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**MEASURING
THE IMPACT
OF SOCIAL
PROCUREMENT:
A NEW
APPROACH**

**Great Lakes
Resource Recovery -
Generating Social Value
Case Study One**

Written by Ingrid Burkett & Joanne McNeill

SOCIAL | TRADERS

Great Lakes Resource Recovery

"We provide a commercial quality service with a difference, a social value difference"

Overview of enterprise and operating context

Great Lakes Resource Recovery (GLRR) is a waste reduction and recycling social enterprise based on the mid-north coast of NSW. It was established in 1991 as an enterprise of Great Lakes Community Resources (GLCR), which is a not-for-profit community development association established in 1987.

Through contracts with Great Lakes Council¹, today it operates the Waste Management Centre and the Dog & Cat Pound at Tuncurry and, more recently, the landfill at Stroud and the Waste Transfer Stations at Tea Gardens and Bulahdelah. The site at Tuncurry also incorporates a Green Shop, Green Bikes Program, Green Community Garden, Bush Regeneration program and the Wallis Lakes Men's Shed.

In response to local characteristics and needs, GLRR's mission is: "That where there is no waste, where everyone who wants a job can have one, we will have a fair and sustainable society". It acts on this through a 'waste to wages' model that creates jobs and training opportunities for specific target groups, as shown in the Theory of Change summary in Figure One.

The focus is on generating quality jobs that are sustainable into the long term (should the staff member choose), rather than short-term placements (although, those that wish to move on to other work are assisted to do this),

and on fostering a constructive culture that supports the personal and professional development of all staff.

The approach flows logically from the mission, and is matched to GLRR's target groups - long-term unemployed with complex issues affecting their ability to secure and retain employment, and in particular local Aboriginal people experiencing disadvantage

Based on GLRR's success, in 2012 GLCR established Resource Recovery Australia, which is working with Councils and other entities around Australia to improve their recovery methods and to replicate the 'waste to wages' employment model.

GLRR operates under the umbrella of its parent organisation GLCR. The embedded structure plays an important part in how GLRR's Theory of Change works in practice as the range of other programs GLCR provides means that specialist support services are available through an accessible and discreet channel, should a staff member require them at any stage.

The contracting relationship

GLRR has managed the Tuncurry Waste Management Centre since 1991. At that time the Council was operating the site and all waste went into landfill (as was common practice).

With waste levies in NSW increasing annually, GLCR saw an opportunity to create the kind of jobs it was looking for – labour intensive, and requiring low capital outlay – and approached the Council seeking agreement to trial an enterprise that would establish recovery services at the site and introduce tip fees. An agreement was reached and the first contract put in place. Since then, GLRR has managed the site through a series of contracts (five years, with one or two year extensions) that have been won through open tender processes.

Until the most recent tender the documentation and resulting contracts have contained no social value content. The technical nature of waste-related contracting has been a strong influence in this, as has a desire on both sides to focus on the commercial aspects. Formally, therefore, the focus has always been on the quality of the waste services being delivered and on constantly improving waste recovery methods, in keeping with increasingly tight regulations and community expectations.

This context has provided a stable platform from which GLRR has developed significant expertise in recovery methods, including a stream of innovations. When an improved approach is identified a trial is put in place, funded by GLRR, and once proven it is then added to the service specifications as a variation to the contract. Each subsequent tender then includes these elements as standard services.

Informally, however, the Council has had a strong interest in the local employment and training outcomes the GLRR model generates. In the past, GLRR has detailed these in the cover letter accompanying their proposal. Now, with almost 25 years experience on both sides and social procurement more widely understood internally and externally, these outcomes are becoming more formalised.

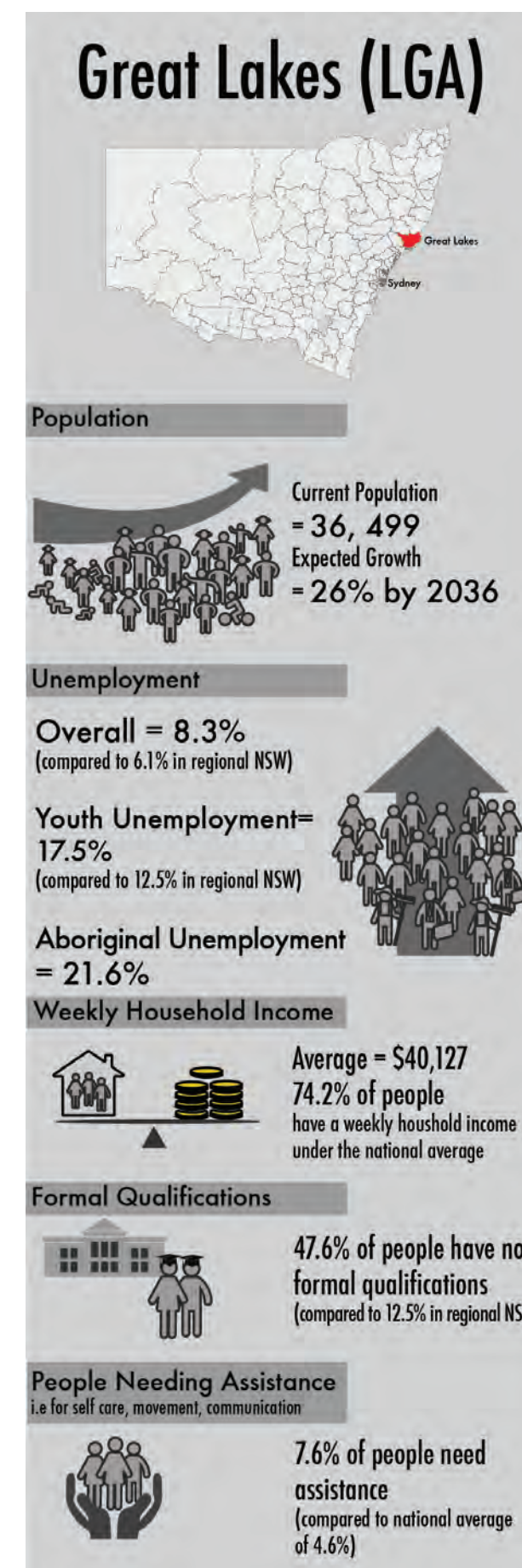
The latest tender used a non-prescriptive outcomes approach to requesting social value information, and the resulting contract includes targets for job creation and the requirement that developmental training programs are in place for all staff.

