



DRAFT

Darebin City Council's  
Social and Sustainable  
Procurement Policy  
December 2019

*Achieving social and sustainable  
outcomes through our procurement activity.*

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## Version Control

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## Glossary

<b>Social Procurement</b>	<p>Social procurement is when we use our buying power to generate social value and benefit that goes above and beyond the value of the goods, services, or construction works that are being purchased. Social procurement ensures that purchasing decisions include equity, inclusion and diversity outcomes that will collectively achieve a more holistic community result – a quadruple bottom line approach (one which delivers social, economic, environmental and governance outcomes).</p> <p>This approach aims to deliver maximum value for our community - helping to address inequality while we go about our day to day business.</p> <p>There are two primary forms of social procurement:</p> <ol style="list-style-type: none"><li>1) Direct - engaging a social benefit provider to deliver goods or a service.</li><li>2) Indirect - including social benefit(s) as an outcome of a procurement contract.</li></ol>
<b>Sustainable Procurement</b>	<p>Separate from social procurement, sustainable procurement includes specific factors that can be considered that will deliver environmental benefits. This can include using re-usable or recycled materials, choosing low energy or low water consumption options, or designing and constructing energy efficient buildings. This ensures that our community achieves value for money for the life of the project (long term) by generating benefits not only for the organisation, but also for our community and our economy, while minimising its impact on the environment.</p> <p>Sustainable procurement involves decision-making that has the most positive environmental, social and economic impacts possible across the entire life cycle of goods and services.</p>
<b>Social Enterprise</b>	<p>Social enterprises are businesses that trade to intentionally tackle social problems, improve communities, provide people access to new opportunities, employment and training or support the sustainability and health of our environment and biodiversity.</p> <p>Income generating social enterprises often play a key role in supporting marginalised and disadvantaged job seekers and provide real pathways to development and employment.</p>

## SECTION 1: INTRODUCTION

### 1 OUR VISION

Darebin City Council's (Darebin) Social and Sustainable Procurement Policy (Policy) puts social and sustainable outcomes at the heart of our procurement activity.

By leveraging Darebin's significant buying power, our Policy will enable us to increase the social benefit and economic prosperity of our community as a direct result of our purchasing of goods, services and construction work.

We want to ensure that value for money is not just about cost, but also translates into social, economic and environmental value and benefit for our community.

## Why are we doing this?

At Darebin, our mission is to preserve and improve the physical, social, environmental, cultural and economic health and wellbeing of our neighbourhoods, while ensuring quality of life for current and future generations.

Our Policy provides a key pathway to achieving this mission. Using our collective buying power, Darebin can enter into procurement contracts that will contribute to creating a fair, inclusive community that is both environmentally and socially sustainable.

As a socially responsible organisation and employer, this approach brings us into line with local, national and international practices and references the Victorian State Government's Social Procurement Framework.

## 2 OUR AIM

Our Policy aims to:

- Deliver value for money.
- Increase localised economic benefit.
- Provide genuine and quality support for social enterprises.
- Strengthen our ability to contribute to social and environment outcomes.
- Promote acceptance throughout the supply chain of the value of social and sustainable procurement.
- Be measurable, transparent and compliant with legislation.
- Respond to Council's endorsed Climate Emergency Plan by embedding action into the commitment.

## SECTION 2: OUR LEGAL OBLIGATIONS

### 3 GUIDING PRINCIPLES

Darebin's Social and Sustainable Procurement Policy will be underpinned by the 5 Best Practice Principles set out in the Local Government Act 1989 Best Practice Procurement Principles, which are:

- Value for Money
- Open and Fair Competition
- Accountability
- Risk Management
- Probity and Transparency

Council will also apply the following principles to all procurement, irrespective of the value and complexity of that procurement:

#### 3.1 Value for money

The focus for all of Council's procurement is to ensure that the best value for money is obtained. This does not mean Council is obliged to accept the lowest price.

The concept of *value for money* involves taking into account both cost and non-cost factors including advancing Council's objectives and priorities such as local employment and environmental impact, fitness for purpose, quality, service and support, and whole of life costs.

Value for money purchasing decisions made by Council are made based on whole of life costs, including transaction costs associated with acquiring, using, holding, maintaining and disposing of goods, services or construction works.

#### 3.2 Open and fair competition

All prospective suppliers must be afforded an equal opportunity to tender or quote for the goods, services or construction works to be delivered to Council.

Council must adequately test the market through competitive processes in a consistent manner without any bias or perception of bias so that potential suppliers and the public have confidence in the outcome.

Council will make every effort to maintain the confidentiality of commercial interests of both existing and potential suppliers at all times. Commercially sensitive information includes, but is not limited to, process, price, discounts, rebates, profit, margins, manufacturing and product information.

### 3.3 Accountability

Council is publicly accountable for all expenditure and must publicly tender before entering into a contract if the value of the contract will exceed the limits set under Section 186 of the Local Government Act.

