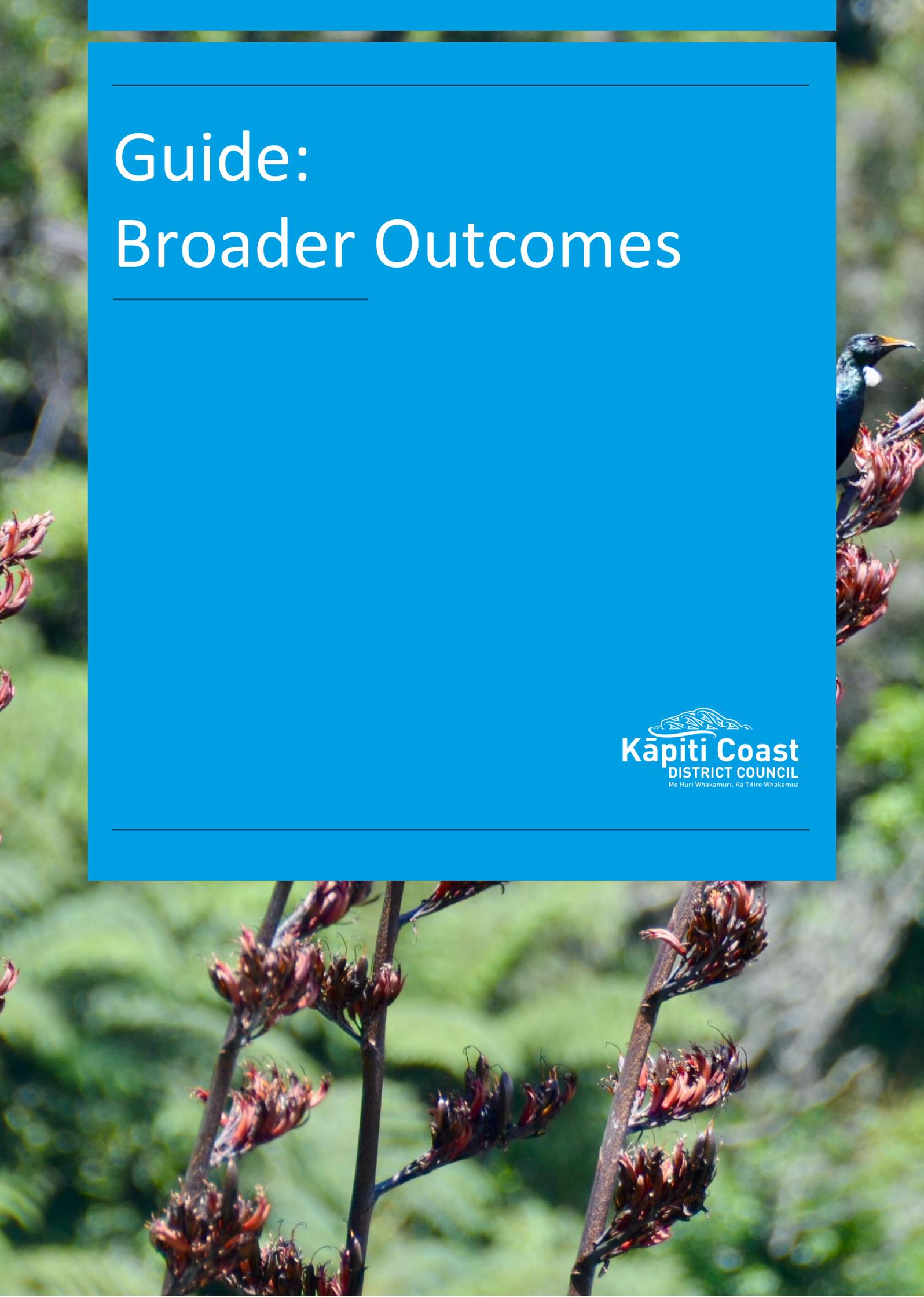

Guide: Broader Outcomes



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What are broader outcomes?

In the context of procurement, broader outcomes are the secondary benefits that are generated from the procurement activity. They can be social, economic, cultural benefits or environmental benefits.

An example of broader outcomes:

A procurement process and resulting contract for civil works that results in local unemployed people entering the workforce with job training and new skills. This would directly improve both the economic and social wellbeing of our communities.

