



Practical Approaches to Implementing Social Procurement

CIPMM Regional Workshop

November 10, 2022

Introductions

- Name, organization
- What you hope to achieve

Workshop Objective

Learn about the tools
and the process to
implement social
procurement



**Federal Government spends
\$24 Billion annually on
goods and services**



Social procurement seeks best value

Every purchase has an economic, environmental, cultural and social impact.

When we focus on 'best value for money', procurement is much more than a financial transaction;

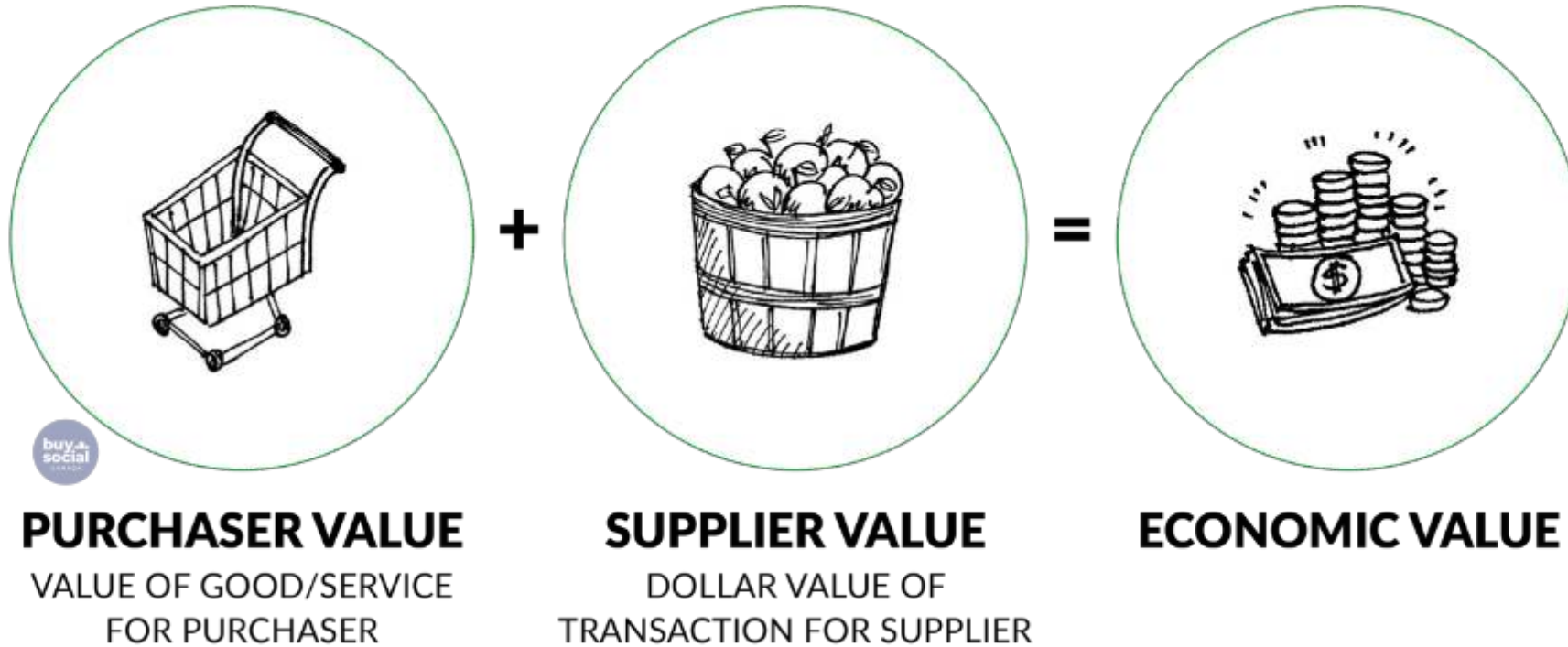
Procurement becomes a tool for building healthy communities.

PSPC Policy on Social Procurement

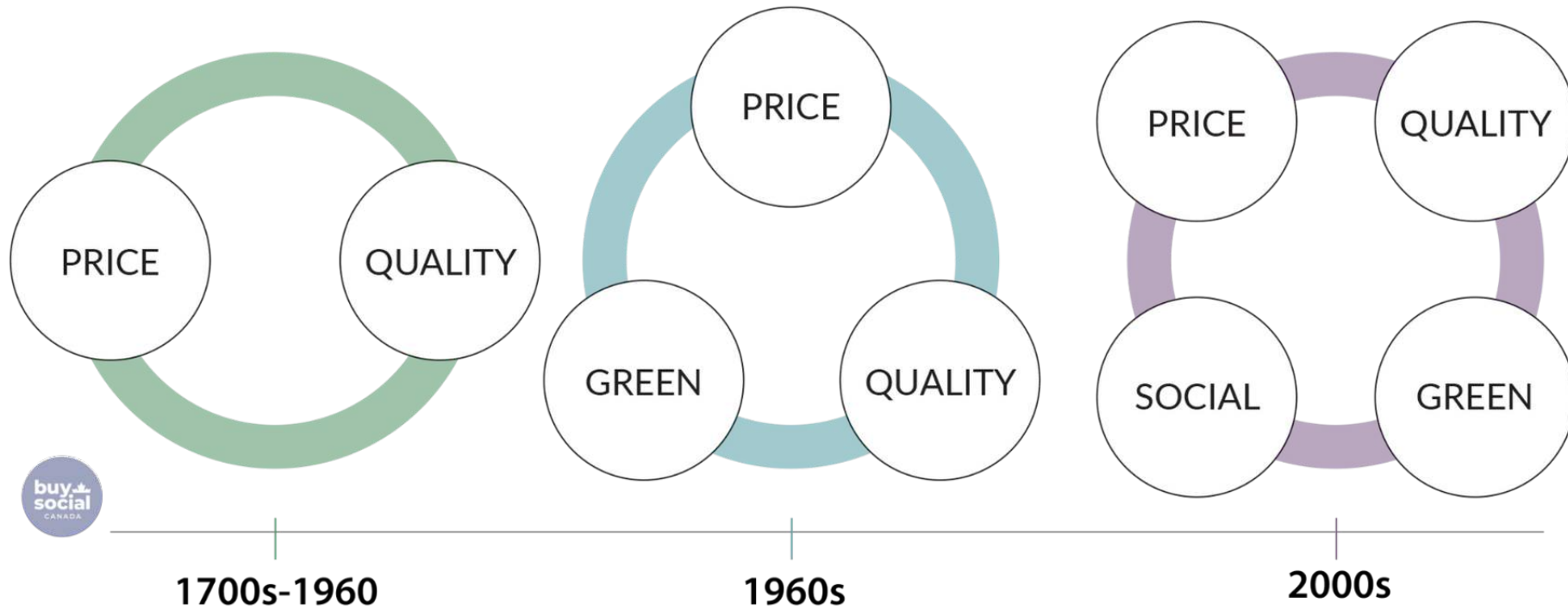
Procurement is one of the key activities undertaken by governments world-wide to advance their policy objectives and deliver essential services. Public service entities at all levels are re-examining their procurement practices to leverage this tool to achieve greater efficiencies, deliver better outcomes, support operations and use measures in procurements themselves to achieve socio economic objectives

