Why, What, and How:
An Overview of Social Procurement

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SOCIAL PROCUREMENT:
Leveraging a social value from your existing procurement
Canada’s Communities Face Challenging & Complex Social, Economic and Environmental Issues

‘Poverty has drastic impact on health…’
Why?

When we focus on ‘best value for money’ procurement is much more than a financial transaction; it is a tool for building healthy communities.
Healthy Communities Build Community Capital

- **HUMAN CAPITAL**: Skills, Learning, Training
- **ECONOMIC CAPITAL**: Income, Finances, Capital
- **SOCIAL CAPITAL**: Family, Institutions, Networks
- **CULTURAL CAPITAL**: Culture, Diversity, Respect
- **PHYSICAL CAPITAL**: Natural, Manufactured, Property

**COMMUNITY CAPITAL**
COMMUNITY CAPITAL OPTIONS

- CED
- Employment Opportunities
- Healthy Workforce
- Small/Social Enterprises
- Sustainability
- Lifelong Learning
- Inclusivity
- Community Resources
- Culture
- Diversity
What is Procurement?

- **Purchaser Value**: Value of good/service for purchaser
- **Supplier Value**: Dollar value of the transaction for supplier
- **Economic Value**: Economic value

The diagram illustrates the relationship between purchasing and economic value.
What is Social Procurement?

“Encouraging a shift towards procurement based on achieving multiple outcomes in addition to maximizing financial value.”

J. Barraket
What is Social Procurement?

“Social procurement combines the instrumental activity of procurement with the strategic intent of generating social value.”

J. Barraket
What is **Social** Procurement?

Adding a social value to existing purchasing

- **PURCHASER VALUE**: Value of good/service for purchaser
- **SUPPLIER VALUE**: Dollar value of the transaction for supplier
- **SOCIAL VALUE**: Social value created by the purchase
- **COMMUNITY VALUE**: Community Value
The Evolution of Procurement

1700s to 1960

Arising in 1960

Emerging Trend
Is it legal?

What about trade agreements?

Yes, but...

Trade agreements may apply, and require parameters for language:
You cannot restrict competition, but you can require community outcomes from all bidders.

Trade agreements have exemptions for contracting with non-profits

Trade agreements have financial thresholds
Social Procurement Pathways
Social Purchasing of Goods and Services

Add a social value consideration to existing purchases

Add

Adjust

Adjust the criteria consideration for purchasing products and services

Weight

Weight the value of the criteria

Evaluate

Evaluate vendor bids against criteria

Award contracts and measure outcomes

Award
Manitoba Housing Case Study

Using Non-profit direct award:
Trade agreement exemption

- ‘Handshake deals’ for energy retrofits for social housing units
- Set aside work components on social housing unit turnover renovations
- Relationships are formalized through an MOU and direct awarding begins
- Evaluation finds for every $1 procured, $2.23 of social and economic value is created
Ottawa Community Housing Case Study

Pilot followed by Social Value in RFP

OCH initiates a 3-year pilot project with GNG using discretionary funding.

Over 3 years, the pilot increases from $56,000 to $100,000 in funding.

OCH includes social value in competitive bid evaluation.

GNG wins a competitive contract valued at $1.5 million.
BC Housing Example

RFP language to promote socially responsible practices under their sustainability goals

Descriptive but not prescriptive considerations:

Socially Responsible Practices

**Social Enterprise:** Providing opportunities to Aboriginals, individuals with barriers to employment and Non-Profit entities

**Community Benefit:** Consideration to small & medium businesses, local labour forces and suppliers with strong community involvement

**Apprenticeship & Training:** Consideration to suppliers with targeted recruitment and training programs, providing employment to new entrants

**Innovation:** Suppliers who have developed new, innovative and value added methods/products.
Community Benefit Agreements
In Infrastructure and Development Projects

