# Application of Social Procurement Framework weighting (example)

The example approach adopts indicative minimum weightings as follows:

* Individual procurement activities valued under $20 million (exclusive of GST) – assign a minimum total weighting of 5 percent in respect of evaluation criteria associated with ‘supplier attributes’ and/or ‘social or sustainable business practices’. The definitions of ‘supplier attributes’ and ‘social or sustainable business practices’ are provided in [Understanding social procurement](https://www.buyingfor.vic.gov.au/understanding-social-procurement). Note that this example departs from the ‘described approach’ in Table 3 [Individual procurement activity requirements for government buyers)](https://www.buyingfor.vic.gov.au/social-procurement-framework-requirements-and-expectations) in relation to ‘below threshold’ activities, which does not recommend weighted evaluation criteria.
* Individual procurement activities valued at or above $20 million (exclusive of GST) – assign a minimum total weighting of 10 percent, which includes an additional 5 percent allocated in respect of evaluation criteria associated with ‘social and sustainable outputs’ also being achieved from the individual procurement. The definition of ‘social or sustainable outputs’ is provided in [Understanding social procurement](https://www.buyingfor.vic.gov.au/understanding-social-procurement).

Importantly, it may be appropriate for government buyers to:

* allocate higher weightings than the recommended 5 to 10 percent for Social Procurement Framework-related evaluation criteria in some procurement activities; and
* set performance standards, requirements or targets for individual procurement activities valued under $20 million (exclusive of GST) (that is, focus on social and sustainable outputs, rather than supplier attributes and/or business practices as recommended in Table 3 [Individual procurement activity requirements for government buyers)](https://www.buyingfor.vic.gov.au/social-procurement-framework-requirements-and-expectations).

For example, in an individual procurement activity valued under $20 million (exclusive of GST), it may be appropriate to set targets on labour hours to be performed by Victorians with disability, notwithstanding that the recommended action for ‘lower band’ activities in Table 3 [Individual procurement activity requirements for government buyers)](https://www.buyingfor.vic.gov.au/social-procurement-framework-requirements-and-expectations) is to seek opportunities to procure from Victorian social enterprises / Australian Disability Enterprises or ask suppliers to demonstrate inclusive employment practices.

## Proposed application of weightings

The example approach to application of social procurement weightings sets out:

* an indicative total weighting for each of the four value bands specified in Table 3 [Individual procurement activity requirements for government buyers)](https://www.buyingfor.vic.gov.au/social-procurement-framework-requirements-and-expectations);
* the key focus area(s) for each band (see [Social procurement objectives and outcomes and key focus areas](https://www.buyingfor.vic.gov.au/social-procurement-framework-objectives-outcomes-and-key-focus-areas));
* how the full weighted score for Social Procurement Framework outcomes may be derived for each band; and
* a risk discount mechanism, where an assessment of risk that a social procurement commitment made by a supplier will not be met, results in the application of a discount / reduction to the supplier’s score.

The indicative total weightings, and the proposed application of those weightings, provides one example of an approach to incorporating social and sustainable outcomes into an evaluation process:

* for individual procurement activities valued below $1 million (exclusive of GST) (regional) or $3 million (exclusive of GST) (metro or State-wide), a maximum score may be achieved by adopting a direct approach to social procurement (that is, purchasing from a social benefit supplier) or, alternatively, an indirect approach to social procurement where the mainstream supplier is required to involve a social benefit supplier through the supply chain (for example, by way of subcontracting);
* for individual procurement activities valued at or above $1 million (exclusive of GST) (regional) or $3 million (exclusive of GST) (metro or State-wide) up to $20 million (exclusive of GST), a maximum score may be achieved by:
	+ - a direct approach to social procurement;
		- an indirect approach to social procurement *plus* one social or sustainable business practice; or
		- an indirect approach to social procurement involving two social or sustainable business practices; and
* for individual procurement activities valued at or above $20 million (exclusive of GST), a maximum score may be achieved through a combination of supplier attributes, social or sustainable business practices and/or social or sustainable outputs.

In preparing for the market approach, government buyers are responsible for determining which SPF objectives and outcomes are to be pursued and prioritised in the individual procurement activity.

Note: This example approach is not prescriptive – it is up to the government buyer to determine the most appropriate approach based on the circumstances of the individual procurement activity. It should be read in conjunction with the template scoring against Social Procurement Framework evaluation criteria), which examines scoring against Social Procurement Framework evaluation criteria.

## Example approach to application of social procurement weightings

The following table sets out an example of how to develop social procurement weightings.

|  | Below threshold | Lower band | Middle band | Upper band |
| --- | --- | --- | --- | --- |
| Total Social Procurement Framework -related criteria weighting | 5% | 5% | 10% | 10% |
| Application of weighting | Social Procurement Framework -related evaluation criteria included in evaluation matrix | Social Procurement Framework -related evaluation criteria included in evaluation matrix | Social Procurement Framework -related evaluation criteria included in evaluation matrix | Social Procurement Framework -related evaluation criteria included in evaluation matrix |
| Key focus area | Supplier attributes (5%) | Supplier attributes / social or sustainable business practices (5%) | Supplier attributes / social or sustainable business practices (5%)PLUSSocial or sustainable outputs (5%) | Supplier attributes / social or sustainable business practices (5%)PLUSSocial or sustainable outputs (5%) |
| Achieving full weighted score | Purchasing from a social benefit supplier (5%)ORPurchasing from a mainstream supplier that involves a social benefit supplier through the supply chain (5%) | Purchasing from a social benefit supplier (5%)ORPurchasing from a mainstream supplier that involves a social benefit supplier through the supply chain (2.5%) + social or sustainable business practice x 1 (2.5%) | Purchasing from a social benefit supplier (5%)ORPurchasing from a mainstream supplier that involves a social benefit supplier through the supply chain (2.5%) + social or sustainable business practice x 1 (2.5%)ORSocial or sustainable business practice × 2 (2.5% × 2)ANDSocial or sustainable outputs × 2 (2.5% x 2) | Purchasing from a social benefit supplier (5%)ORPurchasing from a mainstream supplier that involves a social benefit supplier through the supply chain (2.5%) + social or sustainable business practice x 1 (2.5%)ORSocial or sustainable business practice × 2 (2.5% × 2)ANDSocial or sustainable outputs × 2 (2.5% x 2) |
| Risk discount | Government buyer may apply a risk discount adjustment based on any risk(s) identified in the evaluation process which is expected to impact on the supplier’s ability to meet its social procurement commitment(s) | Government buyer may apply a risk discount adjustment based on any risk(s) identified in the evaluation process which is expected to impact on the supplier’s ability to meet its social procurement commitment(s) | Government buyer may apply a risk discount adjustment based on any risk(s) identified in the evaluation process which is expected to impact on the supplier’s ability to meet its social procurement commitment(s) | Government buyer may apply a risk discount adjustment based on any risk(s) identified in the evaluation process which is expected to impact on the supplier’s ability to meet its social procurement commitment(s) |