It has taken many years and a strong partnership to achieve this, and the current structure of the contract helps to extract and make transparent the jointly conceived and sought after social value outcomes.

Theory of Change



Figure One: Great Lake Resource Recovery's Theory of Change



¹ Great Lakes Council was amalgamated with Greater Taree City Council and Gloucester Shire Councils in May 2016. Together they now form the MidCoast Council. This amalgamation occurred after the research undertaken for this project, and therefore the previous entity is referred to in this document.

Determining the ‘Social Value Difference’

If, as GLRR argues, they have both a commercial and a social value proposition, the question is, how can we establish what that added value is?

Using the Social Handprint framework, we established that the social value in this context can be seen from at least three different perspectives - that of the purchaser (who gives priority to an ‘investment-first’ form - see p. 12 of Part 1: ‘Generating Social Value’); the supplier, who has both commercial and social objectives; and the perspective of the ‘beneficiaries’, in this case, employees who have been experienced long-term unemployment.

If the overall monetary value of those tangible benefits was to be estimated, it would amount to around \$1.6M in overall financial value per annum².

It is not directly possible to compare this to the value generated by an alternative non-social enterprise contractor. However it is possible to suggest that the mission focus of a social enterprise supplier not only broadens the nature of the benefits that are delivered, but also deepens these in the sense that the focus is on generating benefits for people in the community who do not usually benefit from economic development. So while a commercial operator may deliver some job benefits and may have a commitment to environmental outcomes, they would be unlikely to be as locally or as socially focussed as those demonstrated by this supplier.

Financial Costs

The valuation of effort, material, resources, time, risks and opportunity that it takes to produce and deliver a good or service.

Total Cost to Council = Contracted Cost of Services = <math>< \\$1M</math>

This has proved to be a lower price than competitors under competitive conditions

A Purchaser’s Perspective on Social Value

The Tuncurry Waste Management contract is one of the contracts that Great Lakes Resource Recovery has won repeatedly from the Great Lakes Council over the past two decades. It is a contract worth just under \$1million, and covers the waste recovery and recycling aspects of managing the Tuncurry site.

Given that the primary measure of ‘value’ in this case relates to price, it is worth noting that in the instance when the contract has been taken to market, GLRR’s quote came in lower than competitors, so on price alone it represents ‘value for money’. When the additional value is considered, however, the worth of this contract in social, environmental and economic terms can be more fully appreciated. On top of an excellent waste management and recovery service, there is broader value generated through this contract that is both tangible and intangible. While not all this value can be expressed in a monetary sense, it should all be considered to fully appreciate the value generated for Council. The major benefits are outlined on the following page.

The \$1M Council spends in this contract, generates at least \$1.6M in overall value per annum.

2. The \$1.6M of additional value generated in this contract was calculated using data that is publicly available (eg. annual reports from GLRR, ABS, DSS and DES data; Environment Australia and information supplied by the Great Lakes Council).

Excellence in Waste Management, recovery & recycling

GLRR is recognised as an industry leader, winning a number of awards for excellence in waste recovery

Social Benefits

30 quality job opportunities created for most disadvantaged groups

+ up to 300 training sessions & certificates achieved by staff to 2014.

= Direct savings to Government of at least \$401,020 per year (ABS, DES).

Environmental Benefits

70% of waste diverted from landfill - above the targets set for Councils in NSW and 10% greater than the average across Australia (www.environment.gov.au)

Saving waste from landfill:
Wood: 442 tonnes
Metal: 249 tonnes
Cardboard: 58 tonnes
Mattresses: 88 tonnes

Reduction in greenhouse gas emissions = 2700 metric tonnes of CO2 per annum

Financial Benefits

\$66,000 Profit for Council (in last financial year from profit sharing on sale of recovered metal)

Annual savings on waste levy of around \$45,000 due to reduced landfill, plus other savings on landfill space of around \$60,000

Prolonging the life of the tip site in Tuncurry by 5-7 years - extensive savings

Innovation Benefits

Over the past 19 years a focus on learning-by-doing and innovation has led to many direct efficiency savings and labour productivity increases.

Innovation has been central to the procurement process - improvements in waste recovery methods are trialled, and if successful, added to service specifications as a variation.

Local Economy Benefits

Investment into a significant local employer with a focus on growing local labour force, with focus on more disadvantaged groups

Creation of 30 direct jobs, leading to a further 24 indirect local jobs (using a multiplier of 1.8)

\$920,000 wages per annum into local economy

Public Education Benefits

GLRR’s investment into The Green - 90 volunteers x 450 hours per month

if monetised, equivalent to around \$150K per annum into educating the public about waste and recycling

Educated public = better household sorting = more efficient tip-face sorting = cost savings and reduced contamination = better outcomes

Note: the data used to calculate these benefits is from the 2014/15 financial year and outcomes have continued to evolve and grow since this time.

How the Social Enterprise delivers Social Value

As represented in Figure One, GLRR's 'waste to wages' model has contributed significantly to the creation of quality, award-wage-paying jobs for a range of people who have experienced long-term unemployment. In GLRR, 51 percent of the jobs that have been created are held by people who have been unemployed for long periods.

Thirty-one percent of jobs are held by Aboriginal people living in the local region. In addition, 17 percent of the long-term, quality jobs GLRR has created through waste recovery have employed early school leavers, and 25 percent of jobs are held by ex-offenders.

The key elements of GLRR's 'waste to wages' model relate to the level of supervision, training and mentoring required to support people with complex barriers to entering and staying in the workforce to successfully transition into long-term employees. The cost of these elements manifest in the management-to-staff ratios on site. They are built into the GLRR service offer as they are integral to the model, and are not identified separately to other costs related to delivering the contract.

With 80 percent of GLRR's income being generated through its enterprise activities (including those of GLRR), the focus has appropriately been on getting the social enterprise business model right (balancing social outcomes with rigorous commercial methods).

GLRR recognises that the complexity of the social value outcomes – especially the ripples they create in families and particular communities, over time – are inherently difficult to report on using any 'rolled up' approach. There is also a concern that trying to capture these types of outcomes using more stringent research methods could be somewhat at odds with the GLRR ethos of dignity and respect, as it can be invasive for employees and other participants.