Accountability in procurement means:

- Being responsible for the actions and decisions taken in relation to the procurement and for the resulting outcome.
- Being able to demonstrate and provide evidence of the process followed in purchasing on behalf of Council.

An independent third party must be able to clearly see that a process has been followed and that the process is fair, transparent and reasonable.

### 3.4 Risk management

All parts of the procurement process must be managed to ensure that all risks, including Occupational Health and Safety, are identified, analysed, evaluated, treated, monitored and communicated to the standard required by the law and in accordance with Australian Standards and Council policy.

### 3.5 Probity and transparency

Council will conduct its procurement activities in a fair, honest and open manner, demonstrating the highest level of integrity, consistent with the public interest.

### 3.6 Additional Principles

In addition to the Best Practice Principles taken from the Local Government Act, Council will be guided by principles of:

- Continuous Improvement
- Social and Sustainable Procurement

#### 3.6.1 Continuous improvement

Council will implement management reporting systems to monitor performance against targets and compliance with procurement policy and guidelines.

Procurement procedures, innovative practices, guidelines and costs will be benchmarked externally. Internal service standards will be agreed within Council and set performance criteria against these targets will be measured, reported and reviewed regularly to support continuous improvement.

#### 3.6.2 Social and Sustainable Procurement

Council will consider Social and Sustainable procurement options in all purchasing decisions. To achieve this, customised evaluation criteria will be developed and tailored, depending on the nature of the contract.

To support Council to achieve its objectives, the following principles apply:

- Understand our procurement spend – recognising that value for money is more than price paid
- Provide more opportunities for the local business community, in particular our social enterprises, to increase their capacity and capability to become suppliers to Council
- Increase opportunities for local businesses and social enterprises to create capacity for local job seekers, especially those who are marginalised, disadvantaged and under-represented in the work force
- Work to reduce our negative impact on the environment, support our climate emergency goals and move towards our aim of being carbon neutral by 2020 by adopting thoughtful purchasing behaviours
- Focus on the quadruple bottom line in procurement which incorporates social, economic, environmental and governance considerations that can be measured, evaluated and reported on
- Lead in procurement governance practices of integrity, probity and accountability while building organisational capability and expertise
- Achieve equity, inclusion and diversity outcomes

## Social and Sustainable Procurement Principles:

A case study - Procurement partnerships at work: how embedding social procurement considerations can benefit the community at a regional level

A procurement partnership of five Northern councils brought an innovative solution in the delivery of security services across more than 235 sites. The partnership has delivered excellent outcomes including:

Social procurement outcomes with a firm commitment to employ persons from disadvantaged backgrounds across the regional contract

Significant financial benefits

Establishment of a tendering methodology to improve future tender outcomes

Improved levels of service across the region

Best Practice regional standard specification

A total of 13.5 FTE outcomes from disadvantaged backgrounds across the region were negotiated for employment by the group to be directly employed in the contract servicing the Northern region



### The application of these principles will assist us to:

- Clearly demonstrate in a practical way, that we are delivering on Darebin's stated priorities of social inclusion and environmental sustainability as expressed through Darebin Council's Mission statement:

*To preserve and improve the physical, social, environmental, cultural and economic health of all our neighbourhoods, and ensure quality of life for current and future generations.*

- Enhance Darebin's corporate social responsibility commitment by considering Equity, Inclusion and Human Rights principles in all purchasing assessments.

- Continue and improve on existing purchasing practices so that cost is not the only consideration and other benefits to the municipality such as the creation of local employment are also considered. This in turn, can provide opportunities for smaller local suppliers who are able to deliver quality projects, goods and services.

## 4 COMPLIANCE

This policy is Council's foundation document for the procurement of goods, services and construction works for and on behalf of Council, to ensure that procurement occurs in compliance with relevant legislation and industry best practice.

Our Policy will ensure we:

- Achieve compliance with the relevant legislative requirements including those specified in the Local Government Act 1989 (the Act) and the Victorian Local Government Best Practice Procurement Guidelines 2013.
- Achieve high standards of probity, transparency, accountability, risk management and ethical behaviour in all procurement.
- Establish a procurement policy that seeks to achieve best value for money in terms of price, quality timeliness and beneficial outcomes to the local community through consistent, competitive and transparent processes that are subject to continuous improvement.
- Prioritise where practical, the procurement of environmentally responsible, locally sourced and socially responsible goods and services.
- Use social procurement to enhance sustainable and strategic procurement to effectively contribute towards building stronger communities and meeting the wider social objectives of the Council.
- Use strategic procurement practices and innovative procurement solutions to promote sustainability and best value.
- Ensure that Council resources are used efficiently and effectively to improve the overall quality of life of people in the local community including the use of procurement collaboration and partnership opportunities where appropriate.