<https://www.tpsgc-pwgsc.gc.ca/app-acq/pas-posp-eng.html>

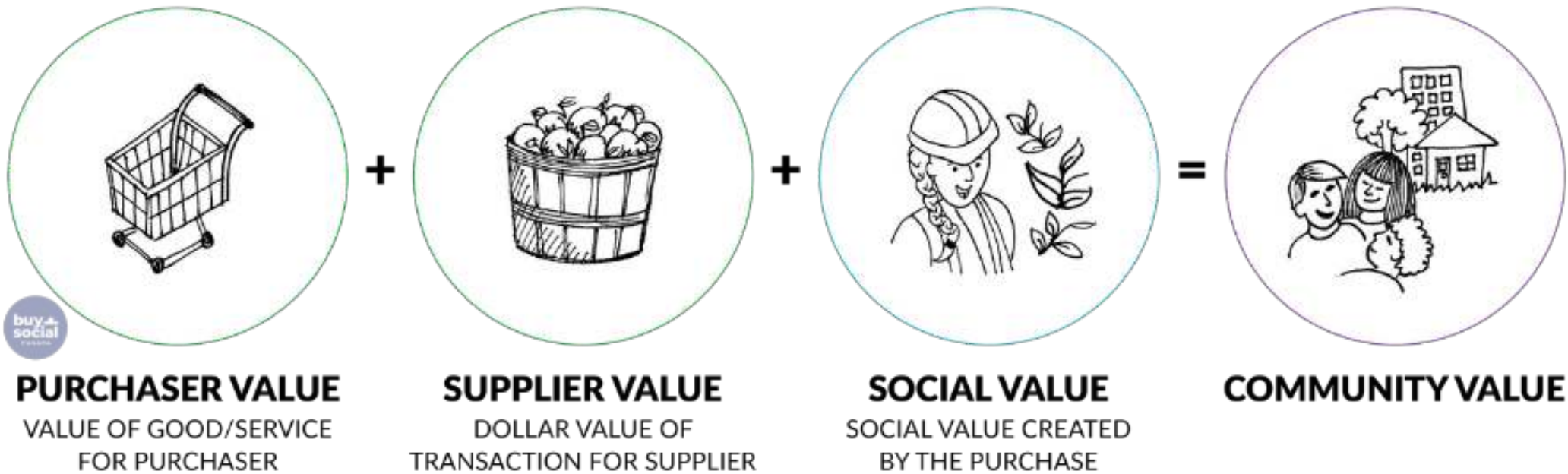
What is procurement?



Evolution of procurement

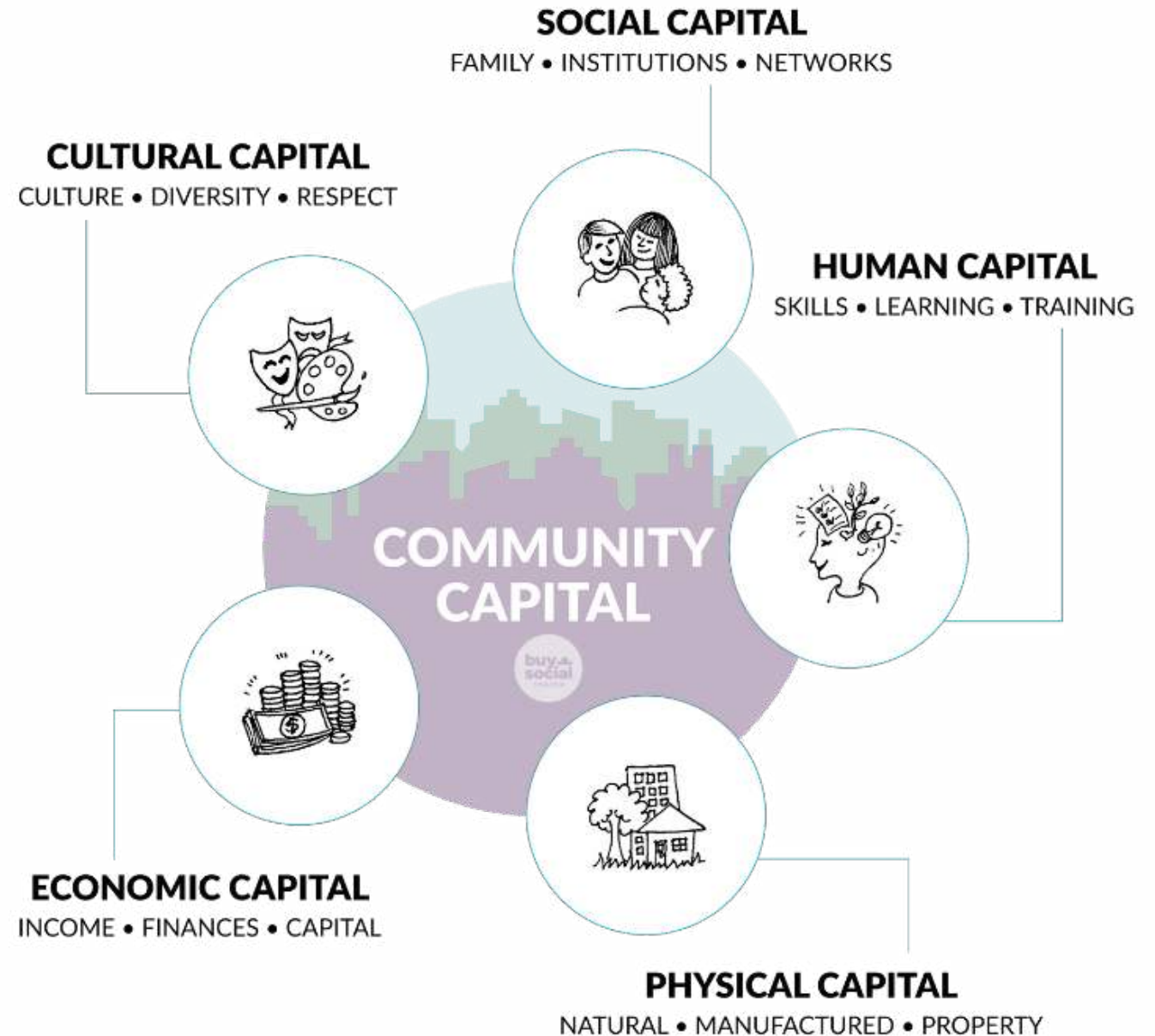


Social procurement adds a **social value** to existing purchasing



Social procurement is a means to meet your organizational goals

Social procurement intentionally leverages community value from existing purchasing



Myth

Trade agreements don't allow social procurement

Fact

Trade agreements have parameters to work within, but they definitely allow social value outcomes

- A procurement cannot limit who can bid.
- Cannot restrict to local bidders but can seek social value outcomes.
- There are exceptions for direct purchasing from prison labour and non-profits.

