

Welcome to The Social Procurement Workshop



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Format

- Welcome, Introduction & Purpose
- Social Procurement – What, Why, How?
- Stretton Centre Perspective
- Key Findings

Context

- The Right Time
- Government focus on job creation
- Cabinet Presentation
- Thinkers' Report

Mutual Solutions To Big Challenges

- Support the care sector re-engineer to meet changes in funding and demand - particularly it's workforce issues
- Innovate Develop New Models Of Place-Based Care
- Disability and entrepreneurship
- How can employee ownership can help with family owned businesses and transition planning.
- Support The Transition Public Service Mutuals
- Build A More Circular Economy
- Procurement Driving Social & Economic Impact

Thoughts On Building A More Co-operative Environment

- Burning Platforms & Drive on particular sectors
- Social procurement, competitive engagement, & market making – Long term commissioning
- Access to capital
- Education and internships
- Leaders & incentivised development support
- Enabling legislation – Social Value Act/Health & Well-Being (Wales) Act/ Tax Incentives (Italy) ;
- Import & Scale
- Create ‘Sectoral Development Body’?

The Right People

- ✓ Where are today's/tomorrow's social entrepreneurs?
- ✓ What interventions can be made to get them to flourish

The Right Ideas

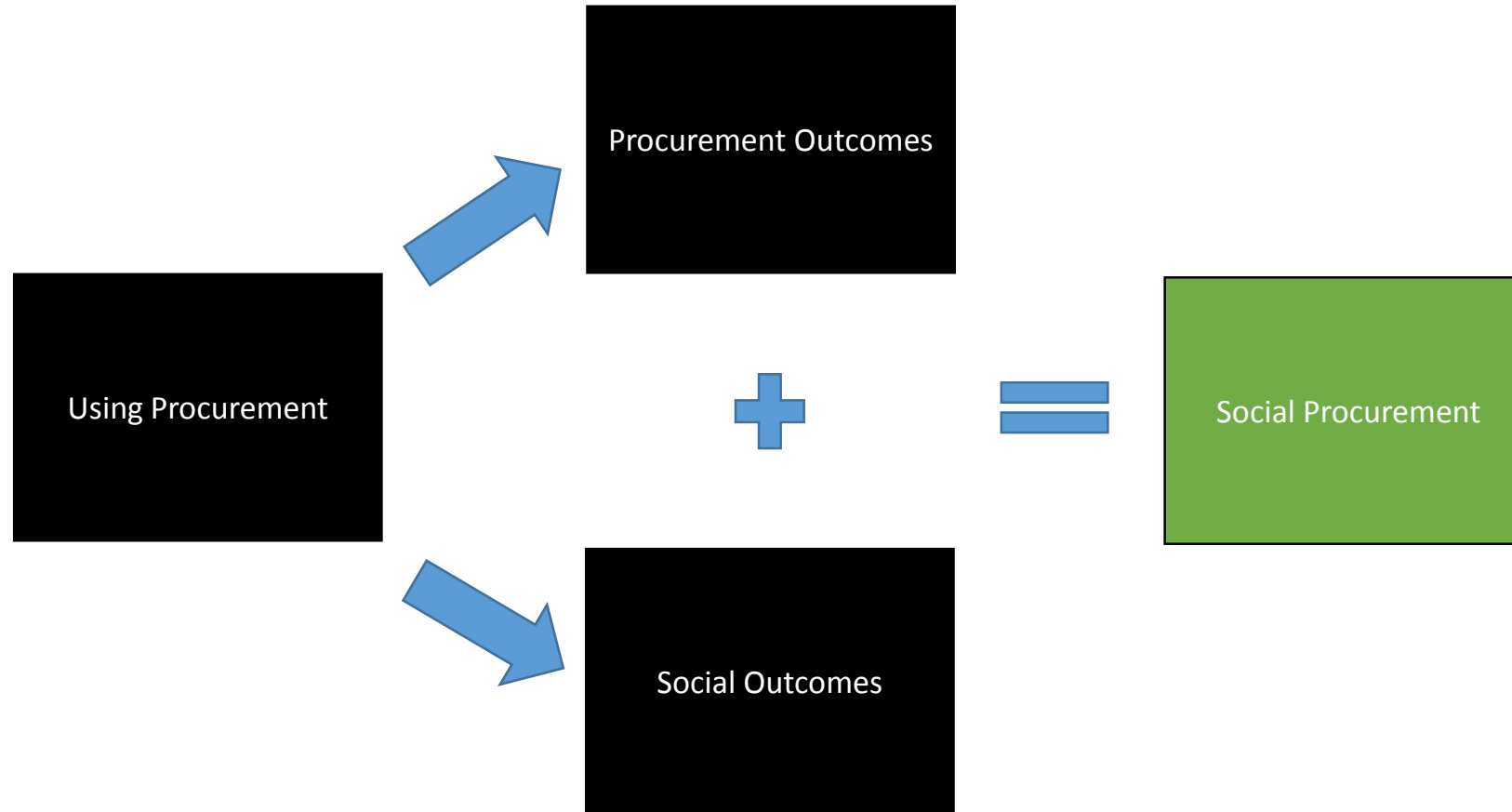
- ✓ Home grow/Import & scale

The Right Support

- ✓ Capital fund
- ✓ Market making through social procurement
- ✓ Incentivised development support
- ✓ Well designed legal/financial structures



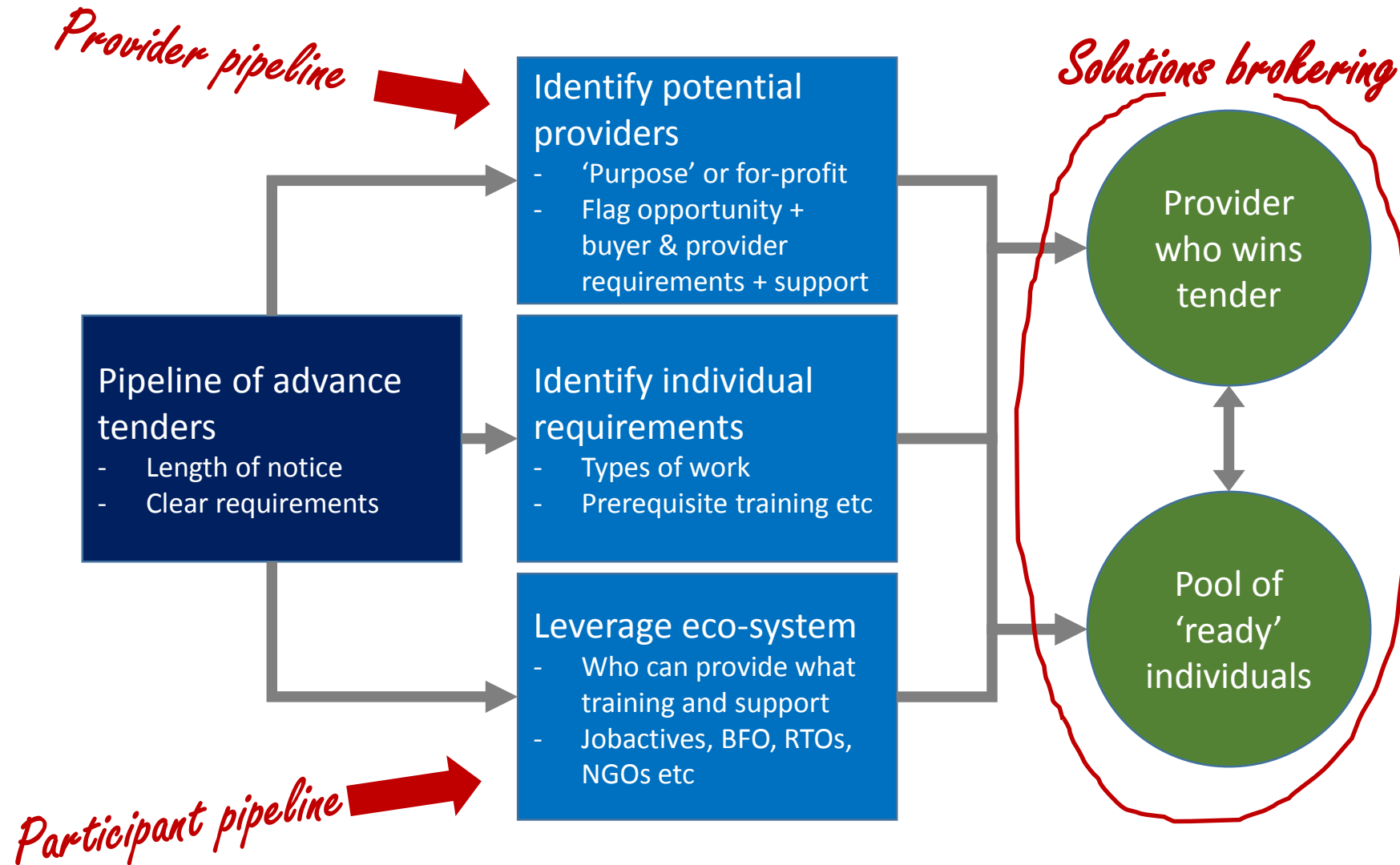
What is Social Procurement?