## SECTION 3: SOCIAL AND SUSTAINABLE PROCUREMENT

### 5 WHAT IS SOCIAL AND SUSTAINABLE PROCUREMENT

#### 5.1: Social Procurement – promoting equity and diversity

Council has a long-standing commitment to serving and responding to the diverse needs of its community. This is stated in the Council Plan 2017-2021 which places a strong emphasis on equity, diversity and inclusion considerations across all aspects of Council business.

Council strongly believes that all people, in their diversity, should have fair and equitable access to opportunities, infrastructure, services and information. Darebin is committed to creating a community where everyone can thrive and belong. We will work to eradicate discrimination and reduce the impact of poverty and disadvantage where we can throughout all aspects of our business and decision making.

Council recognises that not all in our community experience equal access to resources and opportunities, including participation in employment and economic activity, which are widely recognised as key factors keeping people healthy and well. We know that communities who experience high rates of unemployment generally experience poorer health outcomes.

This Policy seeks to further Council's commitment to addressing disadvantage and improving health equity by ensuring that our procurement leverages social value and positive social outcomes.

Our purchasing and procurement decision making will, where relevant, take into account policies and practices that suppliers adopt as a way of further strengthening the health and wellbeing of our community. Through processes such as contract management and setting and monitoring of targets, Council seeks to encourage suppliers to consider delivering on socially inclusive outcomes. To achieve this outcome, customised evaluation criteria will be tailored to each sourcing event depending on the nature of the contract.

**Table 1: Darebin City Council's Social Procurement Objectives with example Key Performance Indicator (KPI's)**

Objectives	Outcomes	<u>Example KPI's</u> (these are examples only of what may potentially be negotiated and will depend on the nature and value of the contract)
Opportunities for Aboriginal people	<ul style="list-style-type: none"> <li>• Purchasing goods or services from Aboriginal businesses</li> <li>• Employment of Aboriginal people by suppliers to Darebin Council</li> </ul>	<p>The awarding of a contract to Aboriginal businesses either directly or through subcontracting.</p> <p>Supplier will attend Aboriginal employment expo or similar.</p> <p>Supplier will engage in cultural awareness training.</p> <p>Supplier will develop a Reconciliation Action Plan (RAP).</p>
Opportunities for people with a disability	<ul style="list-style-type: none"> <li>• Purchasing goods or services from social enterprises and disability enterprises</li> <li>• Employment of people with disability by suppliers to Darebin Council</li> </ul>	<p>Supplier will become member of a disability employment network.</p> <p>Number of new employment opportunities created for local people with disabilities.</p>
Opportunities for disadvantaged people	<ul style="list-style-type: none"> <li>• Purchasing goods or services from Victorian social enterprises</li> <li>• Job readiness and employment for including but not limited to:                             <ul style="list-style-type: none"> <li>- long-term unemployed people</li> <li>- single parents</li> <li>- migrants and refugees</li> </ul> </li> </ul>	<p>Awarding of a contract to a social enterprise either directly or through subcontracting.</p> <p>Number of new employees from identified disadvantaged groups.</p>
<p>Opportunities for local young people: 10% dividend</p> <p>(this is not in addition to the 10% weighting criteria social procurement but may form a component of the 10% social procurement weighting)</p>	<ul style="list-style-type: none"> <li>• Identifying and engaging suppliers who can offer opportunities to young people (aged 15 – 25) in Darebin, including:                             <ul style="list-style-type: none"> <li>- Job readiness and capacity building such as work experience, work placement or industry tours</li> <li>- Apprenticeships, traineeships, internships or cadetships</li> <li>- Those suppliers who commit to employment through Victorian government programs such as the Major Project Skills Guarantee or the Local Jobs First – Victorian Industry Participation Program</li> </ul> </li> </ul>	<p>Number of employees who are apprentices and/or trainees.</p> <p>Number of work placement students engaged by supplier during contracts.</p> <p>Engagement with local school programs such as work experience or industry tours.</p>

<p>Improve gender equity</p>	<ul style="list-style-type: none"> <li>• Purchasing goods or services from businesses which promote the full and equal participation of women</li> <li>• Employment of women who experience barriers to employment by suppliers</li> </ul>	<p>Attendance of supplier at family based training and/ or education sessions; i.e. family violence, mental health, men’s health.</p> <p>Supplier commits to develop internal policies based on gender equity and/or health and wellbeing.</p>
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Council will consider social procurement criteria in all purchases and allocate a social procurement weighting at a **minimum** of 10% in all public tender evaluation criteria. This weighting will be allocated having regard to the nature of the purchase and used in addition to provisions for environmentally sustainable criteria as outlined below.

The criteria will reflect the objectives and outcomes outlined above and will be tailored to reflect the nature of the purchase and associated opportunities to achieve social benefit.

Where possible, Council will consider purchasing from organisations with a demonstrated commitment to human rights and improving local communities, particularly where this is evidenced by social enterprise, fair trade certification, positive and inclusive employment practices, direct community involvement or other demonstrable positive impacts on society.

