

### 3.1 PROCUREMENT POLICY 2020/21 UPDATE

Responsible Officer: Danny Wain, Chief Financial Officer

**RECOMMENDATION**

*That Council adopts the updated Procurement Policy 2020/21 (attached), in accordance with Section 186A of the Local Government Act 1989 and places a copy on Council's web site, [www.monash.vic.gov.au](http://www.monash.vic.gov.au).*

**BACKGROUND**

Whilst Council's Procurement Policy will be required to comply with S108 & 109 of the new Local Government Act 2020 by 31 December 2021, Council must continue to comply with Section 186A of the Local Government Act 1989 at least until 30 June 2021.

This requires Council to review its Procurement Policy at least once every financial year and to make it available for public inspection.

**DISCUSSION**

The Procurement Policy adopted by Council during the 2019/20 financial year still largely reflects the model policy developed by the MAV in consultation with the Local Government sector.

The proposed Procurement Policy update includes:

- a. Addition of the major themes within the new Recycle Victoria Act 2020; and
- b. The minimum Price weighting is proposed to reduce from 60% to 50% to increase the Sustainability weighting to 20%. However, on a case by case basis, if the Sustainability weighting is agreed to be less than 20%, then the minimum Price weighting shall remain 60%.

Regarding the proposed changes to the evaluation weighting in b above, the example below summarises the proposed changes to the evaluation weightings used for quotes and tenders:

	<b>Key Selection Criteria</b>	<b>Current Weightings</b>	<b>Proposed Weightings</b>
<b>Qualitative Criteria</b>	Capacity and Capability	Typically 30%	Typically 30%
	Sustainability* <b>(Mandatory)</b>	Typically 10%	<b>Proposed minimum 20%</b>
<b>Price Criteria</b>	Price** <b>(Mandatory)</b>	Currently minimum 60%	<b>Proposed minimum 50%</b>

\*Sustainability shall be weighted no less than 20% unless otherwise approved in writing by Strategic Procurement and a Group A delegate. However, on a case by case basis, if the Sustainability weighting is agreed to be less than 20%, then the minimum Price weighting shall remain 60%.

\*\*Council approval is still required to reduce the minimum price weighting below 50% for any tender or quote.

The proposed change to criteria weightings will allow Council to further emphasise environmental, local and social sustainability as contributors to best value outcomes in competitive processes.

For reference, the table below summarises the price weightings of the Eastern Region Councils and confirms that even with the proposed price weighting change from 60% to 50%, the City of Monash price weighting is still at the higher end of the range.

<b>Eastern Regional Council</b>	<b>Price Weighting</b>
Boroondara	40% minimum
Knox	No minimum, usually 30-40%
Manningham	No minimum, do not weight price but rather use a value for money ratio
Maroondah	No minimum, typically 40-50%
Monash	Currently minimum 60% <b>Proposed minimum 50%</b>
Whitehorse	40% minimum
Yarra Ranges	No minimum, usually 30-40%

***POLICY IMPLICATIONS***

The proposed Procurement Policy updates will ensure that Council Procurement activity and processes remain in line with current best practice. The Policy will also be placed on Council's Internet website, [www.monash.vic.gov.au](http://www.monash.vic.gov.au).

***CONSULTATION***

Broad consultation for the proposed Procurement Policy updates included all Managers and Coordinators, the Capital Works and Strategic Procurement teams and Sustainability through a number of meetings and document sharing platforms.

The proposed updates were also presented to the Executive Leadership Team in November 2020, the Audit and Risk Committee in December 2020 and a Council Strategy Briefing in February and March 2021. Valuable feedback from these engagements was also incorporated into this proposal.

***FINANCIAL IMPLICATIONS***

There are no financial implications with the adoption of the Procurement Policy.

***CONCLUSION***

That Council adopts the attached Procurement Policy.