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MEASURING  
THE IMPACT  
OF SOCIAL  
PROCUREMENT:  
A NEW  
APPROACH

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**Workpower**  
**Property Services -**  
Generating Social Value  
Case Study Two

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SOCIAL TRADERS

# 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)<sup>1</sup>.

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.

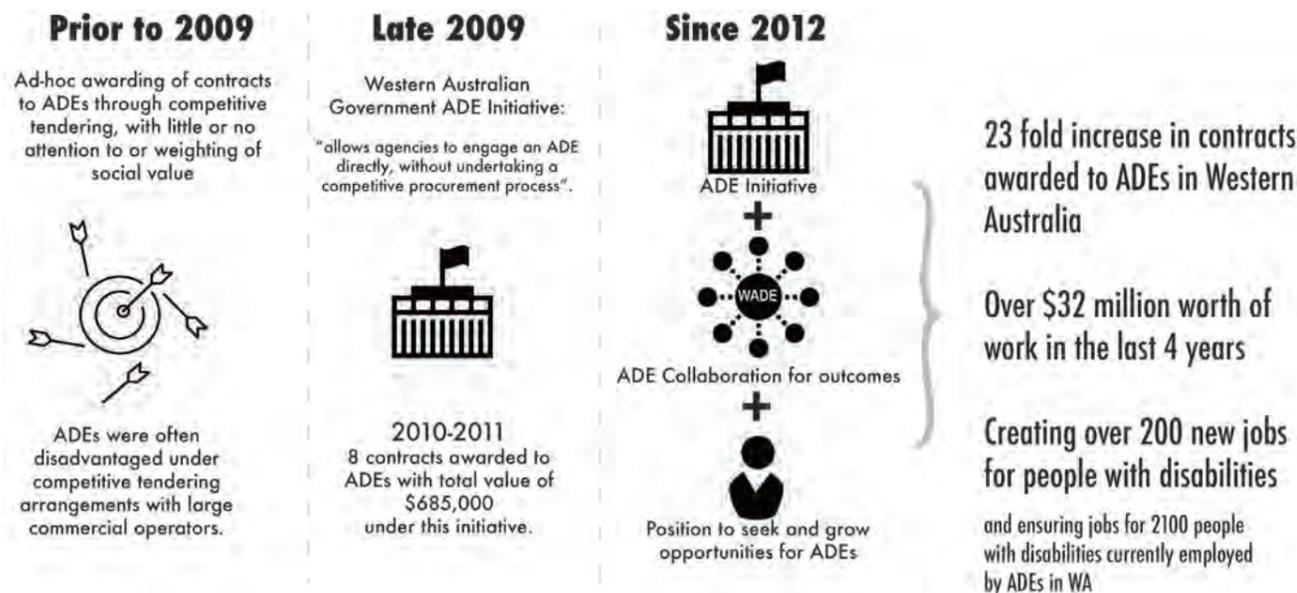


Figure 2: Impact of the Western Australian Government ADE Initiative on the awarding of contracts to ADEs

## 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:

- The Western Australian government and the Australian Federal Government**, and thereby the Australian society (see Figure 3);
- 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);