When assessing potential supplier relationships, Council will consider:

- Activity that promotes inclusion through social capacity building.
- Exploring joint ventures with Council and social benefit suppliers.
- The ethical procurement of goods and services.
- Engaging local businesses that generate local employment for disadvantaged residents.
- Improving equity of access to opportunities.
- Supporting social and service innovation.
- Using procurement to reinvigorate disadvantaged or marginalised communities.
- Helping to build the capacity and capability of social enterprises.

## 5.2: Environmentally Sustainable Procurement

Council recognises that we are in a state of climate emergency that requires urgent action. Reducing our environmental impact is a must and this can be achieved through our purchasing activity. Council was the first government body in the world to declare a Climate Emergency and this Policy seeks to embed action in response to that declaration.

Council will, wherever possible, seek to select energy and water efficient services and practices, choose reusable, refillable and recycled options, avoid the use of single use, minimise the purchase of items manufactured from virgin materials, minimise the use of disposable items and select items which generate less waste.

Our decision making process will, where relevant, take into account efforts of suppliers to achieve higher standards of environmentally sustainable practices in their own businesses as a way of further strengthening the health and wellbeing of our community. Through processes such as contract management and the setting and monitoring of targets, Council will endeavour to encourage suppliers to consider delivering on sustainable policies and practices.

Wherever possible, when assessing potential supplier relationships, Council will consider:

- Reducing consumption through demand management and eliminating unnecessary purchasing.
- Alternatives such as reuse, recycle or refurbish.
- Environmental management practices of suppliers/manufacturers.
- The whole life cycle of products in terms of the impact on the environment including product manufacture, packaging, use and disposal at end of product life.
- Eliminating the use of single use plastics.
- Reducing waste to landfill.
- Improving and protecting waterways.
- Reducing water consumption and using best-fit water sources.

How thinking differently about purchasing can lead to unexpected benefits

In 2018 when Darebin was tendering for road surfacing materials, a decision was made to investigate recycled products.

The bar was set high as Darebin sought a product that had a minimum of 95% recycled content.

Staff investigated a range of options and ultimately selected a product that contained recycled industrial waste.

To date, 36 roads have been resurfaced with the recycled materials. So far, the recycled surface is showing high levels of skid resistance, which is fantastic for increasing road safety and helping to make roads safer for cyclists too.

**Table 2: Darebin City Council's Sustainable Procurement Objectives with example Key Performance Indicator (KPI's)**

Objectives	Outcomes	Example KPI's (these are examples only of what may potentially be negotiated and will depend on the nature and value of the contract)
Address the climate emergency by reducing CO <sub>2</sub> emissions	<ul style="list-style-type: none"> <li>• Reduced reliance on fossil fuels</li> <li>• Less energy consumed by Darebin</li> <li>• Less energy consumed by our suppliers</li> </ul>	Suppliers commit to using materials that have lower levels of CO <sub>2</sub> emissions such as recycled concrete.

		<p>Suppliers commit to reduction of energy by engaging with Council services such as solar saver.</p> <p>Suppliers demonstrate their commitment by either investing in alternative energy or offsetting carbon emissions.</p>
<p>Address the climate emergency by minimising waste production</p>	<ul style="list-style-type: none"> <li>• Reduced use of non-renewable resources</li> <li>• Reduced demand for raw materials and natural resources</li> <li>• Reduction in waste and by-products</li> <li>• Help to promote a market for recycled materials</li> </ul>	<p>Suppliers commit to recycling programs such as recycling and composting food waste.</p> <p>Supplier commits to utilising recycled content in building and construction materials such as concrete and asphalt.</p> <p>Supplier commits to using sustainably sourced FSC certified timber products in building.</p> <p>Catering suppliers commit to zero single use plastic items.</p> <p>Supplier considers all options in relation to product stewardship.</p>
<p>Address the climate emergency by reducing water consumption and activities that impact biodiversity</p>	<ul style="list-style-type: none"> <li>• Less water used and less impact on water quality</li> <li>• Activities don't threaten natural habitats</li> </ul>	<p>Suppliers engaged in major capital works projects and minor maintenance contracts adhere to Darebin Council's Environmentally Sustainable Design (ESD) policy with reference to water management.</p> <p>Supplier commits to reduction of water use in production techniques or use of rainwater tanks on site.</p>

Council will consider environmental criteria in all purchases and allocate an environmental procurement weighting at a **minimum** 5% in all public tender evaluation criteria. This weighting will be allocated having regard to the nature of the purchase and used in addition to provisions for social procurement criteria as outlined above.

*Note: Council officers will consider Social and Sustainable procurement options in all purchasing decisions. This will be applied on a case by case basis depending on the nature of the purchase.*

### 5.3: Local sourcing opportunities

Council is a major purchaser of goods and services within the municipality and recognises that its procurement policies and practices have the potential to influence the local economy. Council is committed to procurement that supports local businesses plus economic diversity and viability. This also supports socially inclusive activities as it works to stimulate the local economy and contribute to local job creation and reduces the reliance on goods and services that impact the environment through travel and transport.

