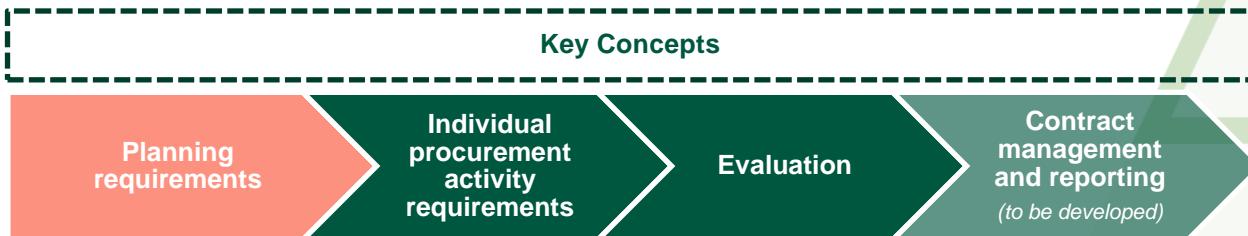


Victoria's Social Procurement Framework – Buyer Guidance

Guide to planning requirements



Purpose of this guide

The purpose of this guide is to provide practical direction to departments and agencies, and government buyers, in relation to mandatory planning requirements under Victoria's Social Procurement Framework (SPF).¹

Specifically, the SPF imposes mandatory planning requirements on:

- **departments and agencies** – to prepare a Social Procurement Strategy (see Table 4 of the SPF); and
- **government buyers** – to incorporate social procurement into regular procurement planning or prepare a Social Procurement Plan during procurement planning (see Table 3 of the SPF). The value of the individual procurement activity determines which requirement applies.

	This guide explains how departments, agencies and government buyers satisfy mandatory planning requirements under the SPF.
	Social procurement success depends on a proactive and strategic approach to procurement planning.
	The roadmap to social procurement success demonstrates where Government is now and where Government aspires to be in the future.
	This guide provides templates for Social Procurement Strategies and Social Procurement Plans, and a social procurement self-assessment tool.

Using this guide

This guide is issued by the Department of Treasury and Finance to provide further information to support departments and agencies in implementing the SPF.

The approaches detailed in the guide are **not prescriptive** and are provided for reference only. The guide complements the existing legislative and policy framework applicable to Victorian Government procurement.

To the extent of any inconsistencies, the Supply Policies issued by the Victorian Government Purchasing Board under the *Financial Management Act 1994* (Vic), Supply Policies issued by Health Purchasing Victoria under the *Health Services Act 1998* (Vic) and the Ministerial Directions for Public Construction Procurement in Victoria issued under the *Project Development and Construction Management Act 1994* (Vic) take precedence over this guide.

¹ For the purposes of the SPF: (a) 'departments and agencies' means all entities that are subject to the Standing Directions of the Minister for Finance 2016; and (b) 'government buyer' means the individual(s) responsible for planning, sourcing and/or approving the goods, services or construction being procured by, or on behalf of, a department or agency. Note that the definition of government buyers includes end users, project control boards and financial delegates.

This guide is current as at 1 September 2018. The suite of SPF guidance materials will be periodically reviewed and updated to reflect user feedback and any changes to the legislative and policy landscape.

Contents of this guide

This guide contains the following sections:

- **Section 1** provides a high-level roadmap to guide social procurement planning
- **Section 2** provides planning guidance for departments and agencies
- **Section 3** provides planning guidance for government buyers
- **Appendix A** provides a social procurement self-assessment tool for departments and agencies to assess their progress toward operationalising the SPF
- **Appendices B and C** provides a template and instructions for developing a Social Procurement Strategy and Social Procurement Plan, respectively

