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**REPORT TO GOVERNANCE AND FINANCE COMMITTEE
MEETING OF Wednesday, February 06, 2019**

SUBJECT **Membership in Local Government Social Procurement Initiative**

ISSUE

Membership in Coastal Communities Social Procurement Initiative (CCSPI)

BACKGROUND

On December 12, 2018, the CRD Board heard a presentation from the Coastal Communities Social Procurement Initiative, a project comprised of local governments, private business, and non-profit organizations to develop, standardize, and share social procurement frameworks and community benefit agreement templates of value to small-to-mid-size coastal local governments. The CRD Board referred this matter to the Governance and Finance Committee for consideration.

The CCSPI was formed by certain member local governments of the Association of Vancouver Island and Coastal Communities (AVICC). The CCSPI is a coalition of local governments, operating together through a memorandum of understanding, who have raised approximately \$200,000 to fund social procurement consultative work. The City of Victoria and the Island Coastal Economic Trust contributed \$100,000 each, while each of the current nine local government members – Victoria, Ladysmith, the Cowichan Valley Regional District, Qualicum Beach, Campbell River, Powell River, Tofino and Cumberland – contributed a membership fee in the equivalent of their AVICC dues. The current consulting project, to be conducted by a group of non-profits selected by a competitive process, has a two year term.

Beginning in February 2019, the CCSPI will work with Scale Collaborative, a Victoria-based non-profit, to begin the process of collecting information and developing templates and standards. Together with Buy Social Canada, a non-profit expert in the area of social procurement, as well as Presentations Plus and the Vancouver Island Construction Association, Scale Collaborative will conduct consultative exercises and develop materials with the CCSPI members.

The anticipated outcomes of the consultation, in addition to sharing costs between interested local governments, are templates, frameworks, training materials, collaboration tools; in-person and online training sessions for elected officials, staff, and vendors; a public website to provide information to other local governments and vendors; as well as a members-only website providing access to the tools and materials developed.

ALTERNATIVES

Alternative 1

That the Governance and Finance Committee recommend to the Capital Regional District Board: The CRD not pursue membership in CCSPI at this time but revisit the issue if the Board directs staff to pursue a social procurement strategy.

Alternative 2

That the Governance and Finance Committee recommend to the Capital Regional District Board:

- a. Staff be directed to engage with the Coastal Communities Social Procurement Initiative to confirm CRD membership in the two year consultation process; and,

- b. That the Corporate Services 2019 provisional budget be recommended to be amended to include the CCSPI membership fee as part of the final 2019 budget approval process.

IMPLICATIONS

CURRENT PRACTICE AT CRD

Consistent with its *Procurement Policy*, the CRD currently undertakes activities which fall within a “social procurement” definition. In making purchases, the CRD policy requires not only consideration of the lowest price, but the “best value” – the optimal combination of total cost, performance, economic, environmental and social sustainability, reduced carbon dependency, and reduced waste. Many social procurement approaches adopt a similar definition.

The CRD also may undertake, through contracts, memorandums of understanding, or contribution services, projects directly with non-profits, aboriginal groups, small to mid-size local companies, organizations and individuals specific to local areas or with specific local knowledge, and equity-seeking groups. An example of this is hiring Gulf Islands companies to perform work on the islands, or hiring a First Nation sawmill to mill timber for work in traditional territories.

The CRD also directly funds non-profits or other groups who may operate CRD services or a portion thereof more effectively than CRD due to their local knowledge, specialized expertise, or ability to deliver a service through volunteers rather than staff.

Internally, the CRD has undertaken consideration of various social and sustainable procurement (or “green” procurement) best practices, including matrices for proposal rankings and up-front procurement questionnaires and analysis. Social procurement is not necessarily sustainable or green procurement, which is a more developed area. In most cases, green or social procurements are undertaken without a formal intake or non-profit identification process, either through organizations directly approaching the CRD or by knowledge of subject-area experts during the project planning process.

The CRD also participates in the BC Government’s Procurement Community of Practice, an online training community that regularly provides no-fee information on procurement best-practices, including most recently on social procurement. Though this community, CRD staff are able to obtain additional training on requirements under trade agreements, appropriate use of procurement methods, and the CRD’s treaty obligations as mandated by the Province of British Columbia.