Wherever possible, when assessing potential supplier relationships, Council will consider:

- The use of local suppliers to encourage economic development.
- Generating local employment.
- Considering the life cycle impacts of products purchased on the local economy.

In support of local suppliers, Council will allocate a local content weighting at a minimum of 5% in all public tender evaluation criteria. This weighting will be allocated having regard to the nature of the purchase.

## 6 DEFINITIONS

### **Social procurement**

Social procurement is when organisations use their buying power to generate social value above and beyond the value of the goods, services, or construction works being procured (Victorian Government 2018).

Social procurement ensures that procurement decisions incorporate consideration of social value to build real quadruple bottom line value propositions into procurement processes. Quadruple bottom line incorporates social, environmental, economic/ financial and governance considerations.

It is a powerful tool that can improve value for money and community benefit by integrating and furthering social and economic objectives. Social procurement strategies demonstrate how improving 'quality of life' outcomes can be embedded in the business of all public-sector entities.

In recognition of the purchasing power which local governments have, there are many opportunities for Darebin to leverage social benefit through the goods, services, or construction being procured.

This delivers maximum value for the community - helping to address structural and systemic inequality, while conducting our core business.

Types of organisations offering diversity include (but are not limited to) businesses that are:

- Gender diverse
- Aboriginal owned and/or operated or employing Aboriginal people
- Culturally and linguistically diverse
- Employing people with disabilities or owned and/or operated by those with disabilities.

### **Sustainable procurement**

Sustainable procurement involves decision-making that has the most positive environmental, social and economic impacts possible across the entire life cycle of goods and services. It looks beyond up-front costs to make purchasing decisions that consider associated environmental and social risks and benefits, and broader social and environmental implications.

"Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole of life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment." (United Nations Environment Programme n.d.)<sup>7</sup> To view the full definition

<http://www.unep.fr/scp/procurement/whatisssp/>

### **Social enterprise**

"Social enterprises are businesses that trade to intentionally tackle social problems, improve communities, provide people access to employment and training or help the environment. They derive most of their income from trade (not donations or grants) and use the majority of their profits (at least 50%) to contribute to their social or

environmental mission.” Source: Social Traders (<https://www.socialtraders.com.au>) and the Victorian Social Procurement Framework.

Income generating social enterprises often play a key role in supporting disadvantaged job seekers with pathways to employment into mainstream businesses.

### **Environmental/sustainability considerations**

Specific factors that will be considered in purchasing decisions can include using re-usable or recycled materials, choosing low energy or low water consumption options, or designing and constructing energy efficient buildings. Other factors such as reducing carbon emissions or total product life cycle including products that generate less waste or waste output that can be re-purposed or recycled will also be considered.

## SECTION 4: PRACTICAL APPLICATION

### 7 APPLYING OUR POLICY

Our policy specifies what must be considered when purchasing goods, services and construction works by Council.

The scope of this policy governs the full life cycle of the procurement commencing when Council identifies a need for procurement and continues through to the delivery of goods or completion of works or services.

Our policy applies to Councillors, Council staff, Council and all persons undertaking procurement activities on Council’s behalf and who are accountable for complying with all relevant procurement legislative and policy requirements.

### 8 RELEVANT LEGISLATION, POLICY AND OTHER DOCUMENTS

The key legislative requirements for this Policy include:

- Section 186 of the Act (power to enter into contracts);
- Section 186A of the Act (Procurement Policy);
- Section 3C of the Act (Objectives of a Council);
- Section 208B of the Act (Best Value Principles);
- Sections 77A, 77B, 78, 78A to 78E, 79, 79B to 79D, 80, 80A to 80C, 81, 95 and 95AA of the Act (Conflict of Interest); and
- Section 98 of the Act (Delegations)
- Section 140 of the Act (Accounts and Records)
- The relevant provisions of the Competition and Consumer Act 2010.

Council will adhere to all these provisions in all procurement matters consistent with the Victorian Local Government Best Practice Guidelines 2013 and any other guidelines made by the Minister under Section 186A (5).

Council’s Procurement Guidelines detail the implementation of these legislative provisions and details the processes and procedures to be followed for the procurement of goods, services and construction works.

Key policies and other documents relating to this policy:

- Darebin City Council Employee Code of Conduct
- Councillor Code of Conduct
- Gifts and Hospitality Policy
- Climate Emergency Plan 2017 - 2022
- Single Use Plastic Free Events Policy
- Fraud Prevention and Control Policy
- Aboriginal and Torres Strait Islander Employment Strategy and Action Plan 2017 – 2027

- Environmentally Sustainable Design (ESD) Building Policy
- Health and Wellbeing Plan 2017-2021
- Access and Inclusion Plan 2015-2019
- Beyond Value for Money: Social Procurement for Victorian Local Government
- Victoria’s social procurement framework
- Any other policies that interact with Council’s procurement activities.

