# Social procurement strategy template

The requirement to develop a Social Procurement Strategy applies to agencies subject to [the Standing Directions 2018 under the Financial Management Act 1994 (Vic)](https://www.dtf.vic.gov.au/financial-management-government/standing-directions-2018-under-financial-management-act-1994).

There are only two exceptions:

Firstly, if both of the following apply:

* an agency’s total annual procurement spend is less than $10 million, **and**
* all individual procurement activities are valued at less than $50,000

Then an agency does not have to complete a Social Procurement Strategy. It instead completes a Social Procurement Commitment. Please contact the Department of Government Services for a template.

Secondly, where an agency follows the policies and practices of a lead department, it must submit a letter signed by both the agency and portfolio department to socialprocurement@ecocev.vic.gov.au. This letter must establish protocols for adopting the departmental social procurement strategies, policies and procedures.

Further information can be found at Social procurement – [Planning requirements for departments and agencies](https://www.buyingfor.vic.gov.au/social-procurement-planning-requirements-departments-and-agencies).

## General instructions

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

The core components of a Social Procurement Strategy (refer [to Social procurement – requirement to prepare Social Procurement Strategy](https://buyingfor.vic.gov.au/social-procurement-framework-requirements-and-expectations#government-department-and-agency-planning-requirements)) 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. They may be modified to better suit your organisational needs.

This particular template is designed for agencies that meet the following criteria:

* a total annual procurement spend at or above $10 million (exclusive of GST); and
* any of their individual procurement activities are valued at or above $1 million (regional) or $3 million (metro or State-wide).

**Social Procurement Strategy (Long form)**

**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*]

**Context**

This section of the Social Procurement Strategy should deliver key messages in relation to the Social Procurement Framework. 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 Social Procurement Framework; and
* demonstrate the organisation’s commitment to advancing social and sustainable objectives through procurement in accordance with the Social Procurement Framework.

**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 Social Procurement Framework 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.

**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 [Requirement for social procurement planning](https://buyingfor.vic.gov.au/social-procurement-planning-requirements));
* consider the application of social procurement ‘sourcing tactics’ set out in [Social procurement planning and tactics](https://buyingfor.vic.gov.au/social-procurement-planning-and-tactics) (for example, evaluation criteria, unbundling and supplier relationship management); and
* identify specific opportunities and the Social Procurement Framework 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 Victorian priority jobseekers).

Based on this analysis, the organisation should consider whether it is appropriate to set social procurement targets for the organisation, 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 Victorian priority jobseekers 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.

Under the Social Procurement Framework, it is not mandatory to set social procurement targets for the organisation. However, organisational targets (connected to personal key performance indicators) are recognised as important mechanism to drive accountability for government buyers.

**Priority social and sustainable objectives**

Departments and agencies are expected to prioritise a minimum of three objectives identified in [Victorian Government’s social and sustainable procurement objectives and outcomes](https://buyingfor.vic.gov.au/victorian-governments-social-and-sustainable-procurement-objectives-and-outcomes). It is strongly encouraged that any corresponding social and sustainable outcomes are also identified in this section. Departments and agencies are encouraged to consider not only their business strategy but also their procurement profile when selecting priority objectives.

This section should also reiterate that although the priority Social Procurement Framework objectives and outcomes are to guide government buyers throughout the organisation, the Social Procurement Framework 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).

If departments and agencies are procuring construction projects valued at $20 million or more, the Building Equality Policy (BEP) will apply. BEP operates out of the SPF. Therefore, if BEP applies to your agency, make sure to include a section outlining how you will comply with the policy.

**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’ (see footnote 1 of this guide) and the requirements imposed on them under the Social Procurement Framework (see [Requirement for social procurement planning](https://buyingfor.vic.gov.au/social-procurement-planning-requirements)). It may be useful to provide examples of government buyers in the organisational context; 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. 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.

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. As part of this analysis, departments and agencies should complete a capability self-assessment.
* 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. 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.

Effective supplier engagement practices ensure that Government provides timely and accurate 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
* 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**

It is a requirement that all contracts with SPF clauses be entered into the [Victorian Management Centre](https://icnvic.force.com/s/login/?ec=302&startURL=%2Fs%2F) (VMC). Your strategy should include a commitment to enter this data appropriately and in a timely manner.

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 Social Procurement Framework. This will include spend analysis via the ABN wash and the VMC.

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 ........................

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