Leading the Way to Strategic Social Procurement

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Over recent times there has been a lot of activity in relation to Local Government procurement in Victoria, through both State Government and the Municipal Association of Victoria. One interesting document recently released by the Department of Planning and Community Development is a guide to social procurement for Local Government.

So what is social procurement? According to this guide, it is “using procurement processes and purchasing power to generate positive social outcomes” as part of triple bottom line objectives around economic and environmental outcomes.

The authors suggest that while councils are increasingly delivering good economic and environmental management outcomes through procurement practices, that the approach to achieving social objectives is often underdeveloped. This may be a lost opportunity given that councils are often required to deal with the impact and consequences of significant community challenges such as economic disadvantage, social exclusion, high unemployment rates, homelessness and offending behaviours.

The guide encourages the strategic application of procurement processes to address particular issues in an innovative way. Some of the social procurement opportunities being explored by Victorian councils include:

- Building the capacity of social enterprises in their municipality;
- Developing and trialling social clauses (eg employment) in tenders and contracts;
- Purchasing from social benefit suppliers; and
- Addressing service gaps.

While not all tenders allow scope of inclusion of social benefits, the potential opportunities that might be delivered would suggest that this should be part of the considerations of a council when developing tender processes.

There is often hesitancy in relation to social procurement, largely linked to worry that such practices impact on economic efficiency, but it does not need to be a trade off. Rather, social procurement considerations should be seen as a ‘value add’ proposition. Social procurement does not counter or challenge any of the basic principles of public procurement such as value for money, open and fair competition, accountability, risk management, probity and transparency.

The following steps are suggested for councils considering undertaking social procurement:

- Undertake spend analysis to ascertain how current purchasing and procurement practice aligns with social and community objectives;
- Identify and document potential local suppliers who could deliver social benefits to council in addition to delivering goods and services;
- Create an enabling policy framework for enacting social procurement;
- Ensuring an understanding of and compliance with all relevant legal and regulatory frameworks when engaging in social procurement; and
- Developing a business case for social procurement.
As with all new practice, determining if desired outcomes have been met is a critical element. Councils should ensure that methods and mechanisms are in place for measuring both service deliverables and social impacts. Social impacts can be difficult to measure and the Victorian Guide points to a number of resources and tools to support the measurement of social impact.

Brisbane City Council has a social procurement policy in place and has developed a number of approaches to help build capacity of social enterprises to participate in competitive procurement and eventually compete for commercial tenders. For example, it has an internal list of social enterprise suppliers and purchase of goods or services from those suppliers is actively encouraged. The Council has disaggregated some larger contracts to allow smaller components to be offered to new and emerging social enterprises. Highly developed policies and plans for engaging with social enterprise throughout its supply chain are in place.

While many Tasmanian councils encourage, through their procurement policy or Code for Tendering, support for local businesses, only a few currently progress to more pure social procurement considerations and, even then, generally at a very high level. Given the increasing interest by governments and communities on the achievement of a range of social objectives, social procurement practices are likely to become an area of focus over the next few years. ❖


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Addressing Skills Shortages

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Nearly everyone is aware of ‘skills shortages’, ‘ageing’ and other workforce issues. However, very few managers have the type of data suitable for taking strategic actions to tackle the issues.

To help our members, the Local Government Association of Tasmania (LGAT) has completed studies of about 150 staff in two councils. These ‘bottom up’ surveys provide much of the data that has been lacking. They tell us: when staff may retire; if they are looking for other jobs - why, where and when; and if they are interested in training and advancement or not. Public versions of the reports are available for councils on request.

LGAT hopes some councils will go through the process themselves, so we build up more data. The survey takes staff approximately five minutes to complete, and processing takes one person with good Excel skills about four days. I have templates to assist and can provide some support.

LGAT is also developing a statewide council survey with HR officers that can capture various ‘top down’ data by occupational category. The Association has been monitoring the number of council newspaper job advertisements since July to determine vacancy rates. LGAT and the other state Local Government Associations are also working on a national survey which can eventually replace state and private surveys, cut duplication and provide consistency.

The combination of the bottom up and top down information will mean councils are supplied with some of the best workforce planning information available.

The data will enable councils, LGAT and other groups to tackle priority areas and better argue the case for various types of support to our sector.

While LGAT’s staff surveys are intentionally council specific, and on their own are not enough of a sample to generalise from, some observations are shared here for interest.

The staff surveys revealed that an average of 38.5% of staff have said they intend to retire earlier than age 65. In the outdoor workforce, the figure was 41%, and in a number of work units the intention to retire early runs at about 80%. The identification of early retirement trends and hot spots like this, helps councils prioritise actions.

Another example of the results and what can be done with them comes from analysing the reasons staff look for another job. The chart shown shows reasons identified by staff at one council.

When averaging both studies, 23% of respondents from the ‘inside’ workforce said ‘learning new skills’ was the motivation to seek another job. If learning new skills is a reason to leave, then providing them can be a reason to stay. Theoretically, up to 23% of resignations might be prevented by providing appropriate learning opportunities. Formal qualifications and other training play a part in providing these skills, and so can the chance to take on new responsibilities, or move ‘sideways’ in council.

If the training councils need is not available, then a local skills shortage is created, scarcity drives up the cost of wages, which in turn fuels ‘churn’. If we don’t enable the smaller, isolated, or poorer councils to access training, then the larger, central, or richer councils may find they are simply training workers for others. If training is used well, it can do a lot to help retain workers, first within a council, and second within the sector.

To improve training availability, LGAT obtained $220,000 of Commonwealth EBPPP funding for 11 councils that expressed interest. Through this process, and a recent call for interest in HECS-free University scholarships in Engineering, Environmental Health or Science, it has become very clear that distance from training is a factor for councils.

LGAT used the funding and interest from councils to stimulate the Tasmanian Skills Institute and Polytechnic to work together to create and deliver distance based Certificates III and IV in Local Government (62 337728).

In the past, State and Federal training policy actively discouraged the use of funding for new training, gave little to no support for distance issues, some Local Government courses weren’t eligible for funding and, with a lack of supporting data, we struggled to make a strong case for funding. LGAT has made some good policy progress with these agencies, leading to a more ‘enterprise-based’, rather than training company focused approach, in Australia and Tasmania.

Since the careers project started Certificates and Diplomas of Local Government (Planning), Local Government (Regulatory Services), and Local Government (Health and Environment) have been
developed by the Polytechnic (62458058). LGAT has had some input into their development, emphasising the need for quality content, cautioning against the over use of techniques like ‘recognition’ and ‘work-based projects’, and persuading trainers of the benefits of investing in distance training options for us as a ‘thin’ yet persistent training market.

The challenge now is to make councils aware of and use these local products to enhance staff capability, to get involved with reviewing training material, or helping assess students work and to employee graduates of these programs. With quality content set down in workbooks, we may be able to imbed these courses in schools and really boost the number of ‘work ready’ graduates applying for council jobs.

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