As GLRR grows and its activities are scaled outwards, through the replication of this model in new regions under Resource Recovery Australia, it is likely that additional reporting needs will be identified. It may be possible for the enterprise to develop some participatory methods which directly involve employees in tracking and reporting outcomes, as this part of their model has potential to be of significant interest to other purchasers interested in social procurement into the future.



Figure One: The Benefits of GLRR's Waste to Wages Model

The Impacts of Growing Social Value for Target Groups

Though GLRR does not deliberately set out to measure outcomes in its work, the team were able to highlight some of the many outcomes that have been achieved through their integrated work, training and support programs for individuals. In addition, some of these outcomes are discussed in various reports and presentations created by GLRR.

Figure Two outlines some of the key benefits and outcomes that accrue to individual employees through the quality jobs created by GLRR. Should there be an identified need for or interest in starting to measure outcomes at the level of individuals and / or households, GLRR could begin to develop indicators for any number of these outcome areas. Where there is outcome or output data available from GLRR this has been included in the diagram.

There is also potential for 'rolled up' social value statements to be generated for Resource Recovery Australia as a whole, as its work continues to grow and evolve. This type of approach would seek to collate similar data for the other waste management contracts and sites being established around the country, and then combine this with the GLRR data to present an overall picture of the social value the Resource Recovery Australia 'waste to wages' model is generating.

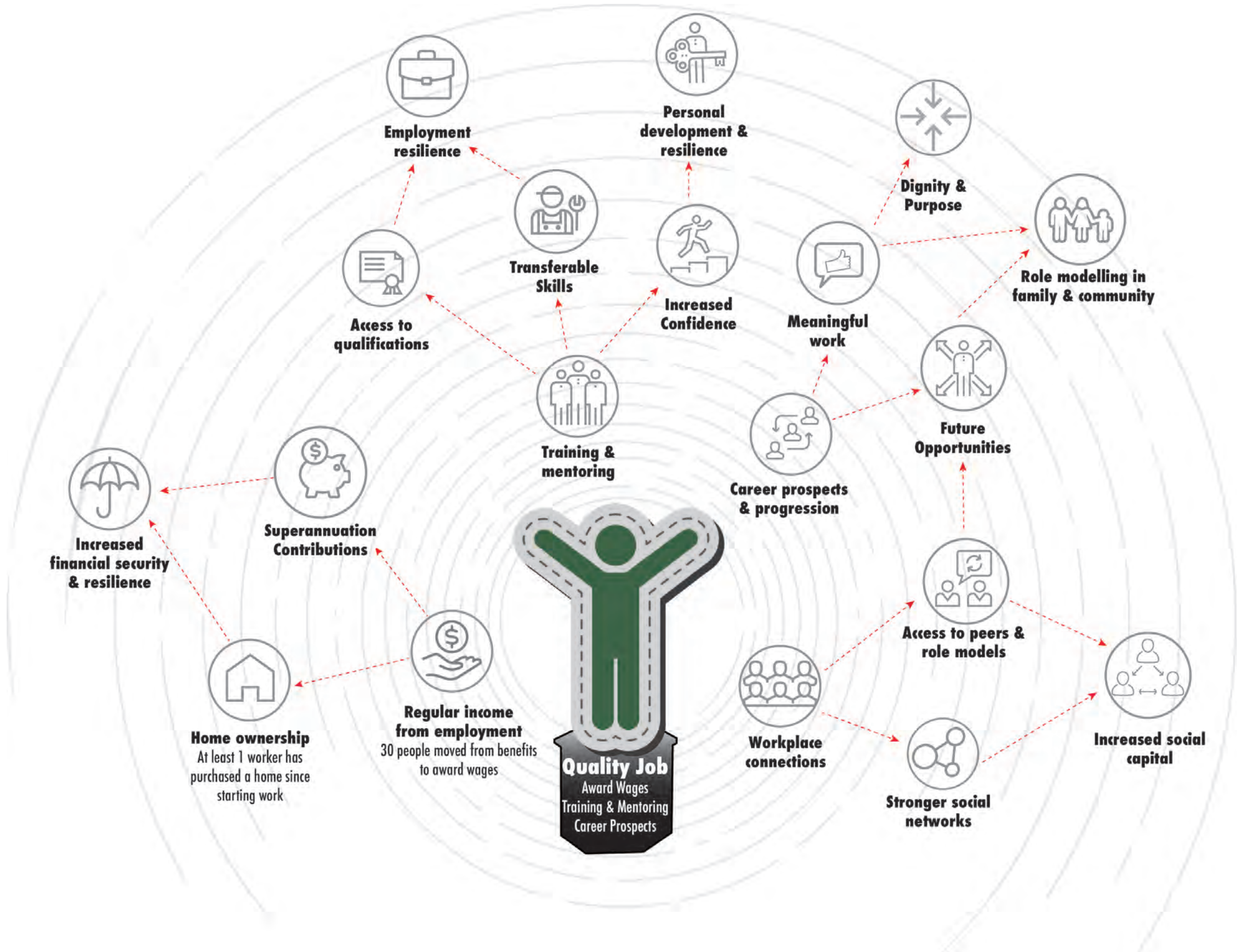


Figure Two: GLRR is Growing Social Value for Target Groups

Using the Social Handprint to Demonstrate the Social Value Generated through this Contract

If we work the social value tracking and reporting arrangements that has evolved iteratively between Council and GLRR over time back into the Social Value Handprint framework, we can extract the following critical information that has shaped the approach taken to date.

FUNCTION: What is the function of the outcomes the Great Lakes Council is seeking to achieve?

The Great Lakes Council is required to deliver a range of waste services, and is also interested in improving their environmental performance around waste management.

The region has high rates of long-term unemployment, particularly amongst some significantly disadvantaged groups, and the numbers and types of employers in the region are limited. Together with GLCR, the Council identified an opportunity to use aspects of their waste management contracts to generate employment opportunities for people from these groups.

The social outcome priorities then, are primarily to contribute to shifting a local employment issue by generating employment opportunities for groups experiencing long-term unemployment, and to do this in an industry that has significant potential to develop improved environmental performance.

FOCUS: Who's social value is the focus?

Local government is not directly responsible for unemployment support payments, but the social effects of unemployment are felt locally. For the Council to justify engaging in this area through procurement, it needs to see real value generated for long-term unemployed residents and employers, and also for the Council itself.