Myth

Social procurement costs more

Fact

There is no evidence to support that claim

“There were no known cost implications associated with the social procurement concepts that were included in the RFP.”

Scott Hainsworth, Comox Valley
Regional District – Water Treatment Project,
2020

Myth

Social procurement means lower quality

Fact

There is no evidence to support that claim

The weighting factors and percentages in an RFX are determined based on the needs of the buyer for the goods or services.

- **Quality/Technical**
- **Price**
- **Environment**
- **Social**

Myth

There aren't enough social enterprises

Fact

Suppliers are available if you use the concentric circle model

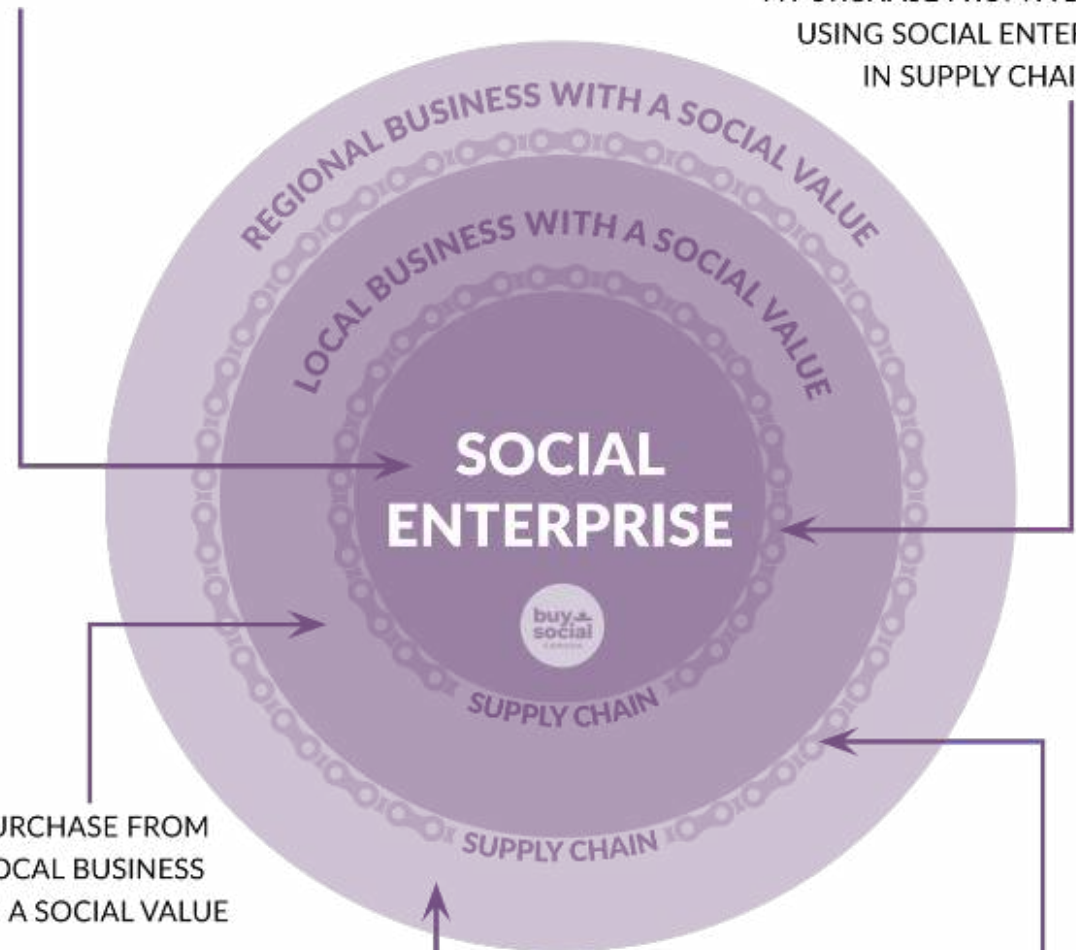
**A PURCHASE FROM A
SOCIAL ENTERPRISE**

A PURCHASE FROM A BUSINESS
USING SOCIAL ENTERPRISE
IN SUPPLY CHAIN

A PURCHASE FROM
A LOCAL BUSINESS
WITH A SOCIAL VALUE

A PURCHASE FROM A REGIONAL BUSINESS
WITH DEMONSTRATED SOCIAL VALUE

A PURCHASE FROM BUSINESS
USING LOCAL BUSINESS WITH
SOCIAL VALUE IN SUPPLY CHAIN



Examples of social procurement outcome goals



Economic
opportunity for
underrepresented
groups



Diverse and
socially inclusive
suppliers and small
businesses



Apprenticeship
and training
opportunities



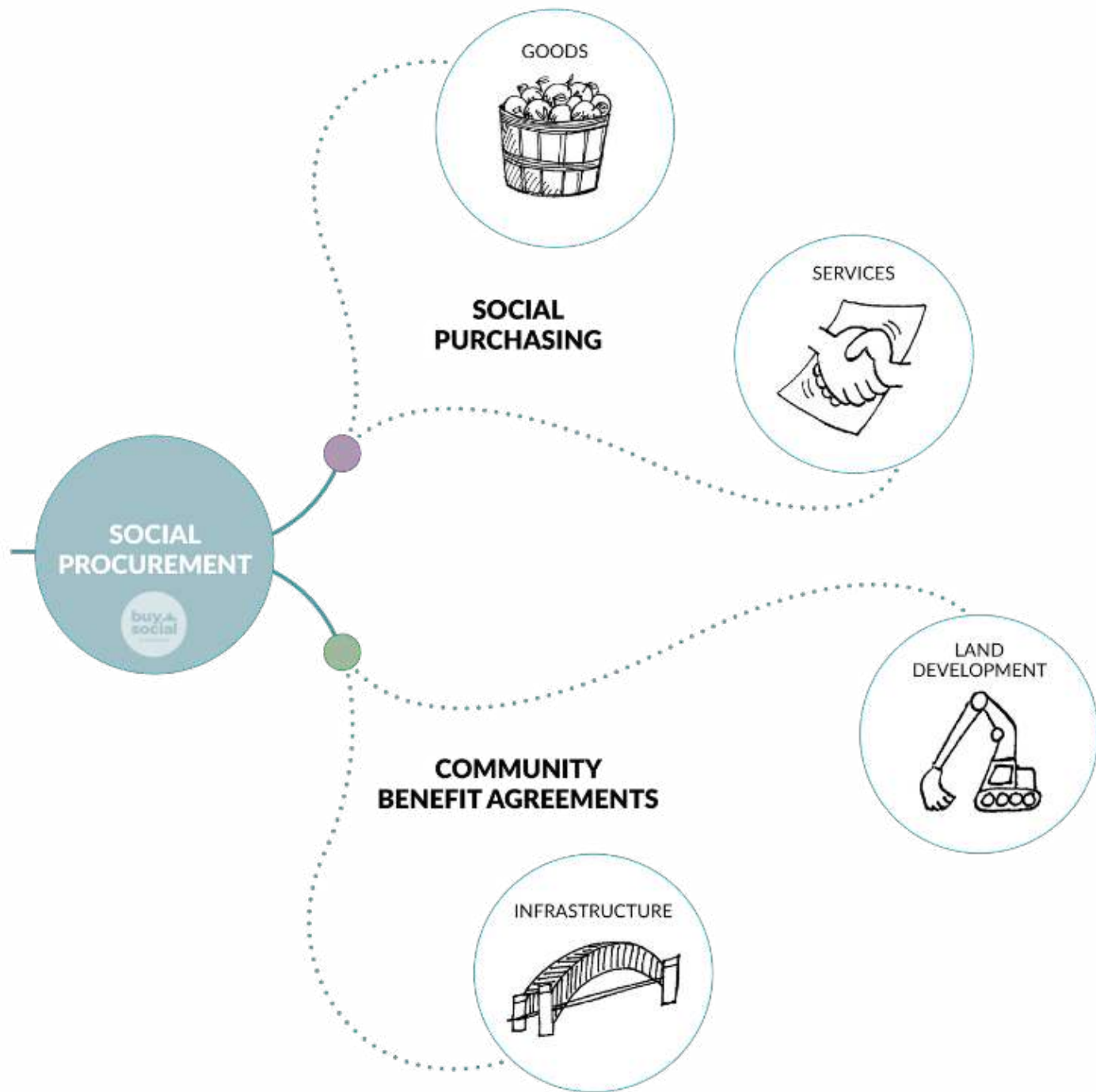
Community
development

Social value metrics

Examples of social value metrics in an RFX and eventual contract:

- **# of social enterprises** who have received contracts
- **# of small- and medium sized enterprises** who have received contracts
- **# of employees** by equity-seeking target group