## 9 BEST PRACTICE

### 9.1 Undertaking Procurement

Procurement activities undertaken by Council will be in line with the four stages outlined in the Victorian Local Government Best Practice Procurement Guidelines 2013 which include:

- Planning – ensuring that the goods, services or construction works to be procured meet the Council’s needs; ensuring both the legislative requirements and Council’s Procurement Policy are being complied with; ensuring a measurable value for money outcome is achieved and that all risks associated with the procurement are managed.
- Implementing – ensuring that the selected bidder can deliver value for money; ensuring that the selected bidder is capable of providing the specified goods, services or construction works being sought and ensuring that the procurement process is transparent, fair, robust, and that decisions are justified and adequately documented.
- Managing – ensuring that goods and/or services are provided, or construction works are delivered in accordance with the contract. This may involve ensuring that all parties to a contract meet their respective obligations under the contract. The processes for managing a procurement will range from a simple process of ensuring that ordered goods are delivered through to the management of a complex contract. Individual contracts may also form part of larger projects and be subject to various prerequisites.
- Performance Management and Reporting – ensuring the following areas are evaluated: contractor performance; opportunities to improve processes; and incorporation of process improvement.

### 9.2 Procurement Thresholds

The following procurement thresholds apply to procurements undertaken by Council:

Threshold (GST inclusive)	Requirements – Non Panel Suppliers	Requirements – Panel Suppliers
\$0 - \$9,999	Minimum One Written Quote	Minimum One Written quote
\$10,000 - \$49,999	Minimum Three Written Quotes	
\$50,000 - \$149,999 (goods and services) or \$50,000 - \$199,999 (building and construction works)	Formal RFQ process through procurement - Minimum Three Written Quotes	Formal RFQ process through procurement - Minimum Seek three written quotes
>=\$150,000 (goods and services) or >=\$200,000 (building and construction works)	Public Tender	

It is recommended that, to allow for contingency, when the estimate is above \$125,000 for goods and services, or above \$175,000 for construction works, the most appropriate mechanism to source a supplier would be via a publicly advertised tender.

In support of the requirements outlined in the Table above, the following social and sustainable requirements are requested:

Threshold (GST inclusive)	Social and Sustainable Procurement Requirements
\$0 - \$9,999	Consider social and sustainable procurement definitions and guidelines as above
\$10,000 - \$49,999	Request evidence of social and sustainable policies and practices from suppliers (see Appendix One)
\$50,000 - \$149,999 (goods and services) or \$50,000 - \$199,999 (building and construction works)	Request written evidence of social and sustainable policies and or practices from suppliers, as well as a procurement plan that details the weighted criteria that will be applied in the evaluation (see Appendix One)
>=\$150,000 (goods and services) or >=\$200,000 (building and construction works)	Request detailed written evidence of social and sustainable policies and practices from suppliers, as well as a procurement plan that details the weighted and mandatory social and sustainable procurement criteria that will be applied in the evaluation (see Appendix One)

*Note: for purchases over \$50,000, FAQ's and templates will be made available to provide guidance to prospective tenderers on what kind of written evidence Council will be assessing against. This includes the Social and Sustainable Commitment Statements which act as a pass/fail gateway similar to the Occupational Health and Safety pass/fail scoring.*

### 9.3 Cumulative Spend

From time to time Council will find it necessary to enter into multiple contracts with a single supplier over a longer period. The cumulative value of those individual contracts (ie the aggregate value of the multiple contracts) may exceed the procurement thresholds stated above. In each case where multiple contracts are likely to be necessary, Council will give careful consideration to:

- their likely cumulative value and, if it exceeds the thresholds stated above, consider adopting the applicable procurement process; and
- other potential suppliers of the relevant goods, services or construction works before entering into a subsequent contract with the same supplier.

This is guided by the Victorian General Auditor's Office (VAGO) and Local Government Victoria (LGV) - see the Victorian Local Government Best Practice Procurement Guidelines, published in 2013

### 9.4 Purchasing Methods

The City's standard methods for purchasing goods, services and works shall be via:

- Purchase order following a quotation process
- Under contract following a tender or quotation process or
- Under purchasing schemes including collaborative purchasing arrangements with other councils and commercial schemes such as provided by procurement Australia, Municipal Association of Victoria, Supply clusters of Australia, state Purchase contracts, Whole of Victorian Government contracts and the construction suppliers register.

Other methods include:

- Purchasing card – purchasing cards are available for select staff in accordance with Corporate Purchasing card policy

- Petty cash - a petty cash system operates to reimburse legitimate, urgent and operational business expenses incurred by city staff in the course of discharging their roles (in accordance with Petty cash policy). The maximum claim for petty cash is \$100 and must be authorised by the requesting officer's supervisor.