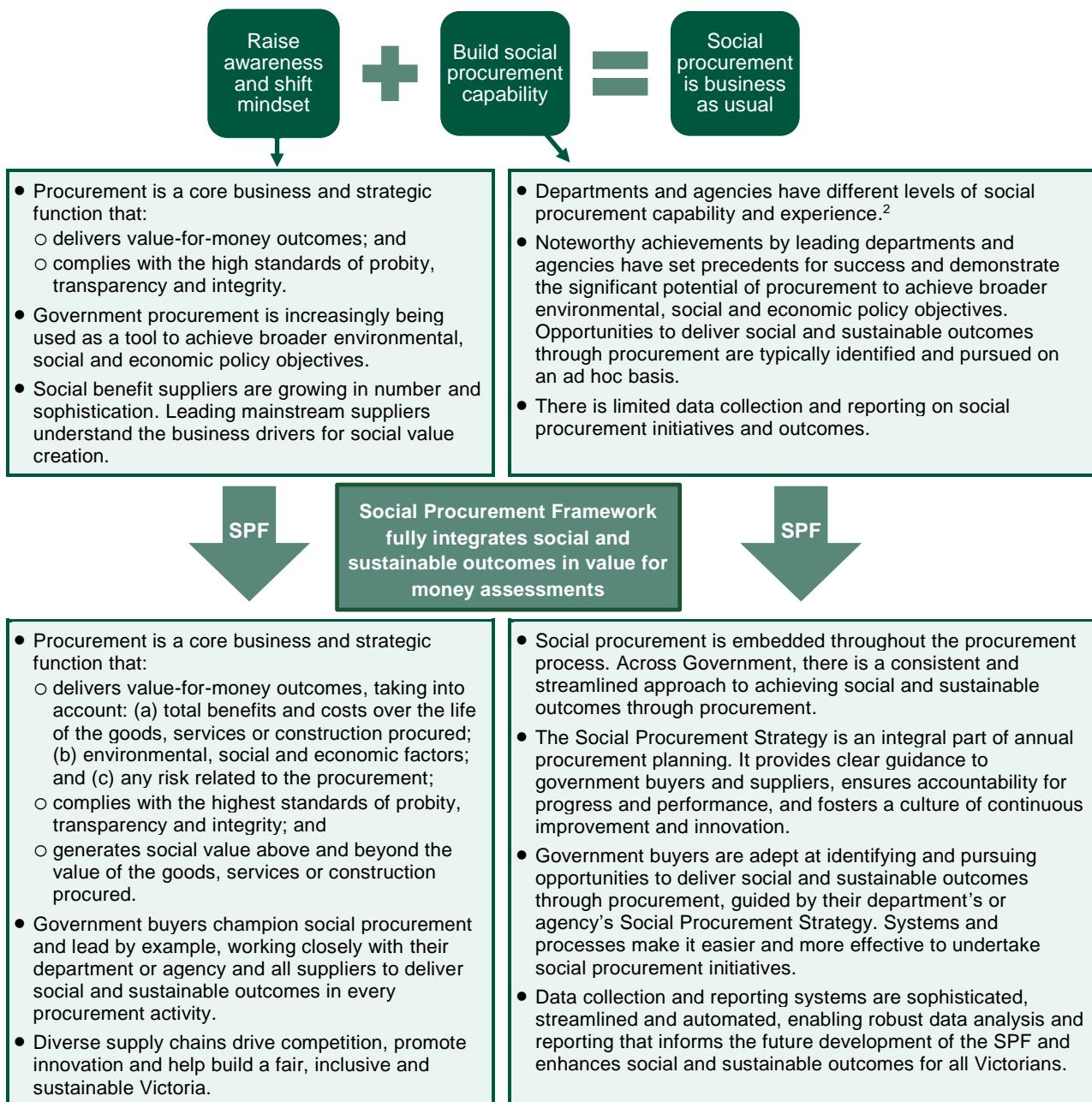
Section 1 – Social Procurement Roadmap

Social procurement is when organisations use their buying power to generate social value above and beyond the value of the goods, services or construction being procured. In the Victorian Government context, social value means the benefits that accrue to all Victorians when the social and sustainable outcomes in the SPF are achieved.

Social procurement success depends on a proactive and strategic approach to procurement planning. Such an approach requires a high-level roadmap that outlines where the Government is now and where the Government aspires to be in the future.

This high-level roadmap will help departments and agencies determine the actions they need to take to operationalise the SPF.

Roadmap to social procurement success



² 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 and are aligned to its Social Procurement Strategy.

Section 2 – Planning requirements for departments and agencies

Mandatory planning requirement

The SPF requires all departments and agencies to develop a Social Procurement Strategy.

To satisfy this requirement, the core components of a Social Procurement Strategy (outlined below) may be incorporated into a departmental or agency procurement strategy or set out in a standalone document.

The Social Procurement Strategy, or the relevant components of a departmental or agency procurement strategy, must be approved by the Accountable Officer or delegate.

Phased introduction

The requirement to develop a Social Procurement Strategy will be introduced in two phases:

	Phase 1	Phase 2
Applicable entities	Government departments and the following agencies: <ul style="list-style-type: none">• VicRoads;• Victoria Police; and• PTV.	All other agencies subject to the Standing Directions of the Minister for Finance 2016. ³ <i>Note: these organisations are strongly encouraged to become 'early adopters' by preparing their Social Procurement Strategy prior to the deadline listed below.</i>
Draft Social Procurement Strategy	Each of the above organisations must submit a draft Social Procurement Strategy to the Department of Treasury and Finance (DTF) by 1 September 2018 .	Each of the above organisations must submit a draft Social Procurement Strategy to DTF by 1 September 2019 .
Final Social Procurement Strategy	DTF will provide feedback on draft Social Procurement Strategies prior to the above organisations finalising their respective strategy.	
Social Procurement Strategy review	Social Procurement Strategies must be reviewed, updated and submitted to DTF by 1 September each subsequent year.	

The phased introduction outlined above applies only to the mandatory planning requirement for departments and agencies to develop a Social Procurement Strategy.

All other requirements established by the SPF apply to the procurement of all goods, services and construction undertaken by, or on behalf of, departments and agencies **from 1 September 2018**.

Developing a Social Procurement Strategy

The Social Procurement Strategy must:

- outline the organisation's business strategy (including strategic priorities and objectives), procurement profile and social procurement opportunity analysis;
- clearly articulate the social and/or sustainable procurement objectives that the organisation will prioritise in its procurement activities for the coming year (i.e. which of the objectives identified in Tables 1 and 2 of the SPF the organisation will prioritise);
- establish roles and responsibilities to ensure compliance with SPF requirements;
- incorporate social procurement into the organisation's capability development planning;

³ To determine whether your agency is subject to the Standing Directions of the Minister for Finance 2016, see the fact sheet available online at <https://www.dtf.vic.gov.au/financial-management-government/standing-directions-minister-finance-2016>.

- incorporate social procurement into the organisation's supplier engagement planning / develop a supplier engagement plan that incorporates social procurement; and
- incorporate a reporting and management framework to monitor progress and performance, promote continuous improvement and review the Social Procurement Strategy.

These **core components** ensure that departments and agencies:

