addressing risks and issues that arise in relation to social procurement, and reporting on social procurement via the Victorian Management Centre (VMC) as required.

## 7.2 Construction procurement roles and responsibilities

*PMO and Governance*

* Assists the Project and Program Managers across their procurement requirements. This includes clarity regarding the appropriate legislation and related procurement systems, processes and responsibilities.
* Coordinates monitoring and reporting of social procurement across VHBA.

*Project Directors / Managers*

* Include appropriate clauses and supporting information in tender documents to notify prospective tenderers of VHBA social procurement requirements and support available to assist in developing program tender requirements.
* Work with contractors to ensure employment opportunities are made available to priority jobseekers, and through project spend via Victorian Aboriginal businesses, social enterprises and Australian Disability Enterprises
* Support the outcomes, monitoring and reporting requirements of all VHBA social procurement.

*Financial Delegates*

* Responsible for budget requirements identification and for approving procurement expenditure.

# 8 Capability development plan

In the procurement context, the term ‘capability’ describes the combination of an organisation’s expertise, resourcing, systems, policies and processes to execute and manage specific procurement tasks and activities (VGPB, *Guide to Capability)*.

Social procurement capability involves embedding social procurement practices throughout the procurement process, so that the organisation’s expertise, resourcing, systems, policies and processes enable the delivery of social and sustainable outcomes through procurement in accordance with this strategy.

Social procurement capability development progress will be monitored by the Procurement Committee and facilitated by the Chief Procurement Officer.

*Access to expertise*

The department has subject matter expertise and practice experience regarding social and economic disadvantage, Aboriginal issues, family violence, gender equity, disability, environmental management, major infrastructure construction and maintenance, health services, community services, and property and asset management. This wide range of expertise will be utilised as needed to inform social procurement implementation in this department.

*Social Procurement Capability Self-Assessment*

The Social Procurement Capability Self-Assessment template included in the SPF has been completed for both goods and services procurement and construction procurement and is attached to this strategy at Appendix 1. It will be completed each year in tandem with the review and revision of this strategy.

## 8.1 Good and services capability development

Social procurement capability development for goods and services procurement consists of the following activities.

*Procurement Officers*

* Social procurement is a regular agenda item at Procurement Officers’ meetings.
* Access to comprehensive information about social procurement, including the SPS, is available via the department’s intranet and will include information about the DTF Social Procurement Assurance function and Jobs Victoria.
* Procurement Officers have input to the creation and revision of templates used by business owners to ensure that they are practicable.
* Information on social procurement is included in the procurement standard operating procedures used by procurement officers. This will be updated to include information about the DTF Social Procurement Assurance function and Jobs Victoria.
* Information is provided to Procurement Officers about requirements for procurements valued at $20 million and above including the DTF Social Procurement Assurance function which they will communicate to government buyers (business owners).
* Key templates will be reviewed to strengthen focus on priority objectives.
* Goods and services and construction procurement staff both attend the WOVG Procurement Officers meetings organised by the Department of Treasury and Finance, which are focused on government policy and priorities, capability development and information sharing.
* Goods and services and construction procurement staff both attend the WOVG Social Procurement Community of Practice meetings organised by the Department of Jobs, Regions and Precincts

*Government Buyers (Business Owners)*

* A comprehensive, dedicated social procurement page on the department’s intranet includes information about social procurement and links to Victoria’s Social Procurement Framework, the department’s Social Procurement Strategy, the Buying for Victoria website, the Jobs Victoria website and websites such as Social Traders where business owners can source social enterprise suppliers.
* The online procurement training course and mandatory contract management course include information about social procurement.
* Information about the support Jobs Victoria can give to suppliers will be included on the social procurement intranet page.
* Information and guidance material will be developed for the social procurement page on the priority social procurement objectives.
* Social procurement information, advice and guidance is provided to government buyers (business owners) by Procurement Officers, including supporting business owners to include social procurement requirements in procurement plans.
* Social procurement requirements are included in procurement templates and resources used by government buyers (Business Owners). Approach to market templates will include reference to the support offered to suppliers by Jobs Victoria.
* A flyer will be included in the approach to market documents on social procurement support available e.g., information about Social Traders and Jobs Victoria.
* The procurement plan template will be updated to ask targeted questions to ensure engagement with the DTF Social Procurement Assurance team occurs for procurement valued at $20 million dollars and above.
* For procurements valued at $20 million or above and/or associated with Budget funded initiatives a social procurement plan will be completed with support from the DTF Social Procurement Assurance team and a procurement officer, and contract managers will be encouraged to complete VMC reporting training.