- **Total \$ value of contracts** awarded to SEs or SMEs
- **# of apprentices** hired through suppliers
- **# of contracts** awarded to First Nations or other diverse suppliers
- **\$ value of local materials** or services used in contracts
- **Total # of hours** provided for employment and skills training
- Other **community benefits** or contributions

Social Procurement Pathways



Social procurement is a growing trend and offers a competitive edge in the market

Who is asking for social procurement?

Government, institutions and organizations across Canada are increasingly including social procurement objectives in their RFPs, bids and other purchasing considerations.

Examples of social procurement practices:

- Bids and solicitations which include questions on social enterprise and diverse-supplier certifications and an organization's own policies and supply chain practices.
- Targets for spend with social enterprises and diverse-owned businesses.
- Recognition and storytelling of social procurement practices.

Examples of this paradigm shift in purchasing

Federal

- PSPC Policy on Social Procurement
- Infrastructure Canada's Community Employment Benefit initiative

Municipal

- BCSPI
- Vancouver, Calgary, Edmonton, Wood Buffalo, and Toronto and developing policy efforts in Winnipeg, Brampton, Peterborough, Ottawa, and Halifax

Institutions

- 18 institutions in Toronto through AnchorTO
- York University
- BC Housing

Businesses

- SAP
- Chandos

How to create social value through your supply chain

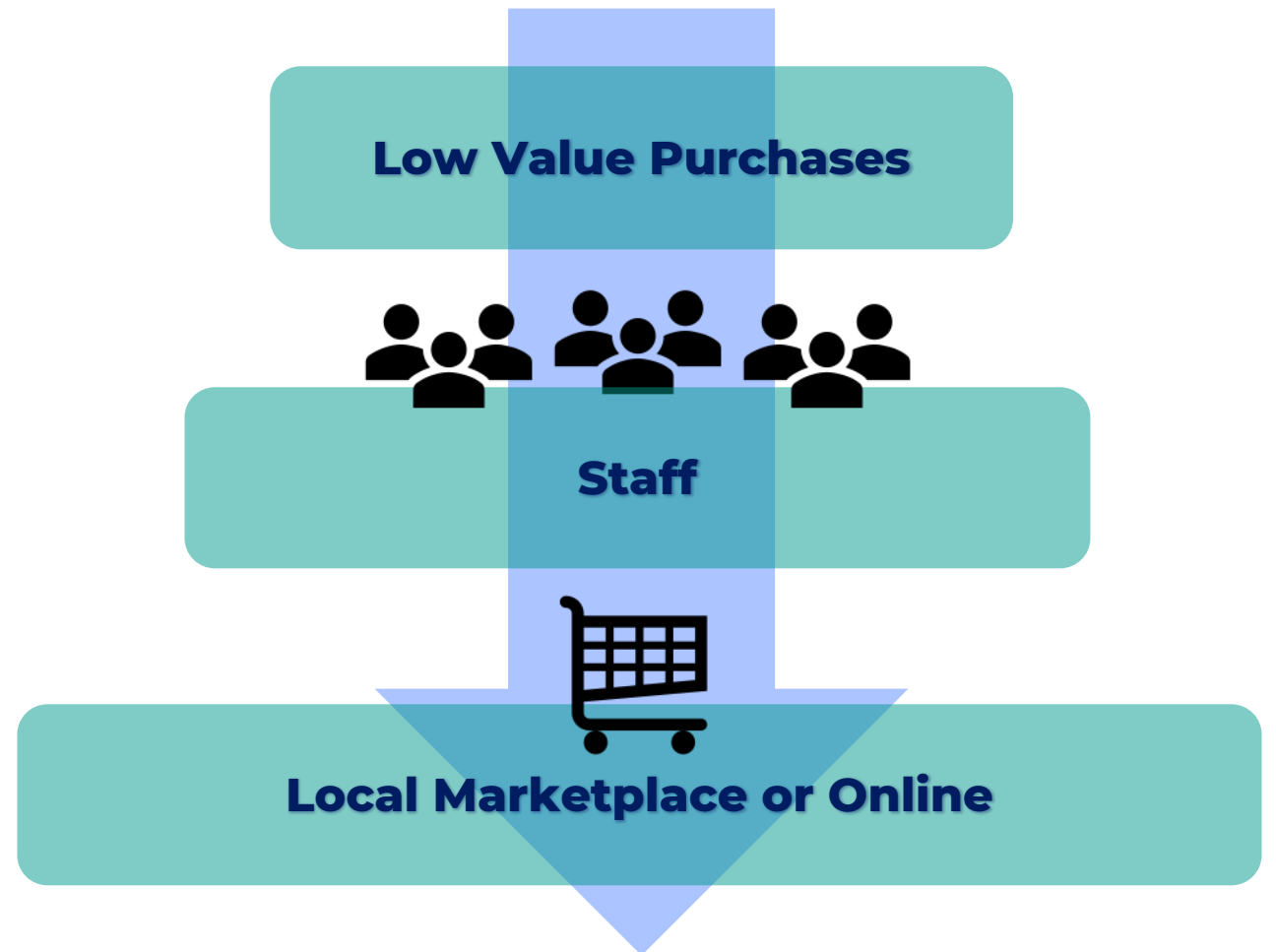
Approaches:

- Social value in RFP
- Community Benefit Agreement
- Small buys
- Direct award
- Set asides

Procurement types

Small buys

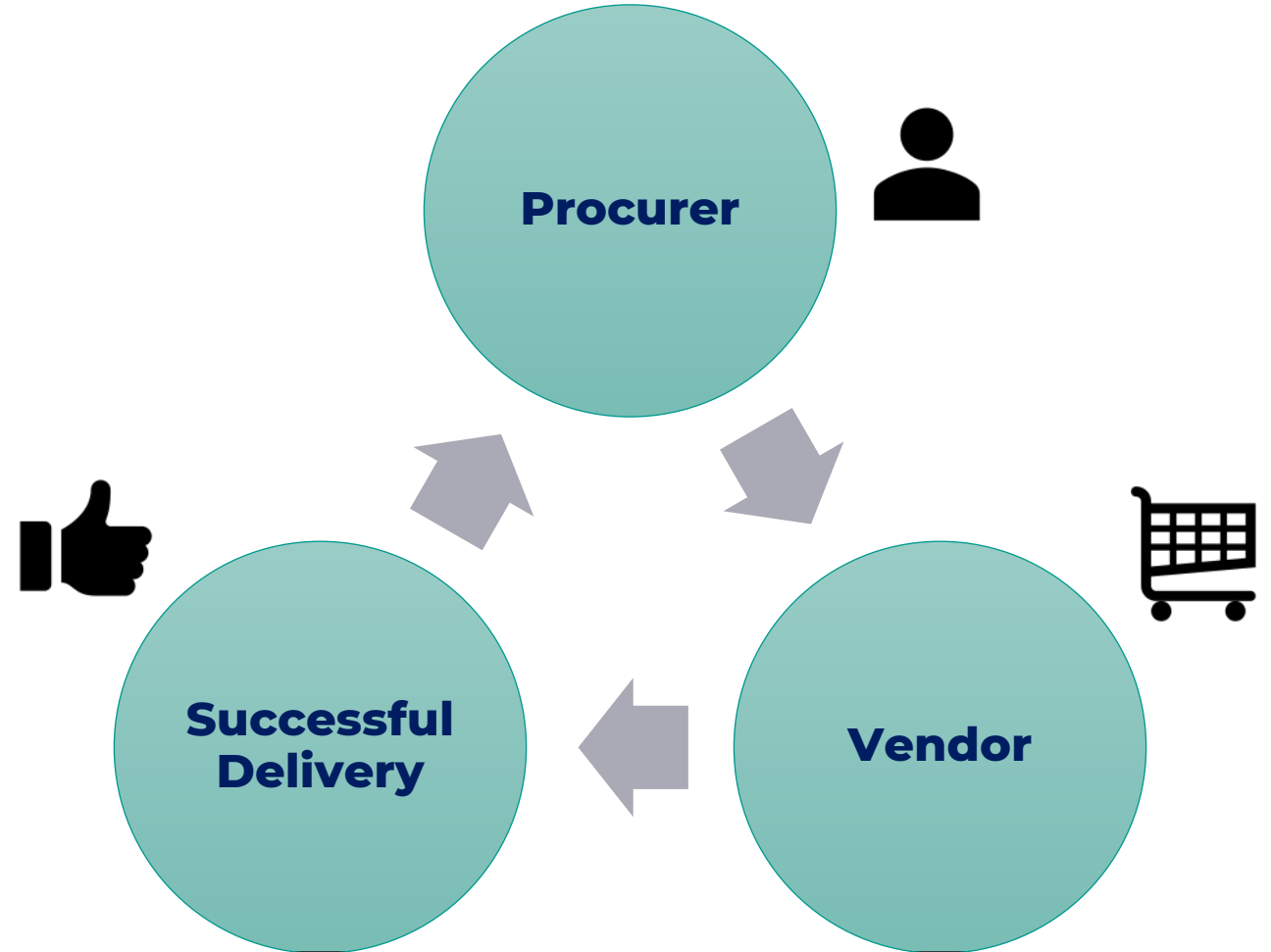
- Anything under a certain threshold (e.g. \$1500, or credit card limit)
- Office supplies and equipment
- Catering and food
- Venues
- Gifts and swag
- Travel



Procurement types

Direct award

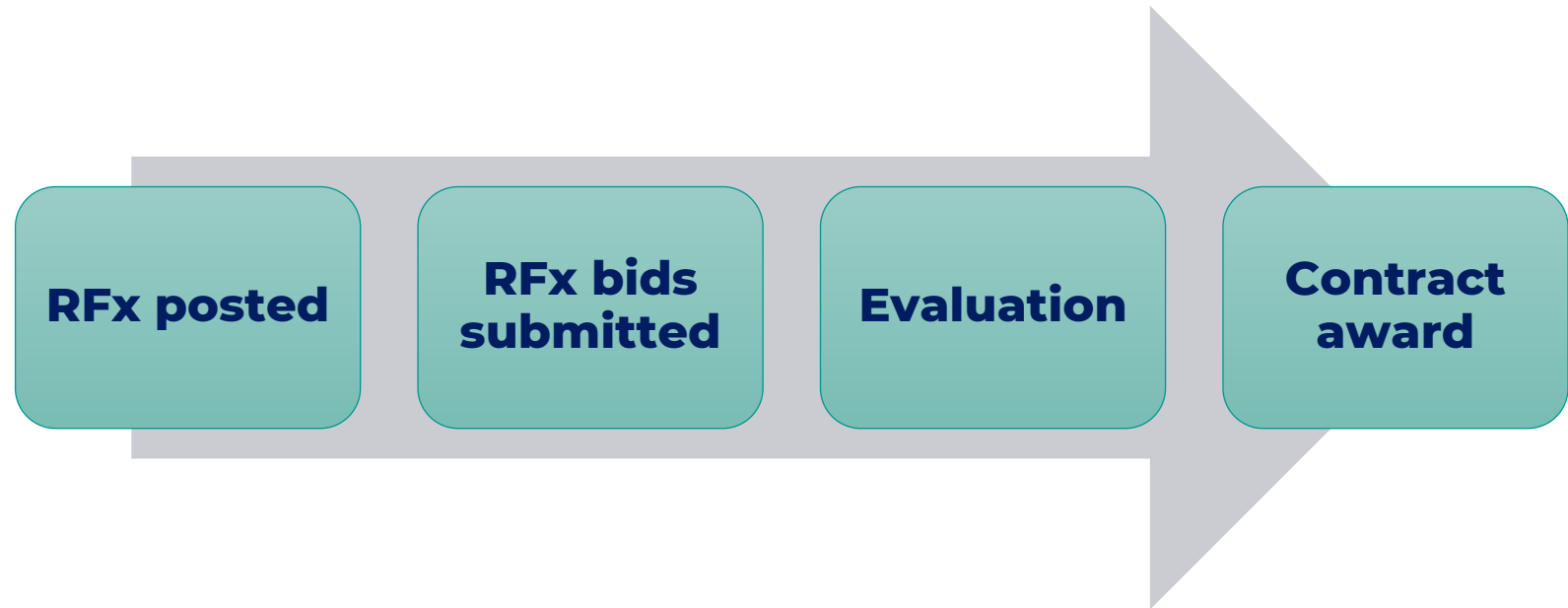
- Under threshold amount
- Internal purchasing policies
- May need to be pre-qualified
- Contracted and longer time frame, i.e. project or service agreement