The three key 'improvement' perspectives for social value creation in this instance are:

1. Council (the purchaser) - who is concerned with value for money, and also value for the local community;
2. The target groups (residents of the local area who are long-term unemployed) - this is the value perspective critical for social value to be delivered to both Council and GLCR;
3. The supplier, who can directly deliver on and connect on both the environmental and social priorities of the council.

As seen above, the focus on creating opportunities to address long-term unemployment also

generates significant value for the local community, and for society as a whole. However, a decision has been taken not to explicitly attempt to collect data or report on value generated at this level, at this stage.

FORM: What measure of value has priority?

For the Council, measures of both investment and impact are important in this contract - but because an investment approach to procurement has primacy in local government, the form is identified as 'investment-first', followed by impact as a secondary form of value generation (see p.12 of Part 1 'Generating Social Value'). In this context then, presenting the social value in monetary terms is more likely to assist Council to make a business case for engaging in social procurement.

FIDELITY: What is the social value demonstration to be used for?

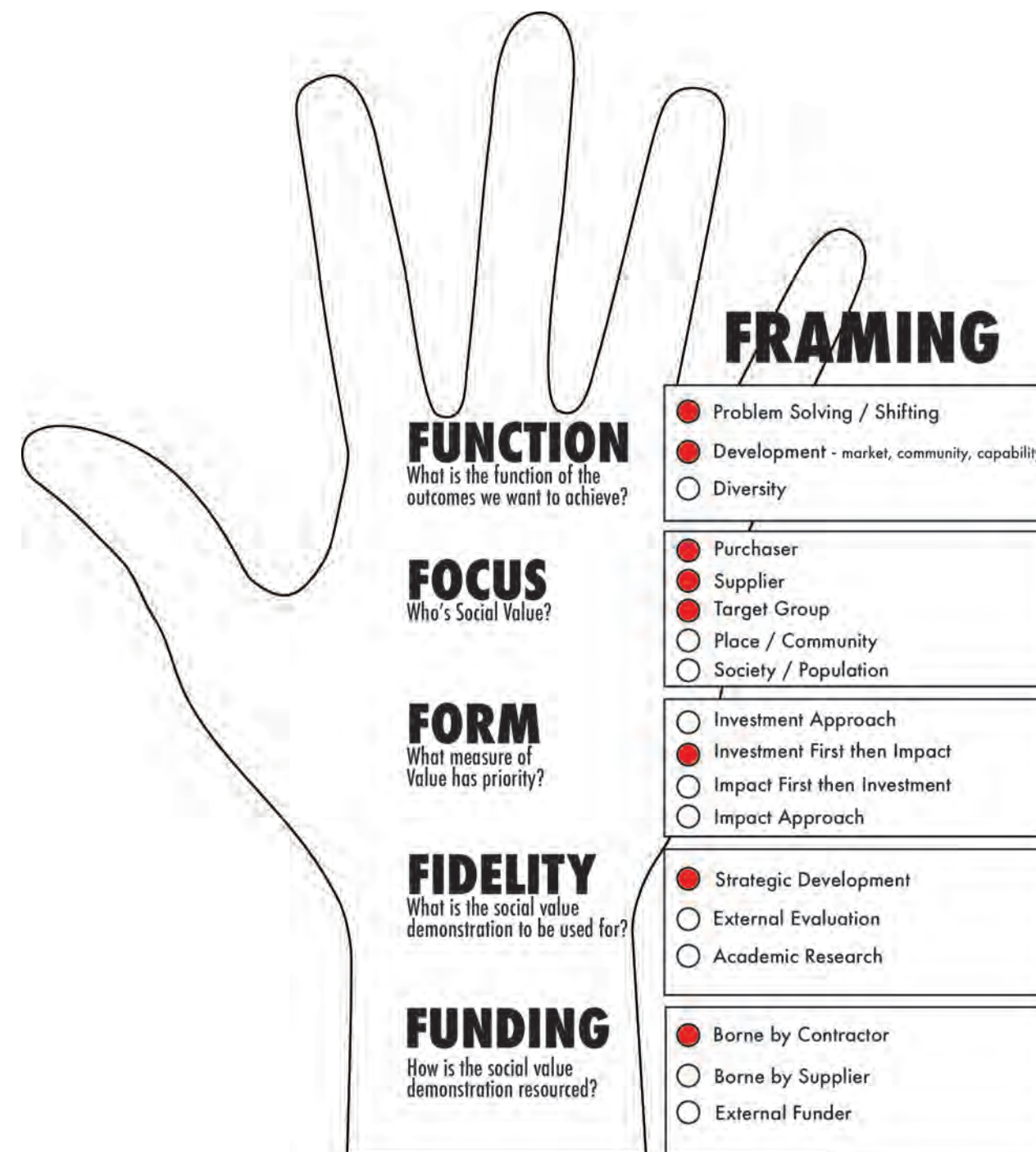
The Council requires detailed employment-related data (such as numbers of jobs, training outcomes, retention rates etc) to support its strategic decision-making, and to justify investing in reducing long-term unemployment through procurement processes. This is output-level data, being used to inform strategic development within Council and with its supplier.

Council has not requested detailed evaluation or academic research from GLCR or any other supplier in order to validate outcomes. GLCR also has not seen a need for extensive or expensive evaluation or outcomes research. Indeed, they have suggested that too much focus on detailed tracking of outcomes for their employees is the antithesis of what they are trying to achieve, as it would require a continued focus on many of the issues they are working with their employees to try and shift in their lives.

FUNDING: How would the social value demonstration be resourced?

Council has not resourced external outcomes tracking or evaluation, but has put in place monitoring through the procurement process - requiring reporting about training and employment-related data (as discussed above), ensuring the information required to transparently demonstrate social value is readily available. GLRR is expected to maintain key data concerning training and employment outcomes, along with environmental improvement outcomes, and to report on these as part of the contract requirements. There is no separate or defined resourcing of this data tracking.

Both GLRR and the local council question the need for expensive validation of the outcomes when the broad strategic benefits of the relationship are clear and understandable to the audiences they are intended for. A 'right-fit' in demonstrating social value has been established.



The GLRR case study illustrates a number of key insights about how social value can be articulated. It also demonstrates that a variety of methods can be used, without great expense or investment of time, and that these can support a strategic decision-making level of fidelity. This level of fidelity is sufficient for improving understanding of how 'social value' can be positioned within the broader 'value' discussion around commissioning and social procurement.