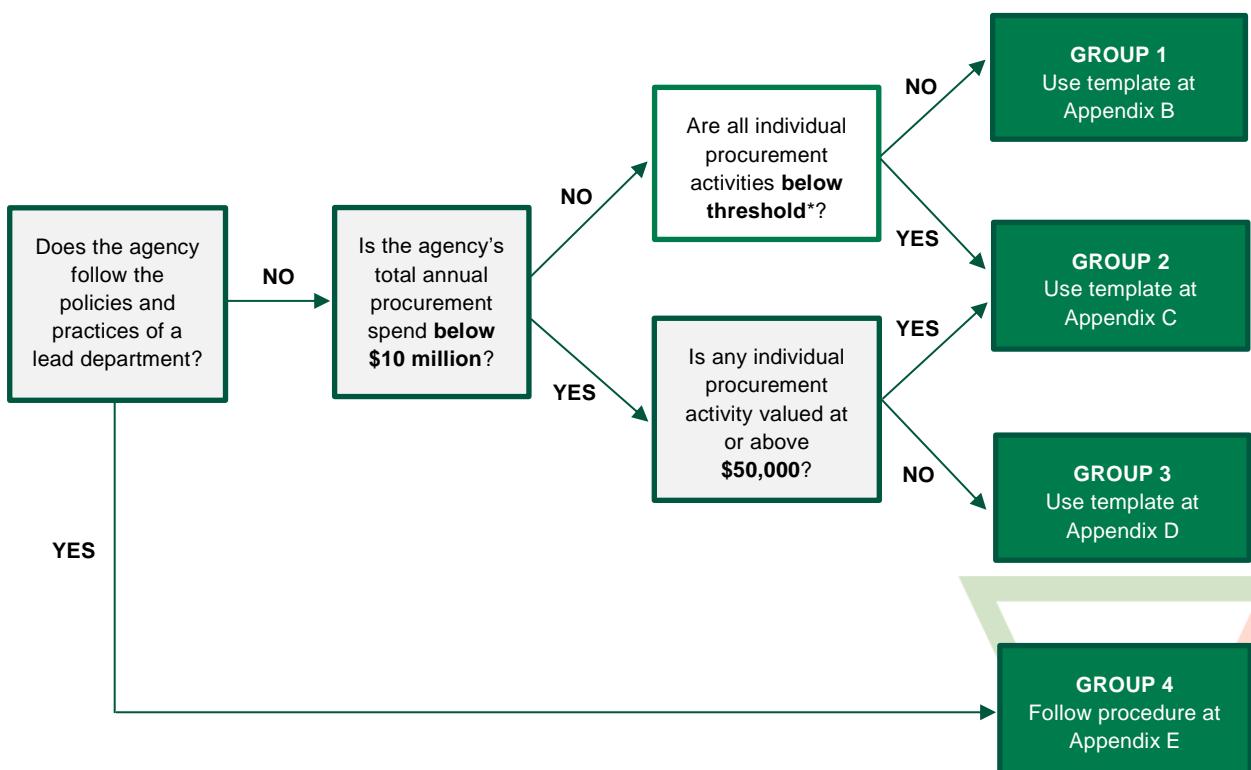
- comply with mandatory planning requirements under the SPF;
- demonstrate clear leadership and governance in relation to social procurement and manage internal expectations about delivering social and sustainable outcomes through procurement;
- prioritise social and/or sustainable objectives in order to focus energy and resources, guide government buyers in respect of individual procurement activities, and enable a clear market signal to be sent by Government;⁴
- manage supplier and stakeholder relationships regarding changing Government expectations and supplier requirements; and
- embed social procurement throughout the organisation's procurement process, by building social procurement capability to enable the organisation to undertake, measure and report on social procurement initiatives.

For Social Procurement Strategies developed by Phase 2 agencies, the level of detail expected in relation to each core component will depend on the organisation's total annual procurement spend and the value of its individual procurement activities.

Social Procurement Strategy – Templates

The templates set out at **Appendices B to D** provide example headings and instructions for each section of the Social Procurement Strategy. The templates are designed to ensure that the core components listed above are covered and increase consistency across Government.

Appendix B is to be used by all Phase 1 departments and agencies. The following flowchart is to be used by Phase 2 agencies to determine which template applies to them.



⁴ A high-level summary of the social and sustainable procurement objectives being prioritised by departments and agencies in their Social Procurement Strategies will be published on the Buying for Victoria website.

Section 3 – Planning requirements for government buyers

Mandatory planning requirement

The SPF also requires government buyers to undertake social procurement planning in respect of individual procurement activities.⁵ These requirements are set out in Table 3 of the SPF, excerpted below:

Victoria's Social Procurement Framework Individual procurement activity requirements			
Below threshold	Lower band	Middle band	Upper band
Regional under \$1 million	Regional \$1 to \$20 million	\$20 to \$50 million	Over \$50 million
Metro or State-wide under \$3 million	Metro or State-wide \$3 to \$20 million		
<i>Planning requirement for government buyers</i>	Incorporate SPF objectives and outcomes into regular procurement planning		Complete a Social Procurement Plan during procurement planning

The level of social procurement planning that must be undertaken by government buyers depends on the value of the individual procurement activity:⁶

- For individual procurement activities that fall into the ‘below threshold’ or ‘lower band’ (i.e. valued below \$20 million), government buyers must incorporate SPF objectives and outcomes into regular procurement planning.
- For each individual procurement activity that falls into the ‘middle band’ or ‘upper band’ (i.e. valued at or above \$20 million), government buyers must develop a Social Procurement Plan.

Incorporating SPF objectives and outcomes into regular procurement planning

For individual procurement activities valued below \$20 million, to satisfy the requirement to incorporate SPF objectives and outcomes into regular procurement planning, government buyers should:

- identify the types of regular procurement planning undertaken in relation to these activities; and
- incorporate social procurement practices and considerations into each type of regular procurement planning, with a view to identifying and pursuing opportunities to deliver social and sustainable outcomes.⁷

Regular procurement planning includes, but is not limited to, the development of:

- procurement activity plans (i.e. or equivalent forward procurement plan);
- category management plans;
- business cases;
- spend, contract and opportunity analyses;

⁵ As explained in the SPF *Guide to individual procurement activity requirements*, the SPF imposes mandatory individual procurement activity requirements on government buyers to: (a) incorporate social procurement into regular procurement planning or prepare a Social Procurement Plan during procurement planning; and (b) consider opportunities to deliver social and sustainable outcomes in every individual procurement activity. The first requirement is addressed in Section 3 of this guide. Practical direction to government buyers in relation to the second requirement is provided in the SPF *Guide to individual procurement activity requirements*.

⁶ Section 4 of the SPF *Guide to key concepts* provides guidance on determining the value of the procurement activity.

⁷ As noted in Section 2 of this guide, Social Procurement Strategies should provide guidance to government buyers as to social procurement practices and considerations that are appropriate in different types of procurement activities.

- market analysis, market sounding and engagement strategy planning;
- complexity assessments;
- tender strategy planning;
- capability development plans; and
- contract management plans.

Developing a Social Procurement Plan

For each individual procurement activity valued at or above \$20 million, to satisfy the requirement to complete a Social Procurement Plan, the core components of a Social Procurement Plan (outlined below) may be incorporated into a departmental or agency Social Procurement Strategy or set out in a standalone document. Where an individual procurement activity involves multiple, discrete packages of work and more than one package of work is valued at or above \$20 million, government buyers are only required to complete one Social Procurement Plan covering the entire activity (i.e. including all packages of work).

The Social Procurement Plan, or relevant components of a departmental or agency Social Procurement Strategy, must be approved by the financial delegate responsible for the procurement activity.