*Tenderers:*

* Advice will continue to be provided to potential tenderers on social procurement in Request for Tender/Expression of Interest documents.
* Briefings will be provided to suppliers in relation to the specific requirements for each tender.
* Briefings providing feedback on social procurement criteria and responses after tenders have been awarded and outcomes communicated as part of ongoing engagement and communication with tenderers.

*Contract Managers*

* The department’s social procurement intranet page provides access to comprehensive information about social procurement and links to social procurement resources and information.
* The department’s mandatory online contract management training course includes information about social procurement.
* Information about social procurement is included in the Contract Management Guide on the department’s intranet.
* All templates and resources used by contract managers will be reviewed to strengthen social procurement information.
* Information about social procurement is included in the department’s mandatory on-line contract management course.
* A contract manager can obtain advice about social procurement from a Procurement Officer on request.

*All staff*

* The Procurement eLearning course available to all staff includes information on social procurement and local jobs first.
* A business case will be made for the development of a social procurement on-line training course.
* A business case will be made for the establishment of an annual social procurement forum.

## 8.2 Construction capability development

The following communication, education and program development activities will be undertaken to enhance social procurement capability in construction procurement.

*Project Directors/Managers:*

* Information about the SPF, this SP Strategy and changes to the procurement process will be included in the new VHBA Training Academy intranet site. The Academy is the capability development strategy of the VHBA.
* Social procurement will be a standing agenda item in Delivery Team meetings.
* Project Directors/Managers will provide input to the revision of procurement templates and resources to ensure practicality throughout the procurement process.

*Stakeholders and Potential Suppliers:*

* Advice will continue to be provided to potential tenderers on social procurement in Request for Tender/Expression of Interest documents.
* Briefings will be provided to suppliers in relation to the specific requirements for each tender.
* Briefings providing feedback on social procurement criteria and responses after tenders have been awarded and outcomes communicated as part of ongoing engagement and communication with tenderers.
* Regular education and engagement events with suppliers will be scheduled to continue to educate suppliers on aspirations for social procurement, hear success stories and connect suppliers with diverse jobseekers, social enterprises and Aboriginal businesses.
* Information about social procurement for procurement of construction works and services will be made available on the VHBA website.

*General:*

* Information about social procurement will be added to relevant asset business cases.
* VHBA to work with Procurement Officers to update relevant procurement documents and guide the implementation of social procurement requirements to the construction environment.
* Social procurement requirements, templates and resources will be embedded in the Legal and Procurement chapter within the VHBA Project Management Framework (PMF).
* All staff in VHBA Delivery teams will be expected to attend training on social procurement.

*All staff:*

* All staff will be able to access up-to-date information regarding the SPF, the DH social procurement strategy and DH social procurement reporting through the Intranet.

# 9 Supplier engagement plan

Supplier engagement progress will be monitored by the Chief Procurement Officer, and reported to the department’s Procurement Committee, a sub-committee of the Investment and Finance sub-committee.

Section two of the SPF provides guidance for staff to access social enterprises, Aboriginal businesses including Kinaway, Australian Disability Enterprises and other similar suppliers. This information is relevant to both goods and services and construction procurement and staff can access the SPF on the department’s intranet.

The SPF also encourages the employment of disadvantaged Victorians by suppliers, to maximise the positive employment outcomes they can provide. The range of employment programs supported through Jobs Victoria present a strategic mechanism through which suppliers can leverage from existing Government programs to support more job seekers at risk of being left behind into work.

Information about Jobs Victoria will be provided to government buyers and suppliers via Procurement Officers providing advice to government buyers and suppliers, and via the department’s intranet and websites.

