Submission to Executive Policy Committee
December 9, 2020

As an additional document to support this briefing note that highlights the benefits, opportunities, and policy options for Social Procurement in Winnipeg, our groups suggest the following amendments to Executive Policy Committee Report #17 - Social & Sustainable Procurement Practices, dated December 9, 2020.

Social and Sustainable Procurement Practices motion with suggested amendments:
Strike a working group, including social enterprise, private industry, labour, and the Public Service[1], with the mandate to, within 90 days[2]:

1. Report back on what the City of Winnipeg is currently doing to support social and sustainable procurement practices as benchmarks for a forthcoming social procurement policy and implementation plan.[3]
2. Identify 5 (five) city projects of a variety of scope and size within 180 days, one specifically being the North End Water Treatment Plant, to include social procurement as a portion of their bidding requirements.[4]
3. Create a social procurement policy and implementation plan[5] for appropriate City tenders with a goal of establishing a bid value for community benefits, consistent with the practice of other comparable Canadian municipalities.

Notes on proposed amendments:

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[1] The first amendment clarifies how the motion would be carried out by the City of Winnipeg with community partners.

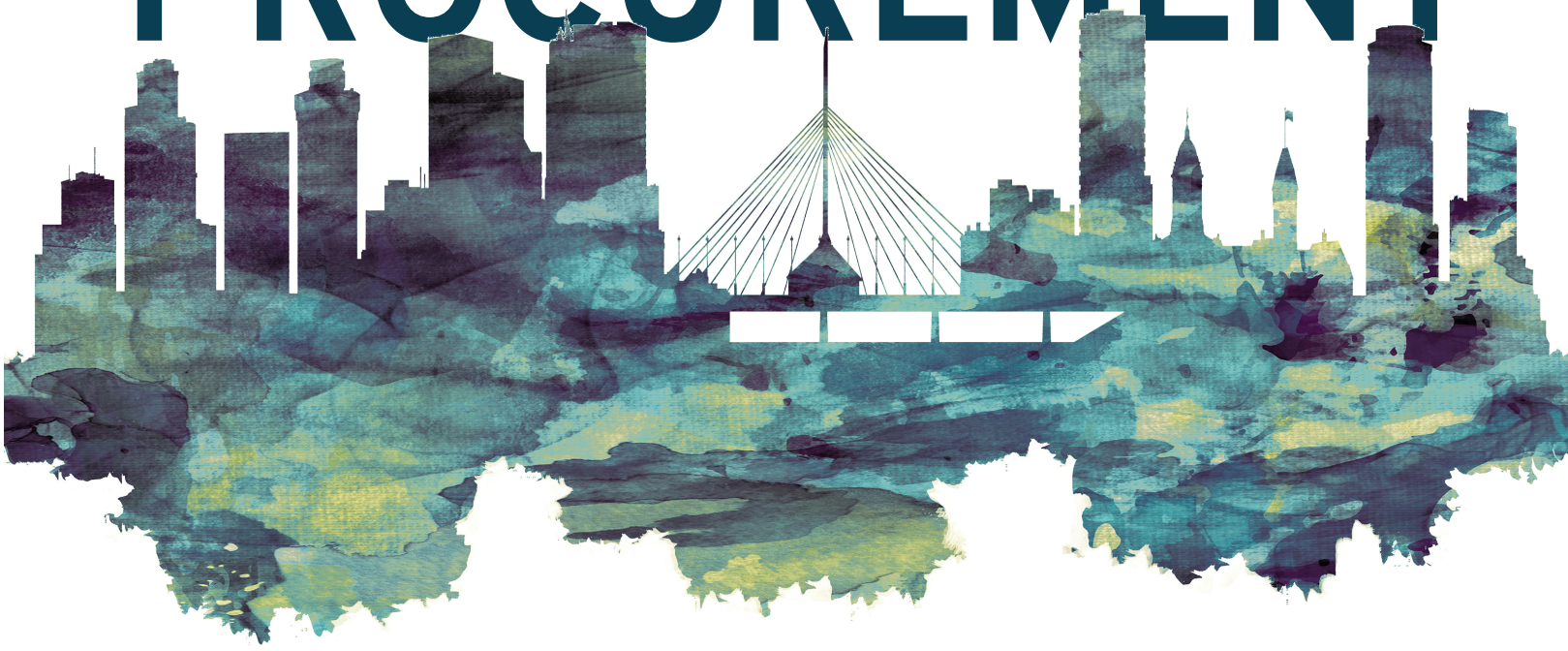
[2] This provides a timeframe that, based on the extensive research from local partners and other jurisdictions already completed, could be utilized to get moving with this important policy innovation.