The Social Procurement Plan must:

- outline the value, scale, complexity and strategic objectives of the individual procurement activity. Note that the Social Procurement Plan should be proportionate to the circumstances of the individual procurement activity;
- incorporate a social procurement opportunity analysis in respect of the individual procurement activity;
- clearly articulate the social and/or sustainable procurement objectives that will be prioritised in the individual procurement activity (i.e. which of the objectives identified in Tables 1 and 2 of the SPF the organisation will prioritise) and demonstrate how those objectives will be advanced (e.g. involvement of social benefit suppliers, applicable requirements, performance standards or targets);
- establish roles and responsibilities in relation to anticipated social procurement commitments for the individual procurement activity;⁸ and
- demonstrate how supplier and stakeholder relations will be managed to ensure that social procurement commitments are met, including how progress will be measured and reported on over the life of the individual procurement activity.

These **core components** ensure that government buyers:

- comply with mandatory planning requirements under the SPF;
- are taking a proactive and strategic approach to advancing social and sustainable procurement objectives in individual procurement activities valued at or above \$20 million; and
- proactively manage any social procurement capability issues in relation to undertaking social procurement initiatives, as well as measuring and reporting on social procurement commitments.

Social Procurement Plan – Template

The template set out at **Annexure C** provides example headings and specific instructions for each section of the Social Procurement Plan. The purposes of the template are to ensure that the core components listed above are developed and increase consistency across Government.

⁸ Throughout this guide, ‘social procurement commitment’ means a commitment to deliver a social or sustainable outcome through an individual procurement activity.

Appendix A – Social Procurement Self-assessment for departments and agencies

Foundations for social procurement success

Departments and agencies with a robust governance framework and procurement strategy that aligns with their organisation's business strategy and procurement profile have set strong foundations for social procurement success. This is because there is already a focus on:

- governance and accountability;
- high standards of probity, transparency and integrity;
- procurement as an end-to-end activity, with a strategic approach to planning, sourcing and contract management;
- early and thorough market analysis;
- interactive market engagement;
- proactive management of procurement risks; and
- performance management and continuous improvement.

Social procurement self-assessment supplements organisational capability assessment

A capability assessment determines the organisation's current procurement capability, identifies capability gaps, and informs the preparation of a capability development plan to drive continuous improvement.

All departments and agencies should undertake a capability assessment as part of their annual procurement planning process.⁹ At a minimum, departments and agencies should complete an organisational capability assessment every year (i.e. covering all areas of the organisation that are involved in procurement). Capability assessments can also be used to assess capability at the business unit or individual level, as required.

This self-assessment is designed to supplement an organisation's capability assessment and provide a high-level overview of its progress toward operationalising the SPF. However, if the self-assessment should be completed even if an organisation has not undertaken a capability assessment in a given year.

Completing this social procurement self-assessment

The self-assessment should be completed on an annual basis by each department and agency in the course of developing its Social Procurement Strategy. It should be submitted to DTF as an addendum to the Social Procurement Strategy.

The self-assessment must be:

- carried out by an assessor(s) with appropriate expertise and knowledge of the organisation's procurement function (e.g. a Chief Procurement Officer or internal procurement unit); and
- approved by the Accountable Officer or delegate.

⁹ Several tools and templates are available to assist departments and agencies with their capability assessment. For example, a model Capability Assessment Tool and Template has been developed by the Victorian Government Purchasing Board, which is available online at www.procurement.vic.gov.au.

The self-assessment has two components:

- **Part A** contains ten items, which are framed as positive statements. For each item, the assessor(s) must determine the extent to which they agree or disagree with the statement by placing a ‘tick’ in the appropriate column.
- **Part B** contains a free text box, in which the assessor(s) complete a high-level progress statement based on the responses to Part A. The statement should summarise the organisation’s progress toward operationalising the SPF and be no more than 250 words in length.

The responses to Part A will chart the organisation’s progress toward operationalising the SPF. In early stages of implementing the SPF, it is expected that many responses to Part A will be ‘Neutral’, ‘Disagree’ or ‘Strongly disagree’. Over time, however, each Social Procurement Strategy should move the organisation closer to a ‘Strongly agree’ response for all items, by focussing on:

- raising awareness and shifting mindsets; and
- building social procurement capability.

Where the response is ‘Unknown’, it is expected that departments and agencies will take steps to ascertain the current situation and update the Part A response as soon as practicable.

SOCIAL PROCUREMENT SELF-ASSESSMENT

Organisation: [Insert name of department/agency]

Assessment date: [Insert date that assessment is completed (note: to be completed annually in the course of developing the Social Procurement Strategy)]

Assessor(s): [Insert the name and title of assessor(s)]

PART A:

Item	Description	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Unknown
1	Our Social Procurement Strategy covers all core components (see section 2 of this guide)						
2	Our governance framework / accountability mechanisms promote compliance with SPF requirements						
3	Procurement spend is actively monitored to ensure that value-for-money outcomes are achieved, taking into account: <ul style="list-style-type: none"> • the total benefits and costs over the life of the goods, services or construction being procured; • environmental, social and economic factors; and • any risk related to the procurement. Spend analysis is capable of accommodating social procurement commitments.						
4	Senior management view social procurement as a strategic priority and set the tone from the top.						
5	Roles and responsibilities in respect of social procurement are clearly communicated and supervised by senior management.						
6	Individuals with social procurement related roles and responsibilities have sufficient knowledge, skills and experience to identify and pursue opportunities to deliver social and sustainable outcomes through procurement.						
7	Recruitment, training and professional development activities in relation to procurement integrate social procurement knowledge, skills and experience.						
8	Social procurement is embedded throughout the procurement process (e.g. in procurement-related systems, policies and processes for planning, sourcing and contract management).						
9	Supplier and stakeholder relations are managed on an ongoing basis to promote compliance with contractual obligations. Management of supplier and stakeholder relations is capable of accommodating social procurement commitments.						
10	Performance of the procurement function is monitored and assessed on an ongoing basis to drive continuous improvement and accommodate any whole-of-government social procurement targets.						