Other examples of broader outcomes that could be achieved are shown in Appendix B.

“Government procurement can and should be used to support wider social, economic, cultural and environmental outcomes that go beyond the immediate purchase of goods and services”.

Government Rules of Procurement 4th Edition,
Broader Outcomes.



Priority focus areas

Kapiti Coast District Council focus areas

Our intent is to improve social, economic, cultural and environmental well-being in any way we can. That said, we have three priority focus areas, which are:

1. Stimulating local businesses and local employment (including the development of skills, training, and employment pathways).
2. Reducing greenhouse gas emissions and waste accelerating to a low carbon circular economy
3. Improving supplier diversity¹

Why is local employment so important?

Money spent locally circulates in the region longer, delivering more socio-economic value beyond the purchase itself. This also helps to address intergenerational poverty and unemployment, and will help people move from low-paid to better paid, skilled work.

Why focus on the environment?

We must protect our natural environment for generations to come. KCDC declared a climate-change emergency in June 2019. We're pursuing ambitious targets, including net zero carbon emissions by 2050 and district-wide emissions by 2040, and 10% reduction of waste to landfill by 2027.

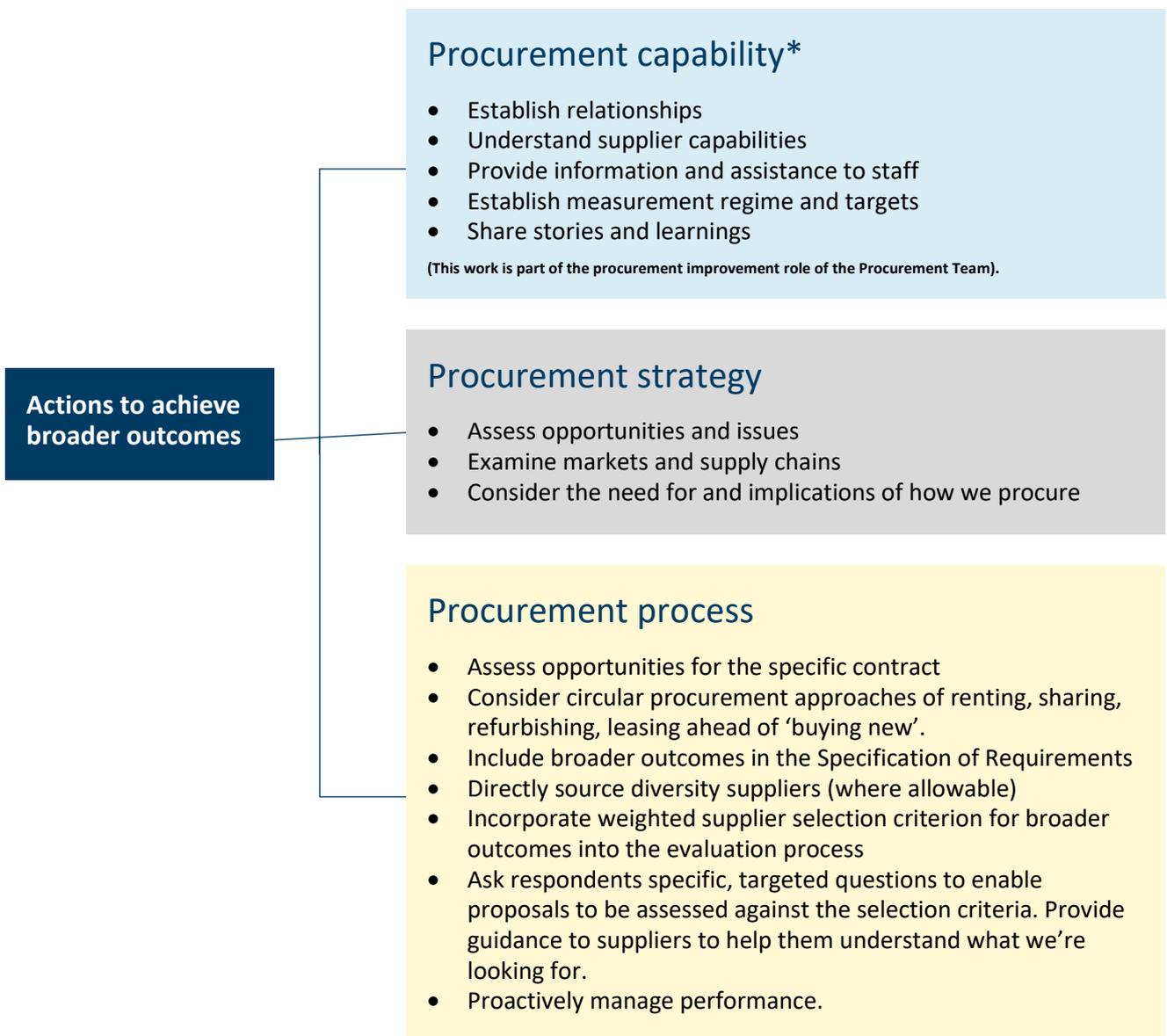
What's so great about supplier diversity?