Procurement types

Competitive bid

- Larger purchases and projects over threshold
- Trade agreements apply
- Longer time frame
- More complex goods, services and infrastructure
- Benefit from competition



Trade Agreements



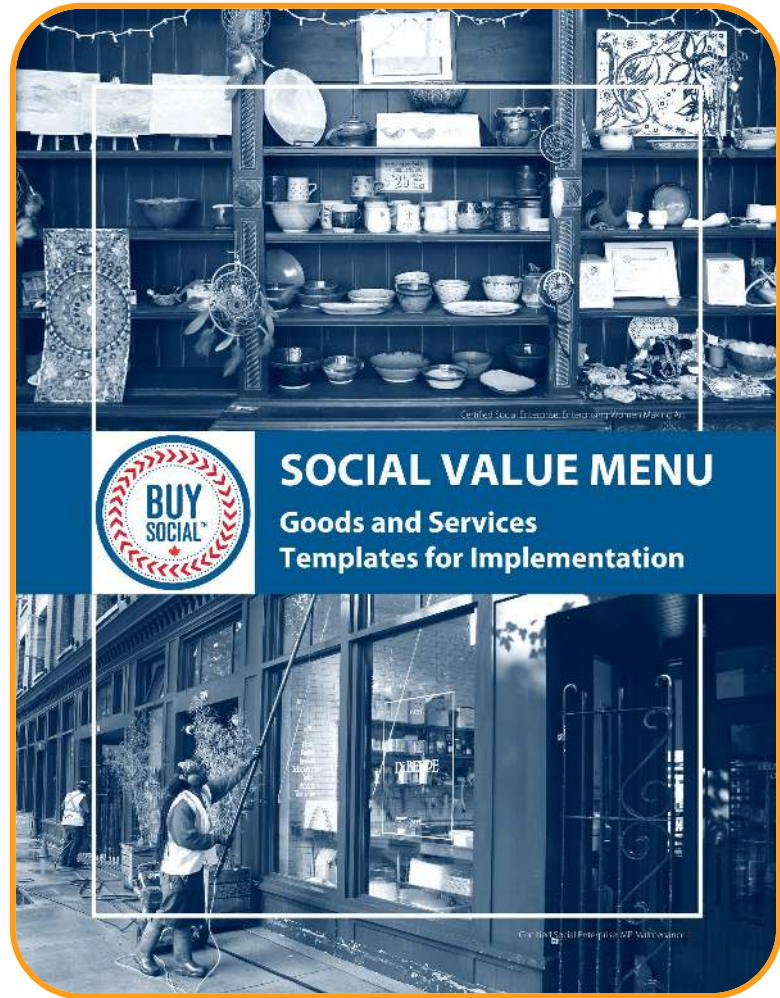
CANADIAN
FREE TRADE
AGREEMENT
ACCORD DE
LIBRE-ÉCHANGE
CANADIEN



Trade agreement threshold examples

Trade Agreement	Goods and Services	Construction
NWPTA	\$75,000	\$200,000
CFTA	\$101,100	\$252,700
CETA	\$365,700	\$9,100,000

Consider all trade agreements and follow the one that is most liberal (open) towards trade.



Social Value Menu for Goods and Services

Designing Your Journey

- Goals
- Opportunities
- Objectives
- Tactics
- Metrics



Social procurement bid process



Social procurement bid process



Matrix Example City of Calgary

Source: [Social Procurement Policy Implementation \(escribemeetings.com\)](https://www.escribemeetings.com)

Policy Objectives	More diverse more resilient, and more socially inclusive small and medium-sized business sector.	Greater economic opportunity and integration for marginalized groups.	Increased apprenticeship, paid work-experience, and entry-level opportunities in the trades and other career-track employment.	Increased preparedness to respond to Infrastructure Canada's investments.
CITY OF CALGARY ALIGNMENT				
One Calgary	✓	✓	✓	✓
Council Directives	✓	✓	✓	✓
Calgary 2020	✓	✓	✓	
Triple Bottom Line Policy	✓	✓	✓	
Municipal Development Plan	✓		✓	
imagineCalgary	✓	✓	✓	✓
Capital Infrastructure Investment Principles			✓	✓
SEEPP	✓			
White Goose Flying	✓		✓	
Capital Infrastructure Investment Principles			✓	✓
Community Economic Development Neighbourhood Framework	✓	✓		✓
Welcoming Community Policy	✓	✓		

Municipality of Wood Buffalo

Through Social Procurement, the Municipality seeks to leverage existing procurement activities to positive social value outcomes such as social, economic, environmental, and cultural benefits that values of the Region.

Social Procurement Objectives

Through the Social Procurement Program, the Municipality seeks to support the following strategic

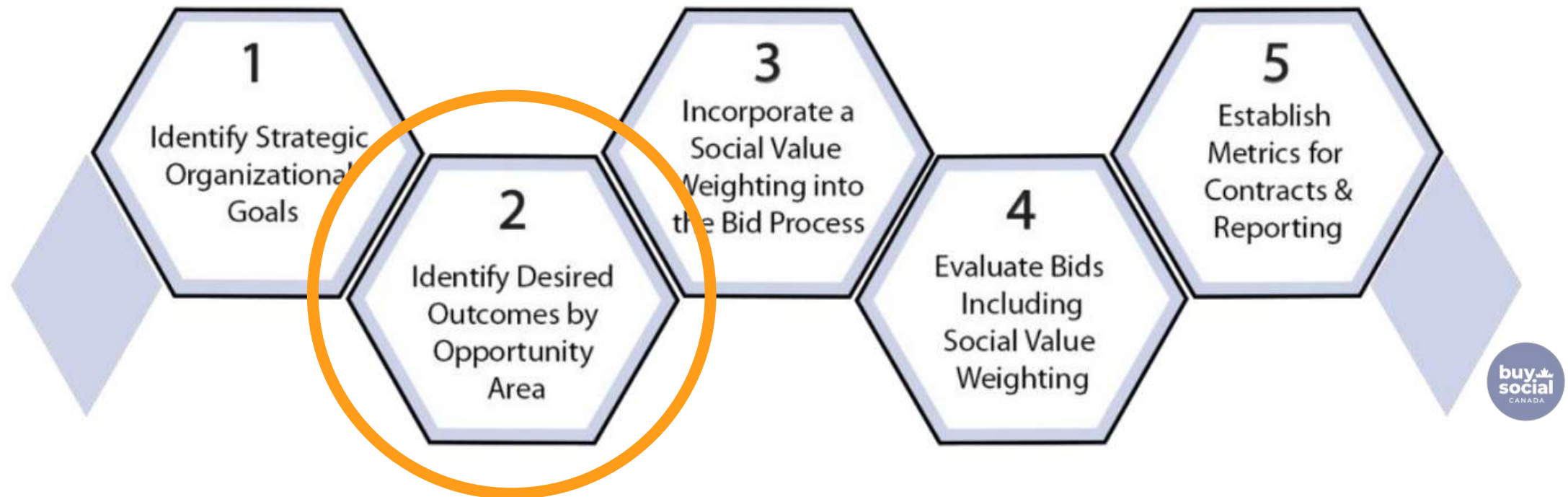
- Building responsible government
- Rural and Indigenous communities and partnerships
- Socio-economic reconciliation
- Employment and skill development opportunities
- Regional economic development
- Economic resilience
- Building sustainable communities
- Foster equality, diversity and inclusion
- Reduce barriers to access resources
- Downtown revitalization