PART B:

Progress statement (250 words max)

SIGNATURES:

Signed by assessor(s): Date

..... Date

Signed by Accountable Officer / delegate: Date

Appendix B – Social Procurement Strategy Template

The requirement to develop a Social Procurement Strategy is being introduced in two phases. This template is designed for:

- all Victorian Government departments and agencies that are included in Phase 1;¹⁰ and
- Victorian Government agencies that are included in Phase 2 and fall into **Group 1** – that is, where the agency has:
 - a total annual procurement spend at or above \$10 million; and
 - any of their individual procurement activities fall into the “lower band”, “middle band” or “upper band” of the SPF (i.e. one or more regional procurement activities valued at or above \$1 million or metropolitan or State-wide procurement activities valued at or above \$3 million).

Social Procurement Strategy

Organisation:	[Insert name of department/agency]
Date:	[Insert date that Social Procurement Strategy is prepared]
Review date:	[Insert date that Social Procurement Strategy is to be reviewed by agency]

General instructions

Departments and agencies are required to develop a Social Procurement Strategy.

The core components of a Social Procurement Strategy (outlined in Section 2 of this guide) may be incorporated into the organisation’s procurement strategy or set out in a standalone document.

The Social Procurement Strategy, or the relevant components of the organisation’s procurement strategy, must be approved by the Accountable Officer or delegate.

This template provides example headings and instructions for each section of the Social Procurement Strategy.

Context

This section of the Social Procurement Strategy should deliver key messages in relation to the SPF. It is an important opportunity to:

- acknowledge that procurement is a core business and strategic function;
- recognise any social procurement initiatives undertaken by the organisation prior to the introduction of the SPF; and
- demonstrate the organisation’s commitment to advancing social and sustainable objectives through procurement in accordance with the SPF.

Department / agency business strategy

This section of the Social Procurement Strategy should briefly summarise the key priorities and strategic objectives of the organisation and explain how the SPF relates to, or will help the organisation achieve, those priorities and objectives.

Department / agency procurement profile

This section of the Social Procurement Strategy should briefly summarise the organisation’s procurement profile, based on its unique procurement needs and requirements.

¹⁰ See page 4 of this guide.

Department / agency social procurement opportunity analysis

This section of the Social Procurement Strategy should incorporate a social procurement opportunity analysis that covers both direct and indirect approaches to social procurement (i.e. procurement from social benefit suppliers *and* delivery of social and sustainable outcomes through procurement from mainstream suppliers).

The social procurement opportunity analysis should:

- take into account the organisation's procurement activity plan (or equivalent forward procurement plan) and available information and data about spend patterns and categories, existing contracts and supplier profiling, market analysis and complexity assessment;
- identify any individual procurement activities value at or above \$20 million, to which the requirement for government buyers to develop a Social Procurement Plan applies (see Section 3 of this guide);
- consider the application of social procurement 'sourcing tactics' set out in Table 5 of the SPF (for example, evaluation criteria, unbundling and supplier relationship management); and
- identify specific opportunities and the SPF objectives and outcomes that are relevant to those opportunities (for example, an existing maintenance contract is identified as involving a significant proportion of entry-level labour, which the organisation identifies as an opportunity to create employment opportunities for disadvantaged Victorians).

Based on this analysis, the organisation should consider whether it is appropriate to set social procurement targets for the organisation, such as:¹¹

- an Aboriginal business procurement target that contributes to the Government's 1 per cent Aboriginal procurement target;
- social benefit supplier expenditure targets (e.g. by percentage or amount);
- targets in relation to gender equality indicators and/or proportion of suppliers with family violence leave;
- targets for employment outcomes for Victorians with disability;
- targets for job readiness and employment outcomes for disadvantaged Victorians and/or regions with entrenched disadvantage;
- targets for proportion of suppliers with environmentally sustainable business practices; or
- targets for environmentally sustainable / climate change resilient outputs or emissions reduction targets.

Priority social and sustainable objectives

Departments and agencies are expected to prioritise a minimum of three social and/or sustainable procurement objectives identified in Tables 1 and 2 of the SPF. It is strongly encouraged that any corresponding social and sustainable outcomes are also identified in this section.

This section should also reiterate that although the priority SPF objectives and outcomes are to guide government buyers throughout the organisation, the SPF clearly states that government buyers are expected to decide which objectives are to be pursued and prioritised in each individual procurement activity (i.e. it is also open for buyers to pursue objectives beyond the identified priorities).

Roles and responsibilities

This section of the Social Procurement Strategy should:

- identify areas of the organisation and key individuals that are involved in the procurement process;

¹¹ Under the SPF, it is not mandatory to set social procurement targets for the organisation. However, organisational targets (connected to personal KPIs) are recognised as important mechanism to drive accountability for government buyers.

- clearly articulate the broad definition of ‘government buyer’ (see footnote 1 of this guide) and the requirements imposed on them under the SPF (see section 3 of this guide);¹² and
- outline any roles and responsibilities in relation to social procurement (including, for example, in relation to development of social procurement capability, supplier engagement in relation to social procurement, and the organisation’s reporting and management framework).

Capability development plan

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 a manner that is aligned to its Social Procurement Strategy.

A comprehensive capability development plan would cover issues relating to governance, people and culture, technology and tools, procurement processes, sourcing, contract management and performance management.¹³

This section of the Social Procurement Strategy should:

- undertake a gap analysis (i.e. identify where the organisation is now, where the gaps are, and what steps it needs to take to fill those gaps) in relation to social procurement capability; and
- outline how the organisation will develop its social procurement capability, for example by incorporating an action plan that includes priority action items, accountabilities and timeframes.

Where relevant, reference should be made to the organisation’s capability assessment and capability development plan to ensure alignment and avoid duplication.

It is expected that, in relation to social procurement capability, the organisation’s first Social Procurement Strategy may focus on:

- key changes to procurement systems, policies and processes to ensure compliance with SPF requirements (including, for example, identifying social procurement practices and considerations that are appropriate in different types of procurement activities);
- targeted awareness and training programs for staff and key stakeholders (e.g. procurement teams, project managers, senior management and the broader group of government buyers); and
- provision of access to expertise and resources, as required.