Increasing council spend with a diverse range of supplier types will create exponential socio-economic value and aid local and regional recovery. For example, evidence from Australia has shown that every dollar spent with an indigenous supplier can create \$4.41 of economic and social value. This will help us to identify and achieve Mana Whenua wellbeing goals which will contribute to the wellbeing of the whole community.

¹ Supplier diversity is achieved by creating opportunities and removing barriers for Māori and Pasifika enterprises, social enterprises, local and regional businesses and/or small to medium enterprises – with the ultimate aim that these types of suppliers will be awarded a greater percentage of our contracts. Targets for supplier diversity may be introduced in the future.

How do we do it?

There are lots of actions we can take to achieve broader outcomes. Some actions are at an organisation level – improving our organisational capability to achieve broader outcomes; some actions are at a strategy level – identifying longer term changes in the way we procure products and services that will achieve broader outcomes; and some are at an individual procurement level – using our procurement process to achieve broader outcomes.



* Improving KCDC capability for achieving broader outcomes. These actions aren't described in the guide. For more information, contact the Procurement Lead.

Incorporating broader outcomes into strategy

Sometimes, a strategic approach to procurement can deliver better long-term outcomes. Strategic approaches involve the examination of a category of expenditure or a large project involving multiple supply arrangements (rather than an individual deal).

Strategic procurement involves a focus on the needs of the whole organisation (rather than individual business units) over the medium to long term. Whole of life costs are scrutinised, including the things that influence costs. Considerable effort is put into examining and understanding markets, supply chains and the different types of supply arrangements that will be most effective.

When developing the procurement strategy the following three questions should be explored:

Q1 – Opportunities:

Looking at the different elements of the category or large project, are there opportunities to achieve broader outcomes? What's realistic? In particular, look at the priority focus areas (**refer to Appendix C and the associated Tool – Incorporating Broader Outcomes into Procurement**). Early consideration of broader outcomes will help you to be successful. For example, considering environmental issues in the design phase of a construction project rather than after the design is completed.

Q2 – Supplier markets:

What do we know about the supplier market and the supply chains that currently exist? Are there any “diversity suppliers” with any of the capabilities that we seek? Are there any suppliers in a good position to help us with any of our priority focus areas? If you don't know, contact the Procurement Lead for advice.

Q3 – The way we do things:

How does the way we “bundle together” the work/requirements and undertake the procurement process influence the type of

suppliers that might respond? Are there any elements of the work/requirements within the category or large project that could be treated as a stand-alone contract and sourced directly from a diversity supplier or a supplier that's well positioned to assist us with our priority focus areas?

Supply-chains:

Remember that opportunities may exist with the party to the contract (i.e. the main contractor/supplier), and their wider supply-chain (i.e. sub-contractors).

When is direct sourcing appropriate?

Dealing directly with one supplier can be a simple way of achieving broader outcomes. This is encouraged **IF**:

- The total value of the procurement is under the thresholds that trigger the requirements for open competition, **AND**
- The supplier is either a “diversity supplier”, or is well positioned to improve social, cultural, economic or environmental wellbeing, **AND**
- The supplier has the capabilities and capacity we need, will deliver what we need (to an appropriate standard), and will provide good value for money.

Incorporating broader outcomes into process

The procurement process can be used to achieve broader outcomes. The following notes are intended to supplement the content of the **Procurement Policy and the Procurement Manual**.