Some examples of strategic organizational goals might be:

- Building a healthy and inclusive community
- Creating diverse and meaningful employment opportunities that provide incomes that can support a high quality of life
- Supporting integration into the workforce for specific demographics such as newcomers, youth and people with disabilities

Social procurement bid process





Opportunity areas

Employment:

- Increased employment opportunities for target populations; inclusive employment

Skills & training:

- Increased apprenticeships and training opportunities

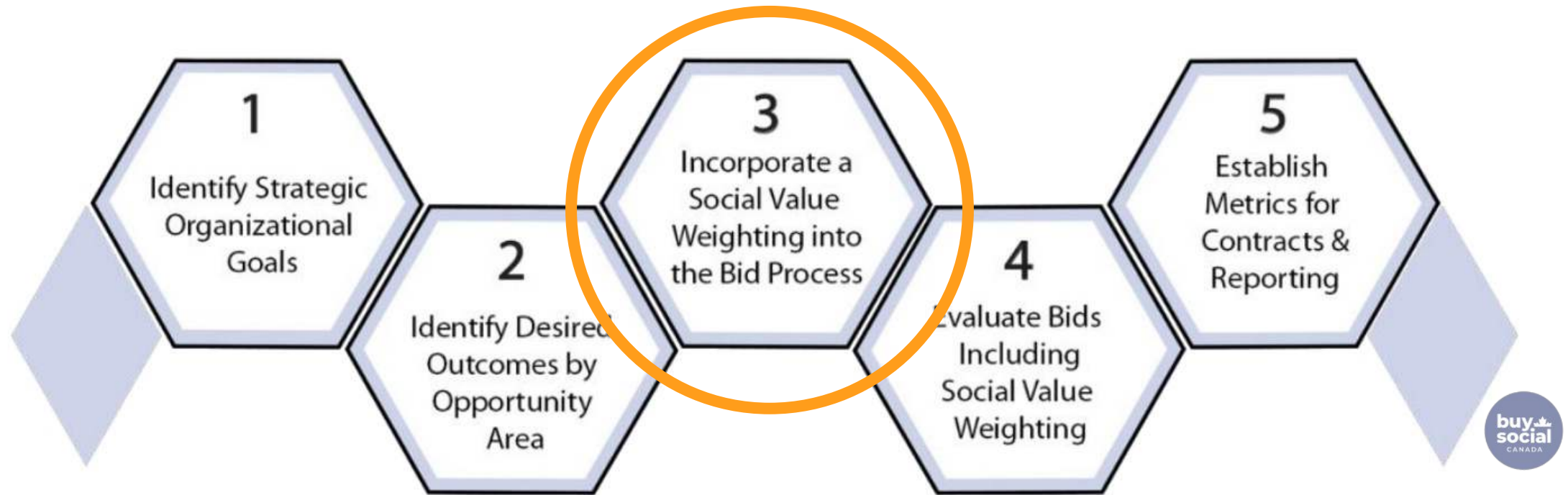
Social value supply chain:

- Inclusion of social enterprises, not-for-profits, local/regional small and medium-sized enterprises

Community development:

- Additional community benefits

Social procurement bid process



Incorporate social value weighting in the bid process

Small Buys

- Look for social enterprise directory
- Check a local supplier list

Direct Award

- Target local or social suppliers
- Ask social value questions via email or phone call
- Use an RFI to create a supplier list

Competitive Bids

- Ask for social value in your Rfx language

RFx language examples

Employment	Skills & Training	Social Value Supply Chain	Community Development
Does your organization currently have strategies or policies around diverse, equitable, and/or inclusive employment practices to ensure you are providing employment opportunities for individuals from equity-seeking groups?	Do you currently have an apprenticeship program that targets inclusion of individuals from equity-seeking groups?	Do you have a 3rd party certification from any of the organizations verifying social impact or membership of any organization verifying diverse ownership? .	In the last three years, has your organization implemented any programs or initiatives to ensure greater economic opportunity and community integration for equity-seeking groups?
Please describe your current processes for implementing your strategies/policies and ensuring employment opportunities for individuals from equity-seeking groups. Please describe how you currently monitor, measure, and report on these processes in the space below	Please provide the number of apprenticeship positions that have been given to individuals from equity-seeking groups in the last 12 months. Please provide details of your existing program(s) and how you monitor and measure the success of the program(s) in the space below	Does your organization practice social procurement? If yes, please attach the relevant policy (indicating document name in the space provided), provide a website, or provide evidence of implementation of social procurement in your supply chain	If yes, please provide details of any programs or initiatives

Social Value Questionnaire

Create a standard questionnaire based upon goals: with Yes / No with evidence response options and points based upon your strategic goals and priorities

Are you a small business? Yes / No

Are you a social enterprise or diverse owned business? Yes / No (If yes provide 3rd Party certification)

Do you have a social procurement policy for your sub-contractors? Yes / No

Do you pay a living wage to staff? Yes / No

Do you offer apprenticeships? Yes / No

Do you offer apprenticeships to historically marginalized or racialized youth? Yes / No

Social procurement bid process





4. Evaluate
bids
including
social value
weighting

**What weighting/percentage
would you assign for social
value in your scenario?**

Social value weighting examples

	Price	Quality	Environment	Social
Events Catering	45	25	10	20
Vehicles	50	35	10	5
Construction	50	30	10	10
Building Maintenance	45	35	5	15



4. Evaluate
bids
including
social value
weighting

Bidders' responses to the social value bid language in your bid documents will need to be evaluated and scored.

Evaluating bid responses

Evaluation of bids needs to be clear and transparent – how?

- Be clear what is being asked for in RFX questions or in a designed questionnaire
- Evaluate the response based on what was requested

Example: Evaluating bid responses

Scoring per Question	Bid Response
10	A comprehensive description provided of current / proposed activities and of monitoring and measurement.
5	Provides some information on current / proposed activities and of monitoring and measurement but is missing some requested information.
2	Insufficient information given on current / proposed activities or on the monitoring and measurement of progress.
0	No information provided, or the information provided is unsatisfactory.

