

# EVALUATION OF SOCIAL PROCUREMENT

## 1. INTRODUCTION

The evaluation of procurements involving social outcomes is no different to the evaluation of a general procurement.

## 2. CONTEXT

Section 186 of the Victorian *Local Government Act 1989* requires local governments to undertake a competitive process to test the market before entering into contracts for:

- the purchase of goods or services with a value of \$150,000 or more
- the carrying out of works with a value of \$200,000 or more, unless specified exceptions apply.<sup>1</sup>

Councils must award a contract on the basis of quality and cost standards required by Section 208D of the Act.

In developing quality and cost standards for services to the community, councils may take into account factors set out in Section 208C:

- (i) the need to review services against the best on offer in both the public and private sectors
- (ii) an assessment of value for money
- (iii) community expectations and values
- (iv) the balance of affordability and accessibility of services to the community
- (v) opportunities for the growth or retention of local employment
- (vi) potential environmental advantages for the council's municipal district.

Therefore, the value for money requirement can incorporate how well the suppliers' offerings address the council's objectives in securing social value, sustainability and public benefit.<sup>2</sup>

## 3. SELECTION CRITERIA

A council may use criteria which aims to meet social requirements, defined in the specifications of the contract. A detailed discussion of social procurement selection criteria is included in the procurement documentation paper in this toolkit.

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<sup>1</sup> Councils have the discretion to establish their own business rules for the procurement of goods, services or works with a value below \$150,000, i.e. whether a certain number of verbal or written quotes are to be obtained, or that a tender be undertaken for procurement with a value below \$150,000 for goods and services and \$200,000 to carry out works

<sup>2</sup> The Centre for Social Impact (2010) "Social Procurement in Australia", [www.csi.edu.au](http://www.csi.edu.au)

#### 4. SOCIAL BENEFITS NOT INCLUDED IN SELECTION CRITERIA

If the social outcome/benefit requirement has not been included in the selection criteria, the social benefit component should not be used to determine value for money.

However, if two bids have virtually the same value-for-money score, the social benefit proposal may be utilised to differentiate between them on the basis of exceeding the specified requirements and provided that this outcome was specified in the procurement documentation. While it is unusual for procurement bids to have equal value-for-money scores, should this occur, legal advice should be secured before assessing this criterion.<sup>3</sup>

#### 5. EVALUATION PLAN

An evaluation plan should be developed for all procurements, in conjunction with the tender document. This will ensure that any criteria to be evaluated are captured in the tender and that both documents align. The evaluation plan should include including the following components:

- the purpose of the procurement
- a risk analysis
- details of the governance structure
- details of the evaluation team members, their roles and responsibilities
- conflict of interest that may arise
- details of any other members assisting the team, their roles and responsibilities
- phases of the evaluation process
- the evaluation criteria, weightings and how they will be scored
- respondent interview, site visits and referee check procedures
- probity procedures
- the commercial rules
- the required resources required for the evaluation
- a communications plan
- administration of the evaluation process.

For social procurements, or procurements which include a key social benefit component, a discussion of the purpose of the social procurement requirement(s), the intended social benefit outcomes, and the measurement of the benefits (if the benefits are part of a selection criterion), should be included in the evaluation plan.

#### 6. EVALUATION TEAM

Prior to the closure of the procurement period, an evaluation team should be established, chosen primarily on the basis of their expertise in, and experience with, the subject matter of the project.

For a dedicated social procurement project, the evaluation team should ideally include a council officer or technical expert with a clear understanding of social procurement and the mechanisms for evaluating social outcomes (as outlined in the cost-benefit analysis and reporting papers in this toolkit). For more general procurements with a social benefit component, this officer may be brought in to review this

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<sup>3</sup> Investment Strategy for Northern Ireland 2008-2018 (2010) "Delivering social benefits through public procurement: A Toolkit 2010": [www.isni.gov.uk](http://www.isni.gov.uk)

component of the tenders/quotes, if s/he is not already a member of the evaluation team. The evaluation team should have a thorough understanding of the evaluation plan and the method for the evaluation to ensure the application of a consistent approach.

## **7. LESSONS LEARNED**

It is important that the findings of the evaluation be synthesised and reported to the relevant stakeholders.