[3] Since most of the work that the city is currently doing has already been reported on by community partners or highlighted in writing from the city itself, including the motion whereas, this amendment would ensure a report serves a purpose of furthering social procurement beyond existing work.

[4] This includes a recommendation our groups have made to city council, with specifics about how the Public Service can immediately begin implementing social procurement,- specifically naming the great opportunity with the building of the North End Water Treatment Plant to ensure community benefits.

[5] This proposed amendment clarifies the ultimate goal of this motion of a policy and implementation plan, ensuring there is a focus and clear pathway forward for all community partners, in line with what other Canadian municipalities.

SOCIAL PROCUREMENT



POLICY FRAMEWORK

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SOCIAL PROCUREMENT

is the practice of using existing purchasing to promote social, environmental, and cultural goals. It is a growing international practise as it is an effective policy tool to achieve multiple economic and social outcomes, and a strong return on investment.

Returns can include reductions in crime, savings in health-care and emergency costs, reduced strain on social assistance systems, and higher employment in the community - all of which contributes to vibrant and sustainable communities with high quality of life.

For government, social procurement meets taxpayers' expectations of financial prudence by leveraging procurement dollars already within the budget to simultaneously fulfil a procurement need as well as contribute to governmental social objectives.



Figure 1: The five types of community capital: Human, Economic, Social, Cultural, and Physical. (Buy Social Canada CCC Ltd. 2018) www.buysocialcanada.com

THE HEALTH OF A COMMUNITY IS NOT MEASURED BY ECONOMIC VALUE ALONE.

Healthy communities require multiple types of capital, which are collectively referred to as community capital: human capital, economic capital, social capital, cultural capital, and physical capital.

POLICY TOOLS

There are two policy tools for social procurement: one is through the social purchasing of goods and services and the other is through Community Benefits Agreements attached to infrastructure and development projects.

1 SOCIAL PURCHASING

Social Purchasing acquires goods and services for operations directly from community social enterprises that are dedicated to serving their social, environmental, and economic purposes.

Social enterprises are often focused on creating inclusive employment opportunities and stronger, healthier communities. Social Purchasing is the easiest and most effective means of supporting social enterprises through sole-source purchasing when permitted and using a set-aside program. Experienced jurisdictions have shown that social procurement works best when purchasers and suppliers collaborate to achieve the goal of providing successful employment opportunities for barriered individuals, and then collaboratively identify goods and services social enterprises can provide.

2 COMMUNITY BENEFITS AGREEMENTS

When policy prevents sole-sourcing or contracts are too large for social enterprises, Community Benefits Agreements (CBAs) have been a successful instrument for increasing the social impact of procurement.

CBAs are pre-determined and defined social value outcomes that will be delivered as part of a significant infrastructure or land development project like building a bridge, a road, school, hospital, office tower, or transit system. Through a CBA, the community, government, and developer agree upon some social value deliverables. Examples of deliverables are job training, target hiring, prevailing wages, purchasing from local businesses and social enterprises, affordable housing requirements, street and neighborhood revitalization and inclusion of community infrastructure.

CBAs expand the value considered in RFPs by broadening evaluation criteria to include social, environmental and economic outcomes. While not applicable to every tender, this practice would bring two critical benefits to the City of Winnipeg's procurement:

Strong private sector contribution to the community:

CBAs encourage the private sector to consider and improve the social, environmental and economic outcomes of their practice, by rewarding businesses who provide added value to our community. Opportunities to incorporate community benefit are plentiful: sub-contracting social enterprise, employing a community engagement process, employing local youth, partnering with local arts groups, etc.

Better value for spending:

Various analyses done on the social return on investment of social procurement have demonstrated positive financial returns to governments, primarily through reduced strain on social services. Accounting for and generating this value in RFPs through a CBA will improve the value of government purchasing.