It is clear from the benefits derived from this contract that there is significant value generated above and beyond the goods and services that are being purchased contractually. Working only with already available data, we have drawn this value out of a primarily 'investment-first' approach - which attempts to monetise the social value, whilst recognising that some benefits cannot be monetised.

Moving beyond this to illustrate the wider impacts that are clearly being generated for employees (target group beneficiaries) and for the wider community, the social value picture becomes much richer. Whilst neither GLRR nor the Council currently considers it necessary to add greater fidelity to the assessment or articulation of these impacts, it is possible this may become more significant in future - either within the partnership, or to support the enterprise's future plans. Participatory models of assessing the impacts for employees could enhance the model. They could also further strengthen the enterprises' attractiveness to others interested in commissioning or procuring for better employment outcomes, and to those interested in the development of environmental services markets.

Measuring the Impact of Social Procurement: A New Approach is an initiative of Social Traders to explore alternative approaches to tracking social value delivered through social procurement. This research has been conducted by Ingrid Burkett & Joanne McNeill.

This project set out to undertake a cost-benefit analysis of social procurement across three distinct examples to demonstrate the added financial value that social procurement creates.

Unfortunately, no social enterprise or buyer that was approached had enough of the right data to undertake a meaningful cost-benefit analysis. The required data was not being collected.

Based on this experience, a pragmatic approach was adopted to improve understanding of social value in the context of procurement, which focussed on helping buyers to understand the right data to collect.

The 'social value handprint' tool used in these case studies identifies a 'fit for purpose' approach to demonstrating social value in different social procurement contexts.



CONNECT.

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Through Social Traders' extensive social enterprise network, buyers have the opportunity to generate social impact within their supply chains, creating greater value to the community.

Opening New Markets

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Goal

By 2025, Social Traders' goal is to have 150 buyer members spending \$150 million per annum with 500 certified social enterprises.

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MEASURING
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Workpower
Property Services -
Generating Social Value
Case Study Two

Written by Ingrid Burkett & Joanne McNeill

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Workpower Property Services

“Our starting point is running a good business. That’s the way we create opportunity”

Workpower is a Western Australia based Australian Disability Enterprise (ADE) – in effect, a multi-faceted social enterprise that focuses on creating opportunities that enable people living with a disability to achieve outcomes such as meaningful work and more independent lives. To achieve this objective, Workpower owns and operates a number of commercial businesses that employ an integrated workforce.

Commencing in 1992 with a project aimed at providing meaningful work for people with intellectual disabilities, over the past 23 years Workpower has become one of Western Australia’s most successful social enterprises, and one of the largest employers of people with disability in the state. Over this time Workpower have also successfully won and delivered in businesses ranging from packaging and assembly, horticulture, fire equipment servicing, web design and catering, recycling and administrative support services.

While Workpower operates nine businesses employing people with disabilities, in this case study we will focus on one of their property

services business units, which offers services in grounds maintenance, landscape services, land management and rehabilitation / revegetation services.

The viability and sustainability of this business unit is intimately linked to winning long-term, periodic contracts. Workpower has been successful in competing for and winning a number of significant contracts, and have benefited from the growth of social procurement in Western Australia.

The business employs around 40 staff - 20 of whom are supported employees, plus eight staff who undertake both supervision and support roles. Almost all of the supported employees receive award wages. Three have been assessed as having reduced productivity, and one of these employees is progressing towards an award wage within the next year (at time of interview, November 2015). Most of the supported employees in the property services business have psychosocial disabilities (most have mental illnesses) or learning disabilities.

The ground maintenance business started as a program within another non-profit organisation, and specifically focused on creating employment for people with a mental illness as this was a focus that was not common at the time, and where there was an evident need for employment generation. This focus has continued with the move of the business to under the Workpower umbrella. The other change that occurred with this move is a much more commercial focus, rather than a primarily programmatic focus.

Workpower’s Property Service business (called ‘Property Services’ in the remainder of this report) now turns over around \$1.2M per annum in sales, with the majority of this business coming from contract work - in fact, almost 50 percent of this revenue comes from five large contracts. The funding income for supported employees is around \$240 000, which represents only 19 percent of total revenue for Property Services. The business generates around \$120 000 of profit, which is reinvested into Workpower.

In this case study, the focus is on contracts that Workpower has with the Metropolitan Cemeteries Board (MCB), a statutory authority of the Government of Western Australia responsible for managing cemeteries at Fremantle, Guildford, Karrakatta, Midland, Pinnaroo and Rockingham. Over recent years MCB has been actively seeking opportunities to engage with Western Australian Disability Enterprises. To date they have entered into over \$1 million in contract agreements for engineering, grounds, weed controls and printing services with Disability Enterprises, one of which is Workpower’s property services.

The role of Government

In 2009 the Government of Western Australia made a change to its procurement policy to enable Australian Disability Enterprises (ADEs) to engage directly with government agencies for the purchase of goods and services without the need for a competitive purchasing process (with the proviso that standards of fair value and quality standards are met) (see McNeill, (2015) for an overview of the process)¹.

1. McNeill, J. (2015) Insights Into Social Procurement: From Policy to Practice, Social Procurement Australasia, available at: <http://socialprocurementaustralasia.com/resources/research/>

Employment & People with Disability

Labour force participation rates provide a measure of the proportion of the population who are either employed or actively looking for work.

For people with a disability aged 15-64yrs, the participation rate in 2012 was 53%,

for people without a disability, 83%
(ABS, 2015)

The disability group with the lowest participation rate (29.1%), and the highest unemployment rate (20.4%) was people with a psychological disability such as mental illness.

Australia ranks 21 out of 29 OECD countries for labour force participation of people with a disability
(OECD, 2015)

Almost 30% of people with disability live below the poverty line in Australia
(ACOSS, 2014)

“In 2012, nearly half (47.3%) of all working-age people with disability were not in the labour force, that is they were neither employed nor actively looking for work. One-third (33.6%) of these people were permanently unable to work, while one-fifth (19.3% or 201,500) had no employment restriction, reporting that it was not their disability which was preventing them from working”
(ABS, 2012).



Theory of Change



Figure 1: Workpower’s Theory of Change

While this created a range of opportunities for ADEs, over the following two years few of these opportunities were realised, and only a handful of contracts flowed to ADEs (Connetica, 2013). In 2011, on behalf of seven ADEs Workpower applied for a Social Innovation Grant through the WA Government, to explore how contract opportunities for ADEs could be better realised.