Why social procurement?

- ✓ Social outcomes (employment, income, worth, value) **in addition to** procurement outcomes
- ✓ Those with highest barriers = those who provide highest societal return
- ✓ State Govt:
 - Most interested in social outcomes +
 - One of largest procurers in SA
- ✓ **Increases resources mobilised for social impact**
- ✓ **Provides real outcomes for other programs**
 - Employment market
 - Social support
 - Poverty relief

How (in the perfect world)?



The Victorian approach

Social Procurement Strategy

'Developing Provider Opportunities'

- Different rec's based on contract value bands
- Each Dept to develop own strategy
- Consideration of targets



Social Enterprise Strategy

'Developing Providers'

- Current snapshot & economic value
- Increasing impact & innovation
- Building business capacity & skills
- Improving market access

Our dual focus?

Specific future tender

- What's coming up that we can maximise SP outcomes?
- How do we best make happen?

Systems learning

- What are systems barriers + issues + opportunities?
- What's needed around 'purpose' sector development?

Stretton Centre

Dermot Cussen/Caroline Moylan

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SOCIAL ENTERPRISES: CONTRACTS, NOT CHARITY

Dermot Cussen
Director, Stretton Centre

STRETTON FELLOWSHIP

- Partnership between the Stretton Centre, South Australian Housing Authority & Adelaide University – South Australian Centre for Economic Studies.
- Exploring the opportunities for small social enterprises and for purpose companies to access government contracts: e.g. maintenance and horticulture.
- Case studies of two Social Enterprises were researched to capture the Social Return on Investment.
- Finding: Social procurement creates Social Value: increased happiness, improved health & wellbeing & social connection amongst various other positive outcomes.
- The report summarises there is inherent *social* as well as economic value in engaging social enterprise in commercial and, specifically, publicly procured projects that enable otherwise marginalised populations to engage in mainstream economic activities.

CONTRACTS, NOT CHARITY

- Procuring goods and services from social enterprises can create significant change.
- Fitzroy Public Housing Estate – contracts created sustainable employment and community pride.
- Vanguard Laundry – would not have come to be without a \$4.5 million laundry service contract.
- Contracts geared towards social enterprises support the establishment of these businesses- the more the better!
- Contracts also develop sustainable business models for SEs.

CASE STUDY: FITZROY PUBLIC HOUSING ESTATE

- Public housing estate on Brunswick Street in Fitzroy, Melbourne.
- Generated an est. \$300 million of heroin trade per year. 2000 syringes collected per month onsite.
- \$1 million cleaning contract across two estates – added a clause that 35% of labour force must be public housing tenants.
- Brotherhood of St Laurence established a social enterprise to secure the building's security contract.
- Creates 20 jobs a year now.
- 95% joblessness among residents in 2002; down to 81% in 2008.
- 80% of those involved have successfully maintained employment in the open labour market since.

CASE STUDY: VANGUARD LAUNDRY SERVICES

- Founded by Luke Terry, who has extensive experience with social procurement and social enterprises.
- Secured a \$4.5 million contract to provide laundry services to St Vincent's Private Hospital for 9 years.
- Aims to create 100 jobs for people with disability or mental health issues in the first 2 years.
- Provides pathways for work experience, career assistance, and support for people to transition into long-term work.
- Winning the contract was the catalyst for Vanguard to exist.
- Luke Terry's advice – have a demand driven approach, secure a contract before you start your social enterprise.