#### 9.5 Length of Contracts

There is no specific time limit applicable to the length of a contract entered into by Council. The primary objective in any procurement process is to get value for money on a whole of life basis. Procurement conduct random audits on cumulative spend to mitigate the risk of breaching the public tendering threshold.

#### 9.6 Measures which intentionally avoid public tendering

Measures which intentionally seek to avoid the requirement to give public notice, for example, contract splitting, placing multiple orders, seeking multiple quotations with a single supplier or engaging in effect a single supplier under different guises, are considered to breach the requirement to call public tenders where threshold values would otherwise be reached. Council must act with good faith in this regard.

#### 9.7 Ministerial Exemptions

The Minister for Local Government may exercise his/her discretionary power to approve an arrangement for the purposes of the Act, a contract that the city wishes to enter into without first exposing that contract to public tender. Ministerial exemptions will only be sought in exceptional circumstances.

#### 9.8 Policy Exemptions

Council has a process in place to exempt a procurement from the procurement policy requirements up to the legislative requirements under specific circumstances.

Exemptions from the procurement policy requirements will be issued by exception on approval from a General Manager for procurement under \$150,000 for Goods and Services or \$200,000 for Works under the following circumstances:

- An item or service procured which is issued under copyright laws
- A service or upgrade to an asset owned by a utility provider responsible for the provision of or maintenance of that asset
- Software specific to one provider only
- Software licensing or maintenance costs specific to one provider only
- Payments to other Municipalities
- Payments made by the administrator of a Special Rates Scheme (i.e. Business Associations)
- Arts Programming, as determined by the relevant General Manager.

Any exemption above the tendering threshold must be sought from the Minister for Local Government.

## 10 STRATEGIC ALIGNMENT

### 10.1 Strategic Procurement

Procurement undertaken by Council should be aligned with, and contribute to, Council's long-term strategy and be consistent with the Council Plan. The strategic elements adopted in any one procurement should be appropriate to its complexity.

### 10.2 Delegations

The Council's CEO delegates authority to staff relating to procurement matters. Delegations give relevant officers the power to:

- Procure goods, services and construction works;
- Expend amounts for the procurement of goods, services and construction works, including variations, in accordance with Council's delegations of authority;
- Approve quotations or tenders or award contracts; and
- Sign contract documentation.

- Delegations cannot be made to non-Council staff.

## 11 PROBITY

All persons engaged in procurement on Council's behalf must exercise the highest standards of integrity in a manner able to withstand the closest possible scrutiny. All members of staff have an overriding responsibility to act impartially and with integrity, avoiding conflicts of interest (section 95 of the Act).

At all times, all persons engaged in procurement on Council's behalf must:

- Conduct themselves ethically and with integrity.
- Comply with Council's Gifts, Benefits and Hospitality Policy.
- Declare and effectively manage real, perceived and potential conflicts of interest;
- Maintain confidentiality and security of information.
- Comply with Council's Code of Conduct.

It is mandatory for all Council staff involved in a procurement process, including evaluation panel members, to sign a conflict of interest declaration form at the commencement of each quotation or tender process. Conflicts of interest which do arise between public duty and private/personal interests must be identified, and disclosed in writing.

A probity advisor and/or probity auditor must be engaged for any major project that is valued at \$1 million or greater.

### 11.1 Fairness and impartiality

Suppliers are entitled to expect and receive fair treatment at every stage of the procurement process.

Equal access to information in the same form, and at the same time, for all potential suppliers is essential to fairness. Procedures for controlling and monitoring the flow of information should be established before a procurement process commences.

### 11.2 Consistency and transparency of process

Council procurement activities are to be undertaken in a consistent and transparent manner to build confidence of potential suppliers.

Consistency and transparency apply at all stages of the procurement process; from planning, through implementing and managing and ultimately at performance management and reporting.

### 11.3 Feedback

Council should promptly inform bidders of the outcome of the procurement process. Feedback is integral to Council's accountable and transparent procurement process, supporting a fair, open and ethical relationship with suppliers.

### 11.4 Grievances

Where a complaint is received in relation to a procurement process or activity it will be dealt with via Council's complaints management process.

## 12 ACCOUNTABILITY

All people undertaking procurement activities on Council's behalf are responsible for the actions and decisions they take in relation to procurement and for the resulting outcomes. The test of accountability is that an independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

### 12.1 Accountability and authorisation

Transactions and activities must be conducted in accordance with Council's procurement and other financial policies, with clearly documented evidence to substantiate the validity of all transactions.

## 12.2 Internal Audit

All procurement activity is auditable and will be regularly reviewed through the internal audit program.

## 12.3 Breaches of the Procurement Policy

Staff found to be in breach of this Procurement Policy may be subject to action taken under Council's Disciplinary Policy.