Planning the procurement:

To include broader outcomes in the procurement planning you will need to assess the opportunities and decide which broader outcomes are considered realistic (see **Appendix C and the Tool – Incorporating Broader Outcomes into Procurement**). Describe the broader outcomes in as much detail as you can. Decide the procurement approach and extent of competition to be used using the Procurement Manual, and decide the weighting that the broader outcomes will have in the selection decision.

How much weighting should broader outcomes have on the selection decision?

This will vary from procurement to procurement – but as a guide the weighting for the broader outcomes criteria should be somewhere between 10% and 25%. Sometimes it may be helpful to have a discussion with your GM when planning your procurement to discuss the relative importance of the broader outcomes compared to other evaluation criteria and any potential impacts on total cost.

Approaching the market and selecting the supplier:

When the invitation is prepared (the RFP/RFQ/RFT/ROI), content about broader outcomes needs to feature in the specification of requirements, the evaluation criteria, and the weightings for the evaluation criteria. **Refer to the Tool – Incorporating Broader Outcomes into Procurement** for examples of content that you may find helpful.

TIPS:

- Be specific about the outcomes we want and what's expected from suppliers.
- Provide suppliers as much guidance and explanation as you can – this will help them to prepare quality responses.
- When using a competitive procurement process, all suppliers must have an equal and fair opportunity to respond, regardless of the type of supplier they are, and where they're located.

Awarding and managing the contract:

Ensure that KPIs are included in the contract. Remember, effort is required to proactively manage supplier performance and to ensure that promises are delivered.

Appendix A — Key terminology

Diversity suppliers are Māori and/or Pasifika enterprises, social enterprises, local and/or regional suppliers, and small to medium enterprises.

Māori and/or Pasifika enterprise

Amotai defines Māori or/and Pasifika enterprises as:

- Partnerships: at least 50% of each class of partnership interest is owned by Māori and/or Pasifika person(s) and such ownership must be reflected in the partnership agreement; or
- Corporations/companies: Māori and/or Pasifika person(s) own at least 50% of each class of ordinary voting shares issued and at least 50% of each class of all other shares issued; or
- Trusts: at least 50% of the owner(s) of securities or assets held in trust are Māori and/or Pasifika person(s); or
- Sole proprietorship/trader: 100% ownership by a Māori and/or Pasifika person.

Māori are defined as people with Māori whakapapa and who identify as Māori.

Pasifika peoples are people with whakapapa to; and identify as descendants of the Indigenous Pacific ethnic groups of Samoa, Cook Islands, Tonga, Niue, Fiji, Tokelau, Tuvalu, Kiribati, Papua New Guinea, Vanuatu, Solomon Islands, and the small island states of Micronesia.

Social enterprise

A social enterprise is an organisation where:

- The social, cultural, and/or environmental mission provides a public or community benefit and is the primary purpose of the organisation; and
- The majority of income is from trading a product and/or services; and
- The majority of either expenditure or profit is spent on the fulfilment of the primary purpose of the organisation.

Local and/or regional business

A business is local if it is based on the Kapiti Coast, and/or has a registered office on the Kapiti Coast. A business is regional if it is based in the Wellington region and/or has a registered office in the Wellington Region.

SME

Small to medium enterprises are business with less than 20 employees.

Appendix B — Examples of broader outcomes

Social wellbeing

- Opportunities for people from vulnerable groups, including disabled people, to participate in their community, the economy and society.
- Supporting the viability and work of social enterprises.
- Supporting fair and ethical trade and good working conditions, including the promotion of health and well-being of workers, including physical and mental health.
- Initiatives that address or mitigate social issues such as crime, poverty and sub-standard housing.
- Donation of time or money for local or community initiatives

Environmental wellbeing

- Opportunities to reduce greenhouse gas emissions and/or mitigate the effects of climate change.
- Initiatives or activities that improve the state of the natural environment in terms of air, land, water, habitats and biodiversity.
- Reduction in the use of virgin materials and natural resources
- Opportunities to increase product life through reuse, repair, refurbish, lease, and share
- Reduction in waste and use of hazardous materials and substances.

Cultural wellbeing

- Opportunities for Māori and Pasifika businesses to win work.
- Respect of cultural values, perspectives and customs and the effective engagement of Māori in the design and delivery of goods, services and works.
- Recognition and protection of Māori rights and interests.
- Giving effect to Te Tiriti o Waitangi.