Supplier engagement plan

A comprehensive supplier engagement plan documents the systems, processes and communication approaches that promote the highest levels of trust and accountability in the organisation’s dealings with its suppliers. For example, it would cover issues in relation to keeping the market informed about supply opportunities, managing supplier relations during the procurement process, and managing complaints and supplier debriefs.¹⁴

Effective supplier engagement practices ensure that Government provides timely, accurate and information to the market and is critical to maintaining trust in government procurement and supporting supplier participation in the government procurement marketplace.

This section of the Social Procurement Strategy should:

- undertake a gap analysis (i.e. identify where the organisation is now, where the gaps are, and what steps it needs to take to fill those gaps) in relation to supplier engagement; and

¹² See footnote 1 and section 3 of this guide, respectively. It may be useful to provide examples of government buyers in the organisational context.

¹³ In many organisations, capability development activities are not recorded in a standalone document. These activities may also focus on specific business units or individuals, rather than the entire organisation.

¹⁴ In many organisations, supplier engagement systems, processes and approaches may not be recorded in a standalone document. Supplier engagement may also relate to particular types of procurement or individual procurement activities, rather than the organisation’s procurement profile.

- outline how the organisation will engage with suppliers and the market in relation to social procurement, for example by incorporating an action plan that includes priority action items, accountabilities and timeframes.

Where relevant, reference should be made to the organisation's supplier engagement plan to ensure alignment and avoid duplication.

It is expected that, in relation to supplier engagement, the organisation's first Social Procurement Strategy may focus on:

- targeted communication to suppliers on expectations and opportunities in relation to social procurement;
- targeted awareness sessions for key suppliers and access to training programs, as required; and
- proposed supplier development activities (including, for example, engagement with social benefit suppliers).

Reporting and management framework

DTF is currently developing a measurement and reporting framework to supplement the SPF. In advance of its implementation, this section of the Social Procurement Strategy should, at a minimum, outline the method and tools (e.g. resourcing, systems, policies, processes etc) that will enable the organisation to:

- monitor progress toward acquitting components of the Social Procurement Strategy, including any organisational targets in relation to social and sustainable outcomes and action items in its capability development plan and supplier engagement plan;
- reporting on achievements against the Social Procurement Strategy; and
- collect and analyse data to monitor and report on supplier performance (including any metrics against which progress toward social procurement commitments will be measured), including for the purpose of annual reporting against the SPF.

It is also strongly encouraged that the organisation undertakes a 'lessons learned' process in relation to these areas, with a view to continuous improvement.

Annexures

This section of the Social Procurement Strategy should be used to attach detailed information and materials that are referenced in, or directly relevant to, components of the Social Procurement Strategy. For example, the organisation may wish to attach an executive summary of its business strategy or reports relating to spend analyses or complexity assessments.

SIGNATURE:

Signed by Accountable Officer / delegate: **Date**

Appendix C – Short-Form Social Procurement Strategy Template

The requirement to develop a Social Procurement Strategy is being introduced in two phases. In relation to Phase 2 only,¹⁵ this template is designed for Victorian Government agencies that fall into **Group 2** – that is, where either of the following two scenarios apply:

- **Scenario 1:** the agency has a total annual procurement spend at or above \$10 million, and all individual procurement activities are “below threshold” (i.e. regional activities are below \$1 million / metropolitan or state-wide activities are below \$3 million);¹⁶ or
- **Scenario 2:** the agency has a total annual procurement spend below \$10 million, and any individual procurement activity is valued at or above \$50,000.

Short-Form Social Procurement Strategy

Organisation:	[Insert name of department/agency]
Date:	[Insert date that Social Procurement Strategy is prepared]
Review date:	[Insert date that Social Procurement Strategy is to be reviewed by agency]

General instructions

Departments and agencies are required to develop a Social Procurement Strategy.

The core components of a Social Procurement Strategy (outlined in Section 2 of the SPF Guide to planning requirements) may be incorporated into the organisation’s procurement strategy or set out in a standalone document (e.g. in a business plan). These components must also be included in a Short-Form Social Procurement Strategy.

The Short-Form Social Procurement Strategy, or the relevant components of the organisation’s procurement strategy, must be approved by the Accountable Officer or delegate.

This template provides example headings and instructions for each section of the Short-Form Social Procurement Strategy.

Context

Table 1 - Key organisational messages relating to social procurement

Description	Agree / disagree	Comments / Actions
Procurement is a core business and strategic function		
The organisation is committed to advancing social and sustainable objectives through procurement in accordance with the SPF		
Social procurement initiatives have been undertaken by the organisation prior to the introduction of the SPF		

¹⁵ See page 4 of this guide.

¹⁶ See Table 3 of Victoria’s Social Procurement Framework.

Agency business strategy

This section should briefly summarise the key priorities and strategic objectives of the organisation and explain how the SPF relates to, or will help the organisation achieve, those priorities and objectives.

Agency procurement profile and social procurement opportunity analysis

This section should briefly summarise the organisation's procurement profile, based on its unique procurement needs and requirements, including a social procurement opportunity analysis for significant procurements.

Table 2 – Procurement profile

Procurement size	Previous year		Current year	
	Total value (\$000)	Per cent (%)	Total value (\$000)	Per cent (%)
Below \$50,000				
\$50,000 to \$99,999				
\$100,000 to \$500,000				
\$500,000 to \$999,999				
\$1,000,000 to \$2,999,999				
\$3,000,000 or above				
Total procurement	\$0.00	0%	\$0.00	0%

Table 3 – Analysis of opportunities relating to SPF objectives

SPF Objective	Priority objective (Yes/No)	Type of procurement (significant procurements)	Comments / Actions
Opportunities for Victorian Aboriginal people			
Opportunities for Victorians with disability			
Women's equality and safety			
Opportunities for disadvantaged Victorians			
Supporting safe and fair workplaces			
Sustainable Victorian social enterprises and Aboriginal business sectors			
Sustainable Victorian regions			
Environmentally sustainable outputs			
Environmentally sustainable business practices			
Implementation of the Climate Change Policy Objectives			

The social procurement opportunity analysis (above) should:

- consider the organisation's available information and data about spend patterns and categories, and existing contracts;
- identify specific opportunities and the SPF objectives and outcomes that are relevant to those opportunities (for example, an existing maintenance contract is identified as involving a significant proportion of entry-level labour, which the organisation identifies as an opportunity to create employment opportunities for disadvantaged Victorians); and

- cover both direct and indirect approaches to social procurement (i.e. procurement from social benefit suppliers *and* delivery of social and sustainable outcomes through procurement from mainstream suppliers).