## 13 E-TENDERING

All tender processes, including contract management, shall be conducted in accordance with the requirements of this policy and any associated procedures, relevant legislation, relevant Australian Standards and the Act.

e-Tendering is integral to the overall development of procurement processes and involves the use of an electronic system/s to acquire goods, services and construction works. The eTendering portal is mandatory for all procurement greater than \$50,000. By utilising e-tendering the Council aims to:

- reduce transaction costs;
- achieve greater leverage;
- make processes more efficient;
- improve management of information and visibility of spend;
- increase control and consistency of processes; and
- improve spend compliance.

## 14 CONSIDERATIONS OF POLICY

### Impact assessment

In assessing the impact of implementing this policy, Council will consider:

#### Capacity of the suppliers

- Can they do the job to our standards?
- Can they meet our capacity needs to deliver the work within the required timeframes?

#### Social impact

- Are they accredited or identified social enterprises or indigenous businesses?
- What social value will they deliver and will it meet our social value requirements?

#### Environmental impact

- Do they have any specific, measurable, identifiable sustainability initiatives?
- Are they working towards minimizing their impact on the environment?

#### Commercial

- Are they cost competitive or could there be a cost premium?
- What is their commercial/ business capability?

#### Financial capability

- Are they financially stable?
- Will they still be trading in six months' time?

## 15 IMPACT MEASUREMENT

*How do we measure the success of the policy?*

As stated, the Social and Sustainable Procurement Policy aims to:

- Increase localised economic benefit.
- Provide genuine and quality support for social enterprises.
- Strengthen our capacity to influence social and environment outcomes via purchasing decisions.
- Promote acceptance throughout the supply chain of the value of social and sustainable procurement.
- Be measurable and transparent.

In order to measure the impact of the policy, depending on the criteria set in individual contracts, we will monitor at regular intervals (6, 12, 24 months) the following agreed KPI's which could include:

- Increase in employment numbers in the City of Darebin particularly in disadvantaged and marginalized sectors.
- By building in employment targets for contracts and tenders, request and monitor set targets from contractors tendering for business above certain thresholds (see table 11.2 Procurement Thresholds).
- Assess and monitor the increase in numbers of social enterprise businesses being involved in supplying products and services to Council and survey the impact of capacity building exercises on their business models.
- Building in targets for measures such as emissions reductions for suppliers at higher thresholds.
- Assess and monitor the change in employment numbers and demographics across the LGA using data collected from partners Economy ID.
- Measure the increase of Aboriginal owned enterprises being engaged in contracts.
- Measure the number of trainees and apprentices appointed and retained by suppliers per annum and monitor their increase.

We will also apply other qualitative measures, which could include:

- By requesting information on policies and strategies from potential suppliers, measure the increase in those businesses Council uses as suppliers that have definable policies on gender equity, employment practices, family violence leave, disability access etc.
- By using annual survey data measure the community satisfaction levels with Council's procurement policies and the perception of their contribution to community wellbeing.
- Seek out and publish personal case studies of community members who have been positively impacted by employment outcomes as a direct result of our changed procurement practices.
- Consider and measure catering suppliers who practice effective sustainability measures (eg zero use of single use plastic), who employ locally and who source food supply locally

The way we measure outcomes and performance may include a questionnaire and/ or survey tailored to the appropriate threshold level and incorporate priorities based on the project being undertaken.

\*Victorian State government developed a *Social Procurement Framework* which enables buyers and suppliers to use the Government's buying power to deliver social, economic and environmental outcomes that benefit the Victorian community.

<https://buyingfor.vic.gov.au/social-procurement-framework>

\**GROW 21* is a whole of community approach taken in the Geelong region of Victoria to tackle entrenched regional social and economic disadvantage. It led to a compact that drew in State and local government, local industry and enterprise and community groups.

<https://grow.g21.com.au/>

\**Social Traders* is "Australia's leading organisation" connecting social enterprises with social procurement opportunities and supporting social enterprise to successfully deliver on the contracts they win.

<https://www.socialtraders.com.au/>

This policy document also references:

Beyond Value for Money Social Procurement for Victorian Local Government

[https://www.localgovernment.vic.gov.au/data/assets/pdf\\_file/0020/48512/Beyond-Value-for-Money-Social-Procurement-for-Victorian-Local-Government-2nd-edition-update-4-April-2019.pdf](https://www.localgovernment.vic.gov.au/data/assets/pdf_file/0020/48512/Beyond-Value-for-Money-Social-Procurement-for-Victorian-Local-Government-2nd-edition-update-4-April-2019.pdf)

Queensland Government procurement policy

<https://www.forgov.qld.gov.au/procurement-policy>

Australian Government Sustainable Procurement Guide

<http://www.environment.gov.au/protection/waste-resource-recovery/publications/sustainable-procurement-guide>

Victorian Aboriginal Economic Strategy

<https://www.vic.gov.au/aboriginalvictoria/policy/victorian-aboriginal-economic-development.html>

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