- Stakeholder Engagement
- Opportunity Assessment
  - Design Phase
  - Construction Phase
  - Operation Phase
- Implementation
- Evaluation Reporting
Private Development: Parq Casino Example

Using municipal regulatory permit process and requirements

Required Social Value Outcomes

Employment: 10% of all employees reside in inner city

Local Purchasing: 10% of all purchasing in inner city
Public Development: Port Renewal Example

Requirement:
Community Social Value Outcomes

Does not ‘exclude’ any bids

Not prescriptive but bid evaluation includes social value ‘points’
Every Development over 500,000 sq. ft requires:

- Local employment
- Local procurement

Through the Life span of building
WHEREAS the Government of Canada announced in Budget 2016 and Budget 2017 over $180 billion over twelve years for the Investing in Canada Plan to support sustainable and inclusive communities, while driving economic growth;

Government of Canada proposes to deliver up to a maximum of $7,535,937,919 to Quebec in four key areas: public transit; green infrastructure; community, culture and recreation infrastructure; and rural and northern communities infrastructure;
Projects with total estimated Eligible Expenditures of ten million dollars ($10,000,000) or more could be subject to a compilation by Quebec, which will be shared with Canada if applicable, of the community employment benefits to at least three (3) of the target groups (apprentices, Indigenous peoples, women, persons with disabilities, veterans, youth, new Canadians, or small-medium-sized enterprises and social enterprises). Canada will waive the community employment benefits reporting requirement at the discretion of Quebec. Quebec will provide Canada a rationale for not reporting on community employment benefits where applicable, which will be made public by Canada.
THE CBA SCORECARD:
WHO/WHAT IS IT FOR?

GOVERNMENT
PRIVATE SECTOR DEVELOPERS
COMMUNITY

- Land development
- Infrastructure projects
Why is this tool necessary?

- Assists in all stages of a CBA.
- Identify opportunities.
- Negotiate outcomes and budgets.
- Establish a common language and trackable criteria.
How to use the tool:

Goal-setting.

Assigning points and priorities.

Inputting data in the Excel spreadsheet.

Worksheets and Excel spreadsheet

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<tr>
<td>Social hiring</td>
<td>Wages paid ($)</td>
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A Guide to Social Procurement

Downloadable for free at www.buysocialcanada.com/guide

The Social Value Scorecard for Community Benefit Agreements
Risk and Opportunity Analysis

Silos in Government & Organizational Programs

Disconnect between Purpose and Purchasing

Policy Framework – Real & Perceived
- Internal Policies
- Trade Agreements

Current Priorities and Practices

Budget ‘Only’ Focus
Next Steps and Solutions

- Use a Healthy Community Outcomes Framework
- Systems and Integration across Ministries and Programs
- Community Capital Outcomes Approach to Procurement
- Leadership, Training and Collaboration
- Measure Impact
Mission and Goals

What do you purchase?

What are your barriers and opportunities for implementation?

How do you evaluate suppliers?

What steps will you take going forward?
Emerging Policies and Practices

Alberta
- Regional Municipality of Wood Buffalo

British Columbia
- BC Social Purchasing Guidelines
- BC Housing Social Purchasing
- Vancouver, Victoria, Cumberland

Ontario
- Social Procurement & Infrastructure Policies
- City of Toronto
- Ottawa Community Housing

Manitoba
- Manitoba Housing Social Purchasing
- Social Enterprise Strategy

Quebec
- Social Economy Policy
- Ville de Montreal

Nova Scotia
- Social Enterprise Strategy includes Market Access
International Examples

- United Kingdom
  - Public Services (Social Value) Act

- Scotland
  - Community Benefits in Public Procurement

- Australia
  - Victorian Social Procurement Framework
# Trends in Procurement

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Social Procurement

“A trend towards recognizing that procurement has a strategic, as well as operational, function to play in new governance regimes.”

J. Barraket
See our website for tools, resources and information

www.BuySocialCanada.com