Based on this analysis, the organisation should consider whether it is appropriate to set social procurement targets for the organisation, for example in relation to:¹⁷

- social benefit suppliers (e.g. the Government's 1% Aboriginal business procurement target);
- employment outcomes for Victorians with disability;
- other SPF objectives that are an organisational priority.

Roles and responsibilities

This section of the Social Procurement Strategy should:

- identify areas of the organisation and key individuals that are involved in the procurement process;
- clearly articulate the broad definition of 'government buyer' and the requirements imposed on them under the SPF; and
- outline any roles and responsibilities in relation to social procurement (including, for example, in relation to development of social procurement capability, supplier engagement in relation to social procurement, and the organisation's reporting and management framework).

Capability development and supplier engagement

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 a manner that is aligned to its Social Procurement Strategy.

The table below articulates the organisation's gap analysis in relation to social procurement capability and the actions that will be taken to fill the gap.

Table 4 – Social procurement self-assessment and capability development plan

Description	Assessment (Score 0-5)	Actions required
Our Strategy covers all core components.		
Our governance framework / accountability mechanisms promote compliance with SPF requirements.		
Procurement spend is actively monitored to ensure that value-for-money outcomes are achieved, considering: <ul style="list-style-type: none"> the total benefits and costs over the life of the goods, services or construction being procured; environmental, social and economic factors; and any risk related to the procurement. Spend analysis can accommodate social procurement commitments.		
Senior management view social procurement as a strategic priority and set the tone from the top.		
Roles and responsibilities in respect of social procurement are clearly communicated and supervised by senior management.		

¹⁷ Under the SPF, it is not mandatory to set social procurement targets for the organisation. However, organisational targets (connected to personal KPIs) are recognised as important mechanism to drive accountability for government buyers.

Individuals with social procurement related roles and responsibilities have sufficient knowledge, skills and experience to identify and pursue opportunities to deliver social and sustainable outcomes through procurement.		
Recruitment, training and professional development activities in relation to procurement integrate social procurement knowledge, skills and experience.		
Social procurement is embedded throughout the procurement process (e.g. in procurement-related systems, policies and processes for planning, sourcing and contract management).		
Supplier and stakeholder relations are managed on an ongoing basis to promote compliance with contractual obligations. Management of supplier and stakeholder relations can accommodate social procurement commitments.		

Note: The above table combines a capability development plan and supplier engagement plan with a social procurement self-assessment. Any actions required should assign a completion date and the individual(s) responsible for completion. After completing the table, the organisation does not need to complete and submit the Social Procurement Self-Assessment set out at Appendix A to the *SPF Guide to planning requirements*.

The organisation's first Social Procurement Strategy may focus on:

- key changes to procurement systems, policies and processes to ensure compliance with SPF requirements (e.g. identifying social procurement practices and considerations that are appropriate in different types of procurement activities);
- targeted awareness and training programs for staff and key stakeholders (e.g. procurement teams, project managers, senior management and the broader group of government buyers); and
- provision of access to expertise and resources, as required.

Reporting and management framework

This section should identify how the organisation will:

- report on achievements against the Social Procurement Strategy; and
- collect and analyse data to monitor and report on supplier performance (including any metrics against which progress toward social procurement commitments will be measured), including for annual reporting against the SPF.

It is also strongly encouraged that the organisation undertakes a 'lessons learned' process in relation to these areas, with a view to continuous improvement.

Annexures

This section should be used to attach detailed information and materials that are referenced in, or directly relevant to, components of the Social Procurement Strategy. For example, the organisation may wish to attach an executive summary of its business strategy or reports relating to spend analyses or complexity assessments.

SIGNATURE:

Signed by Accountable Officer / delegate: Date

Appendix D – Social Procurement Commitment Template

The requirement to develop a Social Procurement Strategy is being introduced in two phases. In relation to Phase 2 only,¹⁸ this template is designed for Victorian Government agencies that fall into **Group 3** – that is, where the agency has a total annual procurement spend below \$10 million and all individual procurement activities undertaken by the agency are valued below \$50,000.

Social Procurement Commitment

Organisation:	[Insert name of department/agency]
Date:	[Insert date that Social Procurement Commitment is prepared]
Review date:	[Insert date that Social Procurement Commitment is to be reviewed by agency]

General instructions

Departments and agencies are required to develop a Social Procurement Strategy, in accordance with Section 2 of the SPF *Guide to planning requirements*. For Group 3 agencies, this will take the form of a Social Procurement Commitment.

The Social Procurement Commitment must be approved by the Accountable Officer or delegate.

This template provides example headings and instructions for each section of the Social Procurement Commitment.

SPF Objectives

Please select one or more SPF objectives for your agency and how you will ensure that procurement activities contribute to the selected objective(s).

SPF Objective	Priority objective (Yes/No)	Comments / Actions
Opportunities for Victorian Aboriginal people		
Opportunities for Victorians with disability		
Women's equality and safety		
Opportunities for disadvantaged Victorians		
Supporting safe and fair workplaces		
Sustainable Victorian social enterprises and Aboriginal business sectors		
Sustainable Victorian regions		
Environmentally sustainable outputs		
Environmentally sustainable business practices		
Implementation of the Climate Change Policy Objectives		

¹⁸ See page 4 of this guide.

Procurement analysis

Please complete the table below, identifying the total spend for the procurement size.

	Previous year actual Total procurement		Current year planned Total procurement		Current year planned Social procurement	
	Total value (\$000)	Per cent (%)	Total value (\$000)	Per cent (%)	Total value (\$000)	Per cent (%)
Below \$25,000						
\$25,000 to \$49,999						
\$50,000 to \$499,999						
\$500,000 and over						
Total procurement	\$0.00	0%	\$0.00	0%	\$0.00	0%

Social procurement opportunity analysis

Please consider the following questions, having regard to the procurement analysis above.