IMPLEMENTATION CONSIDERATIONS

Cost of Social Procurement - Within government, costs are low, but changes will be needed within procurement departments, and workforce pathways will be needed to match opportunities with candidates from traditionally disadvantaged groups.
As an example, the City of Toronto hired only one extra person to lead their social procurement practices.

Community Consultations - Social procurement can speed up approval processes and reduce red tape. The process builds allies and political buy-in across the community. Any concerns with the project are addressed early in the process preventing delays and possible litigation down the road.

Measuring social procurement - A community benefit can be evaluated just as any other deliverable in a contract would be, although it can take more resources to quantify community benefit than traditional deliverables. When used, CBAs have generally accounted for 5-15% of an RFPs evaluation matrix, along with traditional criteria such as price, speed, quality and track record.

RECOMMENDATION

Identify opportunities for social procurement through a working group with the mandate to:

A. Identify 5 (five) city projects of a variety of scope and size, including at least two infrastructure projects, over the next 2 (two) years, to include social procurement through Community Benefits Agreements as a portion of their bidding requirements.

B. Develop a social procurement policy to become standard on all City purchases, with a goal of establishing a bid value allotted for community benefits, consistent with the practice of other comparable Canadian municipalities.

IMPLEMENTING SOCIAL PROCUREMENT

As public policy instruments, various levels of governments should incorporate Social Procurement and CBA provisions in their procurement and pay the associated costs.

Private sector vendors who supply goods and services to government and government supported projects, should not be expected to pay for social procurement programs.

In many past cases, Social Procurement and CBAs have been housed in Union Collection Agreements. We recommend implementing SP and CBAs without a requirement for union involvement.

Social Procurement and CBA targets are best leveraged if identified on a project based on strong SMART criteria. They should be specific, measurable, achievable, relevant and timely.

MANITOBA

- July 11, 2018, City of Winnipeg "Buy Local" Procurement Procedure report has already indicated a desire "to determine best practices for incorporating social enterprise into municipal procurement."
- The pilot program already in place between the City of Winnipeg and Mother Earth Recycling is an example of social purchasing. Up to 8000 mattresses and box springs are collected for recycling while supporting a local, Indigenous-owned social enterprise with multiple social, economic, and environmental outcomes benefiting the municipal government and local communities.
- Provincially, Manitoba Housing is already a national leader, purchasing from five social enterprises to provide unit refreshes when rental units are turned over, including energy retrofits.
- In 2018, a member survey conducted by Manitoba Chamber of Commerce, found 60% of respondents were in favour of "tendering rules that favour local companies as that ensuring the benefits of public dollars stay in the province and support local communities and families."

MUNICIPAL GOVERNMENTS

- In April of 2018, Calgary City Council unanimously passed a Notice of Motion, directing the City Administration to produce a scoping report with recommendations for a social procurement framework.
- The City of Toronto has adopted a new landmark Community Benefits Framework. The framework will create more opportunities for training and well paying careers in the trades with hard targets for hiring Toronto residents from historically disadvantaged communities and equity seeking groups. In addition, the framework will create more opportunities for local, diverse owned businesses and social enterprises to access City contracts through social procurement
- The City of Victoria adopted an action plan developed by the Mayor's Task Force on Social Enterprise and Social Procurement in 2017.
- Vancouver City Council unanimously adopted the Healthy City Strategy Action Plan in July of 2015, which includes developing a social procurement framework to guide the procurement practices of the City and other stakeholders. The framework consists of a CBA policy for significant developments to create jobs for people with barriers to employment and enhance local purchasing. The Vancouver Olympics used a social purchasing policy in its infrastructure investments that led to $750,000 in job training and 100 construction jobs for inner-city residents.

FEDERAL GOVERNMENT

- The Government of Canada's Investing in Canada Infrastructure Program seeks to "encourage project planners and communities across the country to take advantage of their infrastructure projects to support the diversification of recruitment, training and procurement practices.
- Liberal MP Ahmed Hussen introduced Bill C-344, An Act to amend the Department of Public Works and Government Services Act (community benefit). If passed the bill empowers the Minister of Public Works and Government Services to require bidders on the government-funded projects to explain the community benefits they will provide. The status of the bill is second reading (Senate), as of May 7, 2019.