Amongst a number of outcomes, this project resulted in the establishment of WADE, a collaboration between seven (now eight) ADEs in Western Australia, with the objective of working collectively to achieve outcomes for people with a disability. It also resulted in the establishment of a funded position within the Department of Finance, which was charged with: seeking out procurement opportunities that may be suitable for ADEs; promoting ADEs as service providers to state government agencies; and building capacity amongst state government agencies to negotiate directly with ADEs.

Since establishment, these two initiatives have led to a significant increase in contracts awarded to ADEs in Western Australia - up from just \$685 000 worth of work flowing to ADEs in 2010/11 to over \$32 million up to October 2016. This represents the most successful growth of contracted work to ADEs in Australia to date. Figure 2 outlines how these policies have changed the flow of contracts to ADEs over the past six years.

Workpower contracts with the Metropolitan Cemeteries Board

Workpower did not hold contracts with the MCB prior to the exemption policy being put in place. However, they did have evidence that they could do the sort of work that was required, having undertaken grounds work in other contexts.

MCB initially approached Workpower with small opportunities. Using these opportunities to demonstrate their service capabilities and develop relationships, these initial contracts led to larger projects. Within MCB, the initial impetus for contracting to an ADE came from one of the contract managers who was aware of the exemption policy and had a personal interest in employment for people with disabilities. Along with the fact that Workpower have completed work at a high standard, the ongoing commitment of champions within MCB has been an important factor in the success of the social procurement activities.

Social Value Generated from MCB Contracts

Rather than flowing directly to the purchaser, the social value in this case study flows indirectly to the State and to society more generally. Thus, the focus for social value is on the suppliers, the target group (in this instance, people with a disability, and more specifically, people with a psychosocial disability), and to society. The value generated from benefits to the target group are outlined in Figure 3.

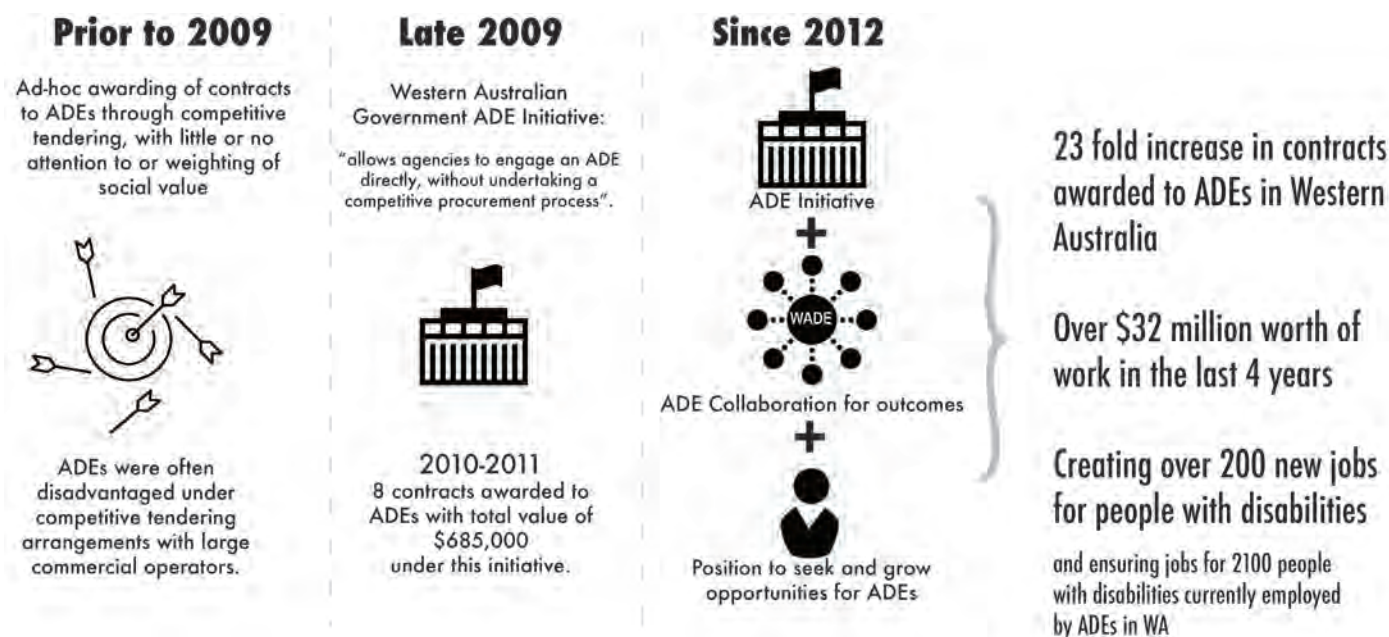


Figure 2: Impact of the Western Australian Government ADE Initiative on the awarding of contracts to ADEs

Contracts from Metropolitan Cemeteries Board to Workpower Property Services

\$670,000
worth of contracts since 2012



Purchaser Value Assessment:

- Value for Money: cheaper price & overall better service
- Positive contribution of diversity in workplace



Health Benefits

Supported employees with psychosocial disabilities have reduced number of hospitalisations through employment

Example: an employee who previously was hospitalised at least twice a year has not been hospitalised since being employed at Workpower. This has saved the WA Mental Health System at least \$200,00 over the time he has been employed. If we extrapolate from this, during the 4 years that the MCB has contracted Workpower just one quarter of their supported employees experience a reduction of one hospital stay per year, this represents a saving of around \$280,000 for the WA Health system.

\$280,000
in savings



Well-Being Benefits

Supported employees with psychosocial disabilities have increased their independence through employment

Example: an employee who experienced mental illness after an sports career as a young adult, and was subsequently unemployed for a long period, with input from a variety of services. Since working for Workpower he has become independent not just financially, but from intensive support services. In Western Australia, disability support services cost an average of \$31,475 per person per year. If just a quarter of Workpower employees reduced their dependence on such services by half, this would save around \$79,000 per year, with an overall saving over four years of \$315,000.