Economic wellbeing

- Sustainable Employment of local people.
- Support for unemployed and/or young people such as skills development and training (or re-training), work experience, career/job-seeker advice, school visits etc.
- Opportunities for local entrepreneurship and innovation.
- Opportunities for small and medium businesses to win work and grow.

Appendix C — Assessing the opportunities

This Appendix is designed to be read in conjunction with the **Tool – Incorporating Broader Outcomes into Procurement**. This tool is a workbook to assist you to identify opportunities and to develop content to include in your Procurement Plan and RFX and RFX Response Form.

Some procurement is more suited to the achievement of broader outcomes than others and it's important to be realistic about what can be achieved. The approach at KDC is to ALWAYS consider the potential for broader outcomes in our priority focus areas when developing procurement strategies and plans, and then to include broader outcomes in the procurement activity **where the opportunity is the greatest and/or the most realistic**.

This Appendix is designed to identify opportunities in the **priority focus areas**. If you wish to examine opportunities outside the priority focus areas, use Appendix B as a guide to the range of opportunities that could be considered.

Priority focus areas are:

- Stimulating local employment (including the development of skills and employment pathways)
- Reducing greenhouse gas emissions and waste accelerating transition to a low carbon circular economy
- Increasing supplier diversity

When you assess opportunities, think about whether the procurement is part of a significant project (for example, the design and construction of a new pedestrian footbridge), or part of a category strategy (for example, procurement for the maintenance and management of Council

buildings), or for an individual supply arrangement (for example, the procurement of customer service training).

For significant projects:

List all the key project components that will require goods, services or physical work to be procured. For example, the project components for a construction project might include:

- Planning, project management and procurement services
- Architectural services, engineering/specialist services, quantity surveying
- Investigation services and building/land surveying
- Site establishment
- Logistics and transportation
- Demolition
- Earthworks, utilities and services
- Construction (which could be broken down into separate construction elements)
- Finishing work (interior fit-outs, landscaping etc)
- Commissioning

This list is an illustration only – the key project components will vary from project to project. If you're unsure about the project components for your project, consult with the Project Management Office.

For category strategies:

List all the key components of the category that will require goods, services or physical work to be procured. If you're unsure what the components of the category are, consult with the Procurement Lead.

For individual procurements:

Simply check whether the procurement offers any opportunities.

Appendix D — A selection of organisations that support and promote broader outcomes being achieved

Ākina

Ākina is a social enterprise, offering a range of tailored consulting and business development services. Ākina’s social procurement experts facilitate connections between buyers and certified social enterprise suppliers. Ākina can provide access to a database of social enterprises.

Link to website: [Ākina | make change for the better \(akina.org.nz\)](https://www.akina.org.nz)

Amotai

Formerly known as He Waka Eke Noa, Amotai is part of the Southern Initiative Team of Auckland Council. Amotai verifies and keeps a national database of Māori and Pasifika businesses that are ready for work. Amotai also provides practical advice and support to buyers so that they can successfully engage with Māori and Pasifika businesses.

Link to website: [Amotai | Supplier diversity Aotearoa](https://www.amotai.co.nz)

Building Research Association of New Zealand

BRANZ is an independent research organisation that uses an impartial evidence-based approach to improving the performance of the New Zealand building system. BRANZ transforms insightful research into trusted, accessible and actionable knowledge.

Link to website: [Building systems that delivers better outcomes for all | BRANZ](https://www.branz.org.nz)

Ministry of Social Development:

MSD provides employment, income support and superannuation services, funding to community service providers, social policy and advice to government, student allowances and loans, and social housing assistance.

Link to website: [MSD - Ministry of Social Development](https://www.msd.govt.nz)

Ministry of Business Innovation and Employment:

MBIE is the Government’s lead business-facing agency and includes the New Zealand Government Procurement and Property organisation which helps government agencies deliver better public services for better value.

Link to website: [Home | Ministry of Business, Innovation & Employment \(mbie.govt.nz\)](https://www.mbie.govt.nz)

Te Puni Kōkiri:

TPK is the Government’s principal policy advisor on Māori wellbeing and development, with a focus on Māori economic resilience, Te Ao Māori, and equitable and effective public sector performance for Māori.

Link to website: [Te Puni Kōkiri — Kāinga \(tpk.govt.nz\)](https://www.tpk.govt.nz)