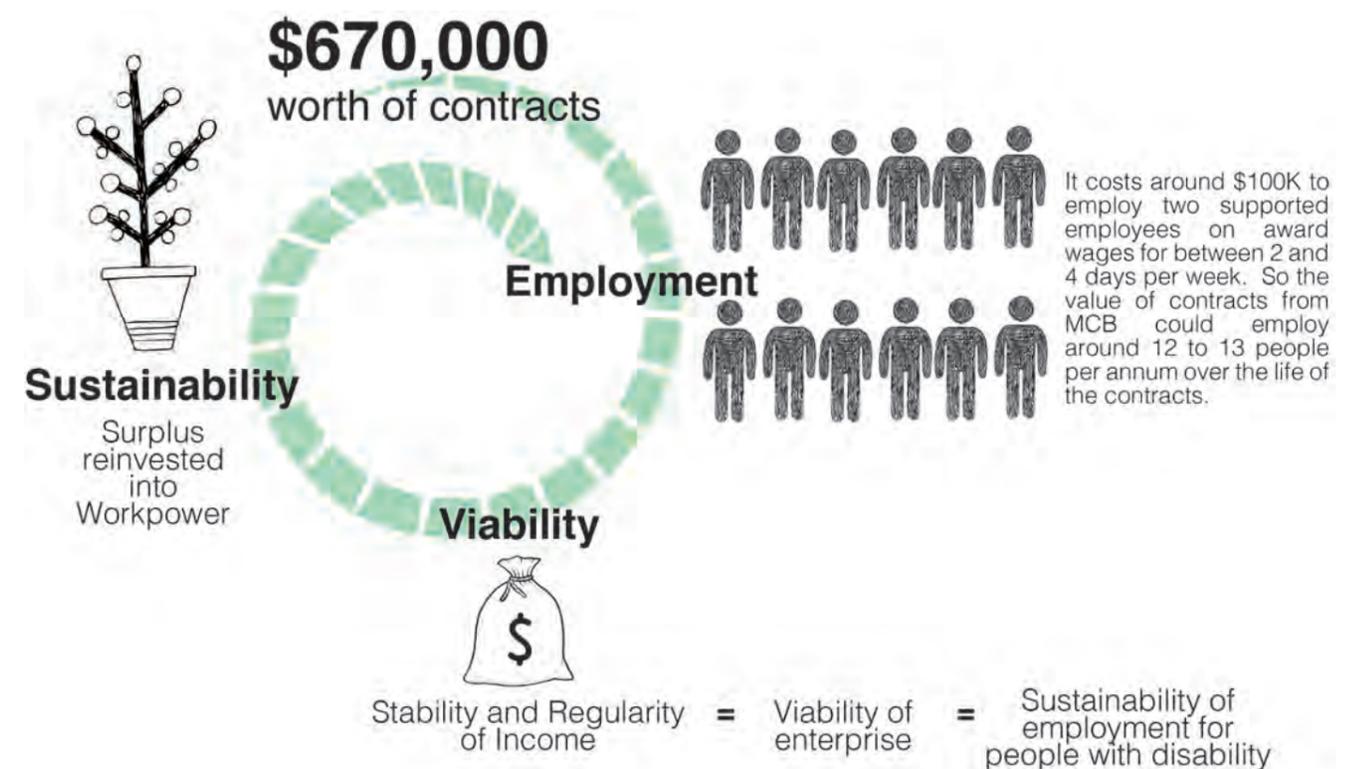


Figure 4: Social Value flow to Workpower from contracts with MCB

**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.

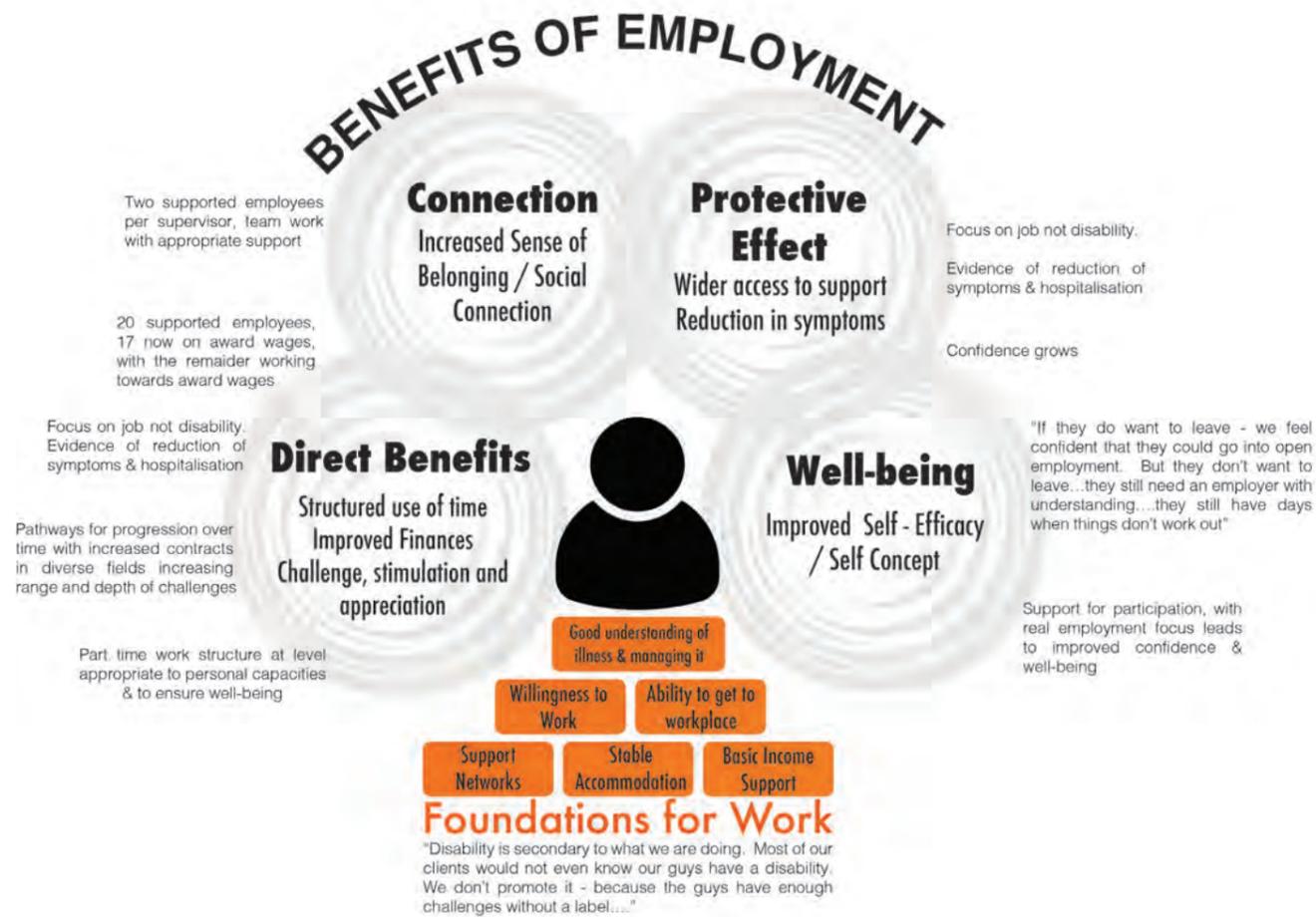
**FIDELITY: What is the social value demonstration to be used for?**

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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