\$315,000
in savings



Economic Benefits

Workpower has assisted 17 of the 20 supported employees to move onto award wages

Working from three pay periods over the course of one MCB contract, Workpower's supported employees work an average of 18.5 hours per week, and, under the award for Landscape Gardeners would earn around \$756 per fortnight in wages. In terms of welfare payments, the savings relate to the reduction of Disability Support Pensions, which represents a saving of around \$7,720 per person annually, calculated on the average hours and wages.

Further, an additional \$281,000 per annum is added by Workpower supported employees into the Western Australian economy via wages.

\$154,000
in savings



\$281,000
into the economy

= \$1,030,000 of additional value generated

Figure 3: Assessment of Additional Value Generated from \$670,000 worth of contracts from MCB



While the contracting between the Metropolitan Cemeteries Board and Workpower has not explicitly sought to demonstrate the social value generated, there are some implicit ways in which social value has been framed in this instance. This is explored below using the Social Value Handprint framework.

FUNCTION: What is the function of the outcomes the MCB is seeking to achieve?

The MCB is not actively concerned with achieving social outcomes, however it is keen to contribute to social benefits so long as the quality and price of the work are not compromised.

The outcomes sought by the MCB are focussed on increasing the diversity of suppliers delivering landscaping and property services in cemeteries (and for a more diverse workforce to be seen and to contribute to the work undertaken in cemeteries), and to a lesser extent, to help to grow the capacity of suppliers employing people with disabilities.

FOCUS: Who's social value is the focus?

Given that the growth of contracting to ADEs by the MCB is significantly related to the Western Australian ADE procurement policy, the core of the focus is societal (as the growth of contracting to ADEs has direct social benefits and generates considerable savings to society).

The three key focuses for value creation in this instance are:

- 1. The Western Australian government and the Australian Federal Government**, and thereby the Australian society (see Figure 3);
- 2. The supplier**, Workpower, who, through the growth in contracting has been able to grow both viability (through stabilised cash flows) and sustainability (through increased surpluses that can be directed towards deepening and broadening the social mission of the organisation) (see Figure 4);

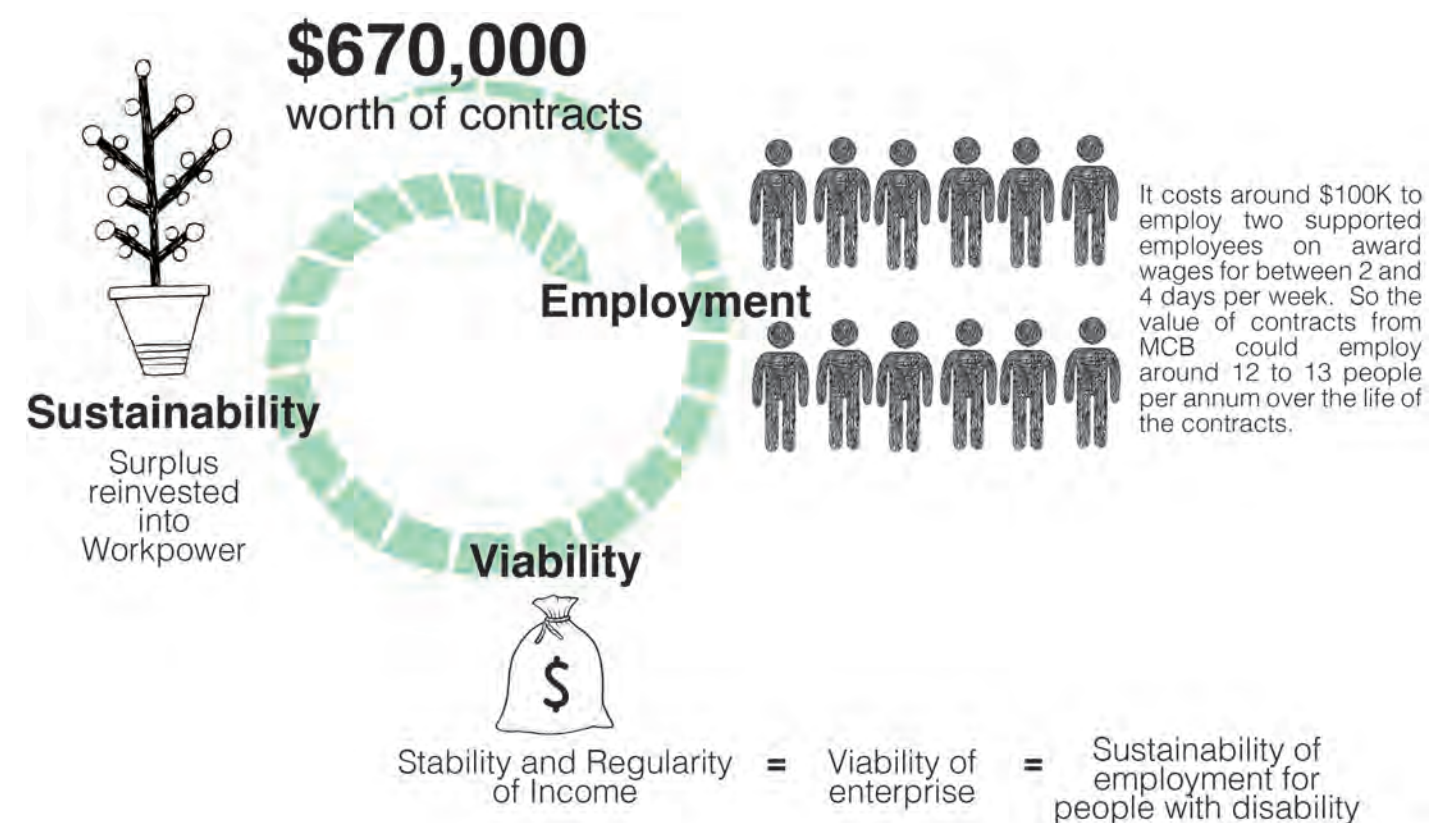


Figure 4: Social Value flow to Workpower from contracts with MCB

3. The target groups (people with a disability, and predominantly with psychosocial disabilities and / or intellectual or learning disabilities (see Figure 5)).

FORM: What measure of value has priority?

For the MCB, measures of both investment and impact are important in this contract - but an investment approach has priority. The form is therefore identified as 'investment-first', with impact generation a secondary form of value generation (see p.12 of Part 1 'Generating Social Value').