Best value scoring example

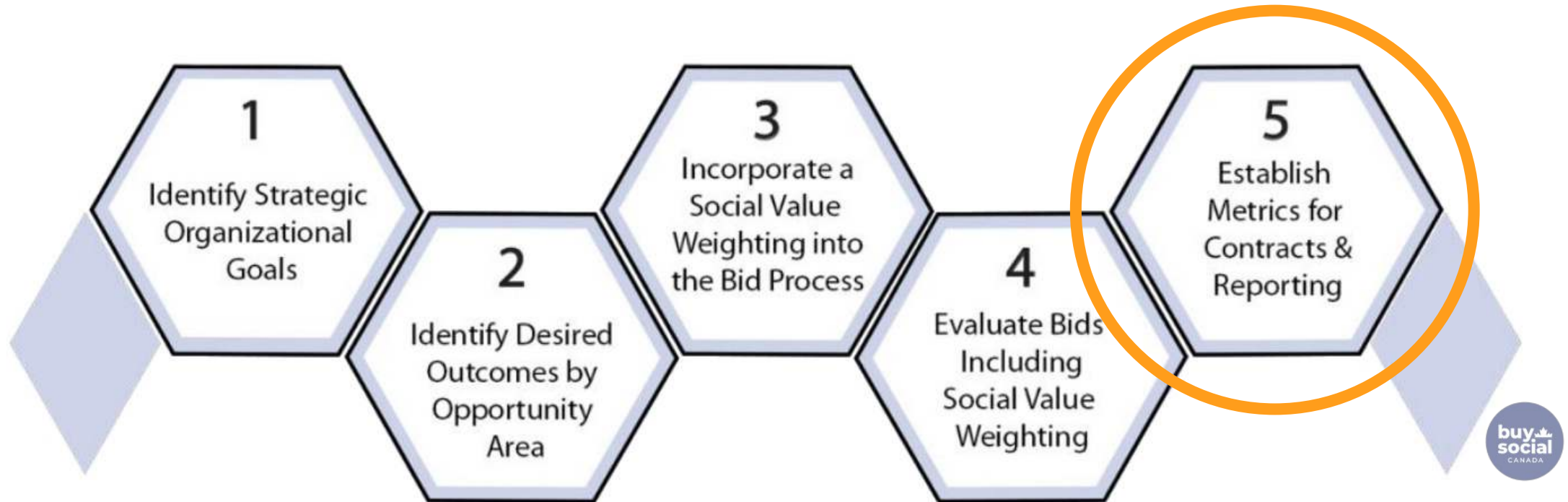
Price divided by non-financial score

	Supplier A	Supplier B	Supplier C	Supplier D
Quality out of 100	75	70	75	82
Environmental out of 100	75	75	78	88
Social out of 100	55	78	85	90
Non-financial score out of 300	205	223	238	260
Price	\$138,000	\$139,000	\$129,000	\$138,000
True Value Cost (Price divided by Non-Financial Score)	\$673.17	\$623.31	\$542.50	\$530.76

Lowest
Price

Best
Value

Social procurement bid process





5. Establish
metrics for
contracts
and
reporting

Track social procurement success by monitoring, measuring and reporting on defined, quantifiable social value outcomes that relate to your bid language and objectives.

Social value metrics

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City of Calgary

Benefit Driven Procurement



Outcomes from September 2021 to May 2022



160
Bids

Included the Benefit Driven
Procurement Leadership
Questionnaire



53%
Contract
Awardees

Had the highest score on the
BDP Questionnaire



\$358M
Contracts

Included the Benefit Driven
Procurement Leadership
Questionnaire

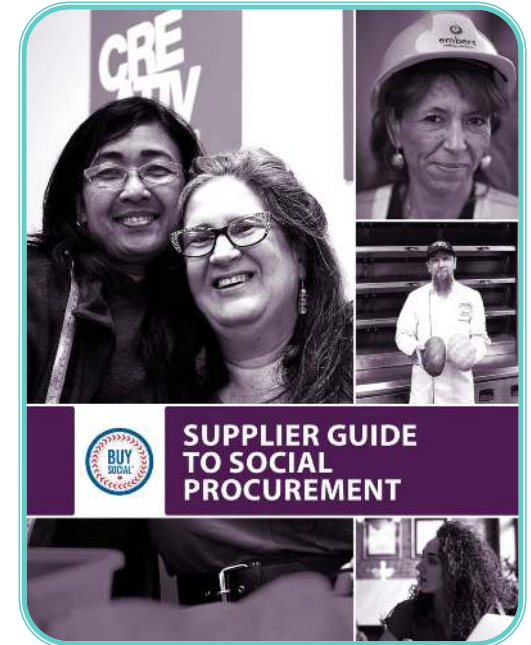
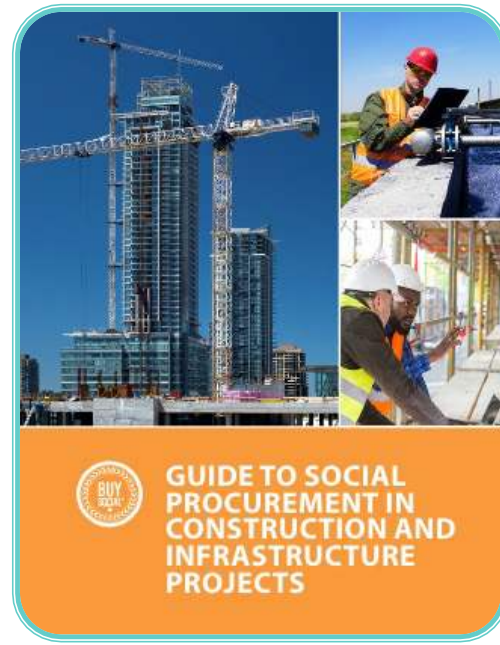
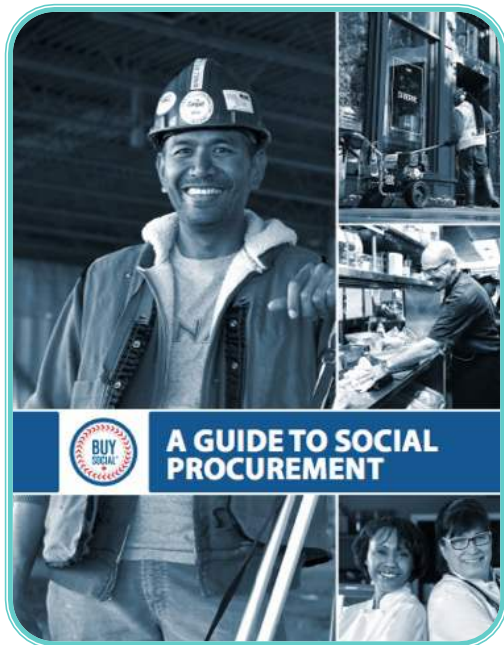
Strategy is a plan of action or policy designed to achieve a major or overall aim.

“Culture, eats strategy for breakfast.”

- Peter Drucker



Tools and resources for social procurement



Available at
www.buysocialcanada.com



Discussion