## 9.1 Goods and services supplier engagement

In relation to goods and services procurement, supplier engagement consists of the following activities that focus on sourcing and engaging social enterprises, Aboriginal owned businesses, Australian Disability Enterprises and any other relevant social benefit suppliers. The intention is to increase direct social procurement via contracting and indirect social procurement via sub-contracting.

The social procurement page in the department’s intranet provides access to social enterprises and other social benefit suppliers via direct links to the:

* Victorian Government supplier data base Vendor Panel.
* Social Traders buyer portal.
* The supplier directory on the website of Kinaway the Victorian Aboriginal Chamber of commerce.
* The buying from Victorian Aboriginal businesses website
* The Jobs Victoria website.

This will enable Government Buyers (Business Owners) to directly access information about a wide range of social enterprise and other suppliers relevant to social procurement.

The contractual advisory relationship with Social Traders will be maintained and will continue to be a source of expert advice on social procurement and social enterprises.

Supplier engagement will be considered in the procurement planning process when a Procurement Plan and also when a Social Procurement Plan is developed via support provided by the Procurement Strategy and Policy team.

Procurement processes will be updated to ensure government suppliers are made aware of the support that Jobs Victoria can provide through specialist employment and training providers that can connect suppliers with women and young people.

As Procurement Officers play a critical role in goods and services procurement, they will be supported to guide Government Buyers (Business Owners) regarding supplier engagement via social procurement updates at Procurement Officer meetings, the inclusion of social procurement in templates and one to one advice on request.

## 9.2 Construction supplier engagement

There has already been a considerable amount of work undertaken within the VHBA to address social procurement within the Request for Tender (RFT) documentation for construction works.

To complement this work, VHBA is developing a communication strategy to ensure staff and suppliers are aware of the new requirements and how it affects their tender/contract.

# 10 Reporting and management framework

The annual review of this Strategy will be conducted by the department in July each year as will the Social Procurement Self-Assessment. The revised Social Procurement Strategy and Social Procurement Self-Assessment will be provided to the Department of Jobs, Precincts and Regions by 1 September each year.

The department is committed to a “lessons learned” process as the implementation of social procurement progresses. This new information will inform strategy development, social procurement advice, communication, training and procurement processes across the department.

The department has received from the Department of Jobs, Precincts and Regions the document: Social Procurement Framework (SPF) Measurement and Reporting Guidelines for 2020-21. These guidelines are expected to also apply to 2022-23 social procurement reporting.

An external portal (VMC) has been developed by the Industry Capability Network to electronically record social procurement outcomes. Where required, contract managers and/or suppliers will be directed to use VMC to input social procurement related data.

The department will use the latest SPF Model Clauses and templates on the Buying for Victoria website for invitations to supply, contracts and response schedules.

## 10.1 Goods and services (non-construction) social procurement reporting

Supplementing the VMC, the Procurement Services Unit has a robust system in place for goods and services procurement planning, the approach to market and contracting processes. The Procurement Strategy and Policy Team will coordinate the compilation of metrics data and case studies for goods and services (non-construction) procurement.

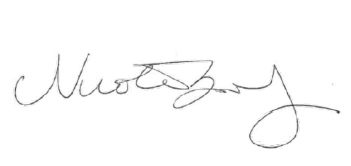
The Contract Reporting System (CRS) and finance system will provide metric data for 2022−23 on:

* The number of social benefit suppliers engaged during the reporting period
* The total amount spent with social benefit suppliers during the reporting period
* The total number of suppliers engaged that are not social benefit suppliers that have made social procurement commitments in their procurement contracts with the Victorian Government.
* Reporting against specified metric against SPF objectives 2022-23 for both in terms of numbers and values.

## 10.2 Construction social procurement reporting

VHBA is currently working to include reporting on social procurement outcomes as one of the key reporting requirements. These new reporting requirements will be in place for new projects enrolled in the VHBA Project Online platform in the 2022-23 financial year.

# 11 Signature



Nicole Brady

Acting Secretary, Department of Health

Date: 21/ 09/ 2022