In this context then, the demonstration of social value should include monetary terms as this is the form that is required by the MCB to communicate transparently with its stakeholders. Given the overarching procurement exemption framework implemented by the WA Government - in addition to the supplementary indicators provided here - demonstration of the impact dimension can be understood as communicated through the choice of ADE as supplier. In this choice, MCB is demonstrating a commitment to a form of social value endorsed by its governing institutions.

FIDELITY: What is the social value demonstration to be used for?

The monetary value of the MCB contracts are aggregated into the social value reporting for the procurement exemption policy as a whole. WADE performs this task for its eight member organisations, and regularly publishes the information publicly. Requests are also sometimes made by Parliament, particular Ministers and/or the Department of Finance for more detailed reporting against the value of contracts enabled through the legislation. This reporting includes the monetary value of the contacts and the numbers of jobs created.

Here we can again see how the choice of primarily monetary reporting on social value outcomes is a strategic and 'right-fit' with the purpose for which the information is to be used. Should there be interest in extending the demonstration of social value to include more qualitative dimensions in future, the types of indicators presented here would provide a good starting point.

FUNDING: How would the social value demonstration be resourced?

As there is no requirement to report on any data above and beyond what is usually required of a commercial contract no specific consideration of the costs of reporting are evident in this case. Should reporting requirements change in the future, this would be an important item for discussion amongst the parties involved.

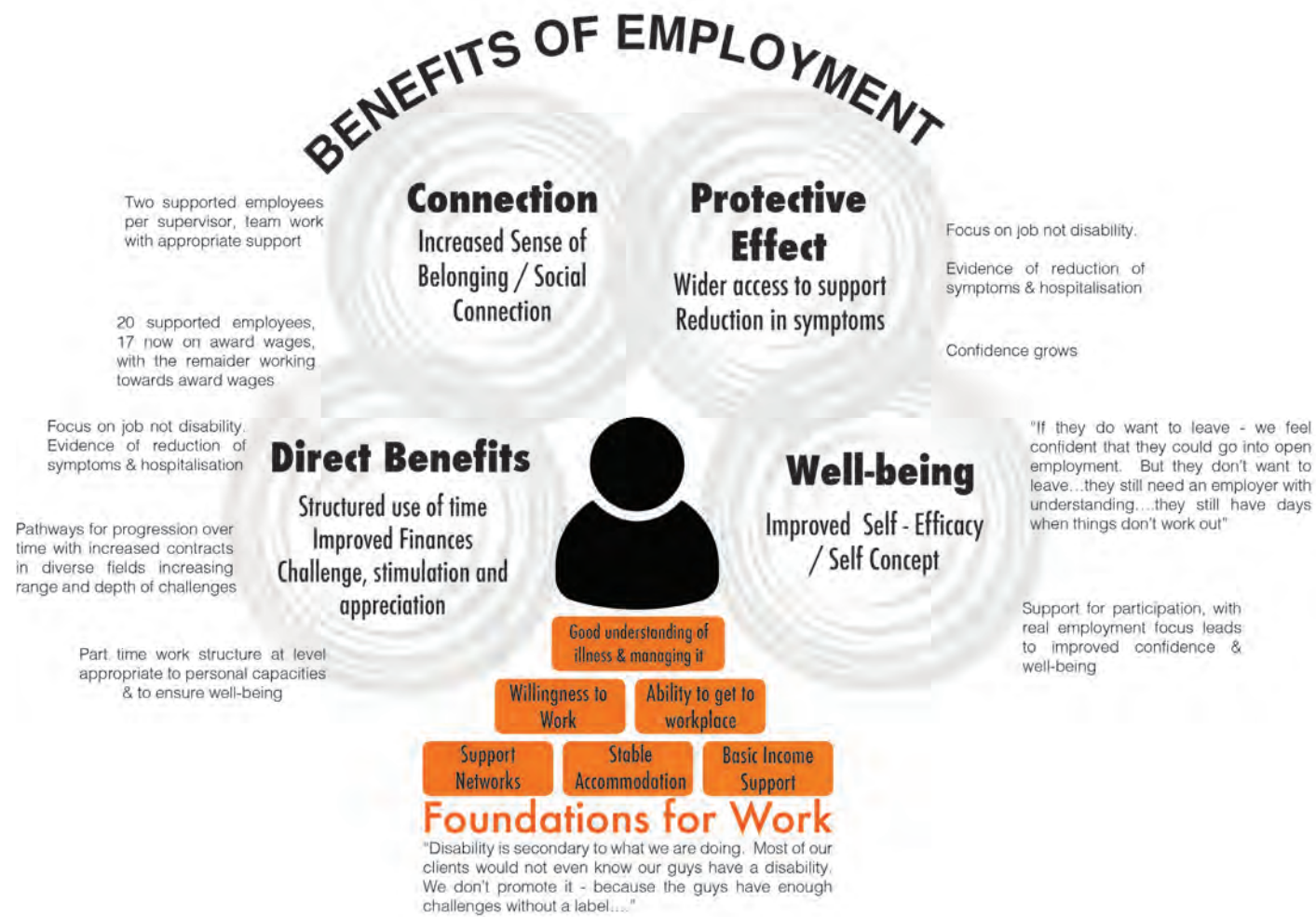


Figure 5: Social Value flow to Workpower from contracts with MCB

Measuring the Impact of Social Procurement: A New Approach is an initiative of Social Traders to explore alternative approaches to tracking social value delivered through social procurement. This research has been conducted by Ingrid Burkett & Joanne McNeill.

This project set out to undertake a cost-benefit analysis of social procurement across three distinct examples to demonstrate the added financial value that social procurement creates.

Unfortunately, no social enterprise or buyer that was approached had enough of the right data to undertake a meaningful cost-benefit analysis. The required data was not being collected.

Based on this experience, a pragmatic approach was adopted to improve understanding of social value in the context of procurement, which focussed on helping buyers to understand the right data to collect.

The 'social value handprint' tool used in these case studies identifies a 'fit for purpose' approach to demonstrating social value in different social procurement contexts.



CONNECT.

Social Traders' Connect links certified social enterprises with procurement opportunities.

Through Social Traders' extensive social enterprise network, buyers have the opportunity to generate social impact within their supply chains, creating greater value to the community.

Opening New Markets

Since 2010 Social Traders has facilitated more than \$50 million in procurement contracts for social enterprise in Australia.

Goal

By 2025, Social Traders' goal is to have 150 buyer members spending \$150 million per annum with 500 certified social enterprises.

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