- Has your agency undertaken any social procurement initiatives in previous years? Are there any opportunities to continue / build on those initiatives?
- Have you considered opportunities to engage social benefit suppliers in your procurement activities?
- Have you considered opportunities for your mainstream suppliers to help deliver social and sustainable outcomes?
- Have you considered how the social procurement sourcing tactics in Table 5 of *Victoria's Social Procurement Framework* can be used to deliver social and sustainable outcomes in your procurement activities?

Performance management and improvement

Please indicate whether you agree or disagree with the statements in the table below and provide comments and actions to improve your organisation's performance in relation to each statement.

Description	Agree / disagree	Comments / Actions
Procurement is a core business and strategic function.		
The organisation is committed to advancing social and sustainable objectives through procurement in accordance with the SPF.		
Social procurement is embedded throughout the procurement process (e.g. in procurement-related systems, policies, and processes for planning, sourcing and contract management).		
Management of supplier and stakeholder relations is capable of accommodating social procurement commitments.		
Roles and responsibilities in respect of social procurement are clearly communicated and supervised in the organisation to promote compliance with SPF requirements.		

Note: After completing the above table, the organisation does not need to complete and submit the Social Procurement Self-Assessment set out at Appendix A to the SPF *Guide to planning requirements*.

SIGNATURE:

Signed by Accountable Officer / delegate: Date

Appendix E – Social Procurement Strategy Adoption Template

The requirement to develop a Social Procurement Strategy is being introduced in two phases. In relation to Phase 2 only,¹⁹ this template is designed for Victorian Government agencies that fall into **Group 4** – that is, where the agency follows the policies and practices of a lead department. In these circumstances:

- the agency is required to submit a letter signed by both the agency and portfolio department establishing protocols for adopting the departmental Social Procurement Strategy, policies and procedures; and
- the agency does not need to develop its own Social Procurement Strategy, nor complete and submit the Social Procurement Self-Assessment set out at Appendix A to the SPF *Guide to planning requirements*.

Note: the letter should be submitted by email to SocialProcurement@dtf.vic.gov.au and signed by the Accountable Officer / delegate of both the agency and portfolio department.

¹⁹ See page 4 of this guide.

Appendix F – Social Procurement Plan Template

Social Procurement Plan

Organisation: [Insert name of department/agency]

Procurement activity: [Insert name of individual procurement activity (e.g. project name)]

Date: [Insert date that Social Procurement Strategy is prepared]

General instructions

Government buyers are required to develop a Social Procurement Plan for each individual procurement activity valued at or above \$20 million.

The core components of a Social Procurement Plan (outlined in Section 3 of this guide) may be incorporated into the organisation's Social Procurement Strategy or set out in a standalone document.

The Social Procurement Plan, or relevant components of the organisation's Social Procurement Strategy, must be approved by the financial delegate responsible for the procurement activity.

This template provides example headings and instructions for each section of the Social Procurement Plan.

Context

This section of the Social Procurement Plan should:

- summarise the key priorities and strategic objectives of the individual procurement activity;
- provide an overview of the business case and broader context of the individual procurement activity, as required; and
- identify whether the individual procurement activity will involve one or more discrete packages of work (e.g. a procurement valued at \$30 million may be comprised of two discrete packages of work valued at \$15 million each).

Social procurement opportunity analysis

This section of the Social Procurement Plan should incorporate a social procurement opportunity analysis in relation to the individual procurement activity that covers both direct and indirect approaches to social procurement (i.e. procurement from social benefit suppliers *and* delivery of social and sustainable outcomes through procurement from mainstream suppliers).

The social procurement opportunity analysis should:

- take into account any social and/or sustainable procurement objectives prioritised by the relevant department or agency in its Social Procurement Strategy;
- take into account available information/data about spend patterns and categories, existing contracts and supplier profiling, market analysis and complexity assessment, to the extent that it is relevant to the individual procurement activity;
- consider the application of social procurement sourcing tactics set out in Table 5 of the SPF; and
- identify specific opportunities and the social and sustainable procurement objectives and outcomes that are relevant to those opportunities (for example, a prospective maintenance contract is identified as involving a significant proportion of entry-level labour, which the organisation identifies as an opportunity to create employment opportunities for disadvantaged Victorians).

Based on this analysis, government buyers should take into account any organisational social procurement targets and consider whether it is appropriate to set social procurement targets for the individual procurement activity, such as:

- an Aboriginal business procurement target that contributes to the Government's 1 per cent Aboriginal procurement target;
- social benefit supplier expenditure targets (e.g. by percentage or amount);
- targets in relation to gender equality indicators and/or proportion of suppliers with family violence leave;
- targets for employment outcomes for Victorians with disability;
- targets for job readiness and employment outcomes for disadvantaged Victorians and/or regions with entrenched disadvantage;
- targets for proportion of suppliers with environmentally sustainable business practices; or
- targets for environmentally sustainable / climate change resilient outputs or emissions reduction targets.

Priority social and sustainable procurement objectives

Government buyers are expected to prioritise at least one social or sustainable procurement objective identified in Tables 1 and 2 of the SPF. It is strongly encouraged that any corresponding social and sustainable outcomes are also identified in this section.

Roles and responsibilities

This section of the Social Procurement Plan should:

- identify areas of the organisation and key individuals that are involved in the individual procurement activity; and
- outline any roles and responsibilities in relation to anticipated social procurement commitments in respect of the individual procurement activity (including any activity-specific social procurement capability development, supplier engagement, contract and performance management and reporting requirements).

Social procurement capability

This section of the Social Procurement Plan should identify any gaps in social procurement capability that are relevant to the individual procurement activity and outline how those gaps will be filled. For example, there may be a need to allocate dedicated resources or engage external expertise to help undertake, monitor and report on significant social procurement commitments in a 'high value high risk' project.

Contract management, measurement and reporting

This section of the Social Procurement Plan should outline the strategies for managing the contract and, in particular, ensuring that compliance with any social procurement commitments is monitored and reported on over the life of the individual procurement activity.

It is also strongly encouraged that the organisation undertake a 'lessons learned' process in relation to these areas, with a view to continuous improvement.

Annexures

This section of the Social Procurement Plan should be used to attach detailed information and materials that are referenced in, or directly relevant to, components of the Social Procurement Plan.

SIGNATURE:

Signed by financial delegate: Date

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