VANGUARD LAUNDRY - VIDEO

<https://youtube/UctyHLodd04>

OPPORTUNITIES IN THE NORTH

- Industries such as Horticulture, Health Care and Defence are seeing rapid growth and require a workforce which can grow in line with this demand
- Already businesses are reporting workforce pressures and are unable to fill vacancies
- Vacancies range from entry level, low skilled work to specialist positions. Career and progression pathways are available to those who are willing to train.
- There are high levels of unemployment and disadvantage in areas in the North. Social enterprise can provide a pathway to support people back in to the workforce and potentially progress into employment in other industries who have workforce pressures.

THANK YOU.

Social Enterprise & Contract Opportunities; The Role Of Co-operatives and Mutuals

September 2018

Dr Guy Turnbull
Consultant

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Why Build A More Co-operative State?



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Co-operative Development Benefits

- Locally owned, creating and retaining profits and jobs within communities;
- Democratically controlled – Accountability is a good thing;
- Capability to reach ‘new entrepreneurs’;
- Develop capacity to identify and develop new and innovative markets/Service Transformation
- Significant Social Value, Impact & Contribution Recognised by Government

Back To Co-operative Business

- The Right People
 - ✓ Where are today's/tomorrow's social entrepreneurs?
 - ✓ What interventions can be made to get them to flourish
- The Right Ideas
 - ✓ Home grow/Import & scale
- The Right Support
 - ✓ Capital fund
 - ✓ Market making through social procurement
 - ✓ Incentivised development support
 - ✓ Well designed legal/financial structures

Caveats & Opening Remarks

- I find procurement law boring
- Public Buyers are risk averse – nobody sacked for buying ‘IBM’
- We built CASA on open competitive tendering, and at time of exit had 19+ public contracts
- Public Procurement has potential to be social enterprise ‘Market Makers’.
- I know nothing about Aussie Public Procurement Law

European & UK Law (The Public Contracts Regulations 2015)

Procurement

- Openness & Fairness – same notice, rules, & spec.
- Equal treatment
- Non-discrimination
- Transparency
- Proportionality

Commissioning

- Price vs Quality Scoring
- Social Value & Social Impact
- Market Shaping/Frameworks
- Competitive Dialogue
- Market Engagement
- Innovation Partnerships

Social Procurement; Initiatives In The UK

– The Art Of The Possible

- Articulate clearly what you are trying to achieve
- Establish the objectives of the commissioning exercise
- In the case of the Light Touch Regime design a process to deliver specifically on that objective
- Check that there is consistency between the specification, the tender requirements, the evaluation criteria and the contract
- Ensure transparency & equal treatment
- Ensure any social value elements are objectively relevant to the subject matter

The Value of Social Enterprise - a Stretton Fellowship project

Andreas Cebulla

Opportunity through public procurement.

Recommendations

- Review public procurement needs
- Identify suburbs likely to benefit from investments
- Scope potential for engaging social enterprises
- Identify service and product gaps
- Connect public procurement to local VET
- Align public procurement with regional economic and business development opportunities
- Trial a strategic procurement initiative

Social Procurement Action Plan: Scenario Planning – Small Task & Repairs Service

Purpose

- Keep people in the community

Functions

- Garden maintenance
- Changing light bulbs
- Home maintenance

Making Stars Shine

Buyer Perspective

- What are we trying to achieve
- How should contract be let
- What social impact is possible
- How can we engage in competitive dialogue
- Possible risks
- How do we signal to the community what we want

Supplier Perspective & Issues

- No single supplier
- No expertise
- No money
- What's the strategy

Scoping Target Outcomes over 12 – 18 months:

To be supported by the PBNN Board and included in the Thinkers in Residence Recommendations:

(Building on the momentum from the Thinkers' meetings with the Premier and Minister Pisoni in September)

- XX
- XX
- XX
- XX
- XX

Scoping Target Outcomes over 12 – 18 months:

To be supported by government, NFP and private sector and included in the Thinkers in Residence Recommendations:

(Building on the momentum from the Thinkers' meetings with the Premier and Minister Pisoni in September)

- Policy to encourage increased social procurement – Target: eg. XXX number of jobs
- Access to finance to seed fund tendering
- Training and mentoring to support tendering

South Australian Productivity Commission

- To what extent can value for money can be achieved through innovative, socially inclusive and/or ecologically sustainable procurement approaches?
- What other programs or policies should be considered? Why?