A list of some social procurement initiatives underway in Canada is included as Appendix A.

SOCIAL IMPLICATIONS

Social procurement clearly has benefits in a region. Requiring payment of a living wage to staff and/or contractors, requiring best-efforts hiring practices to ensure equity-seeking or under-represented groups have equal access to bidding processes, positions, or apprenticeships, or requiring a certain number of positions be created as part of a procurement (as a community benefit) would all have positive effects on a community.

The model used by most social procurement organizations, including the CCSPI, splits social procurement into two areas: social purchasing, with a focus on leveraging purchases to include the social, economic, and environmental well-being of the community; and community benefit

agreements, with a focus on providing a benefit the community as part of a particular project, either in the form of training, apprenticeships, or infrastructure.

Methods used presently in social procurement range from vendor and purchaser certification, such that social needs (e.g. employment of under-represented groups or supply chains that rely on specific forms of social enterprises) are confirmed; others identify social procurement goals through scoring on competitive procurements (such as the BC Government's suggest guidelines, which provide up to 10% bonus for demonstrated supplier diversity, provision of job skills training or employment operations, or ensuring the above are done in the supply chain), or require social procurement goals to be included in contract performance on a best-efforts basis.

ENVIRONMENTAL IMPLICATIONS

The CCSPI intends to conduct some research into "sustainable" and "green" procurement as a result of the consultation, considering it forming a part of coastal social procurement. This may be a way to share both knowledge and cost with other local governments.

CRD presently has a climate lens which is conducted for projects \$100,000 in estimated value and greater. Staff are internally examining other green and social procurement frameworks as part of streamlining procurement practices at the CRD. There is an opportunity to include environmental criteria, a more established area, into the social procurement tools being developed and it may be of value to participate in this group at this time as a result of this in order to avoid consulting costs individually on social or sustainable procurement.

ECONOMIC IMPLICATIONS

The approximate cost of participating in this is population based, and is estimated at the same cost as CRD's membership in the AVICC. The total costs of membership remains to be finalized by the CCSPI but is anticipated to be between \$3,000 and \$3,500 per year.

Membership in CCSPI will require additional staff time in Corporate Service to participate in this project, however the additional staff time required may complement internal work already being done to review social and sustainable procurement programs and services. The templates and frameworks assembled and generated may be beneficial as it will avoid a duplication of effort between CRD staff and the CCSPI consultants.

Having a template or framework for a social enterprises, non-profit, public authority, and equity-seeking peoples intake process, to identify what groups are available for services, goods, and construction in our region would also be useful, as staff in making procurement planning decisions could approach such groups as part of the procurement process. It would also lead to potentially more competition between such groups as well as standard private business and industry, leading to competitive procurements which considered social procurement goals and thereby, potentially better value through competition.

INTERGOVERNMENTAL IMPLICATIONS

Collaboration with other coastal local governments to share costs of consultants and generate standards of use to all is beneficial, as is building relationships between procurement staff at these local governments, which may spill over into information and best-practices sharing relationships.

CONCLUSION

CCSPI is an initiative in the developmental stage. While CRD membership in the project would demonstrate support for the initiative and the underlying goal of social procurement, the ultimate benefit to the CRD will not be apparent until the end of the 2 year consultation process.

CRD's participation in the initiative would require payment of a membership fee and require staff resources to participate in the consultation process. Social procurement has not been identified in the Corporate Services service plan for 2019, and there is currently no budget identified to pay the membership fee. That said, CCSPI has the potential to develop important resources to assist in operationalizing social procurement. In future, should the Board direct that social procurement be made a priority, membership in CCSPI may complement current CRD initiatives underway with respect to green procurement, and may help reduce consulting fees for social and sustainable procurement templates and frameworks.

RECOMMENDATION

That the Governance and Finance Committee recommend to the Capital Regional District Board:

The CRD not pursue membership in CCSPI at this time but revisit the issue if the Board directs staff to pursue a social procurement strategy.

Submitted by:	Steven Carey, JD, Manager, Legal Services, Corporate Services
Concurrence:	Kristen Morley, JD, General Manager, Corporate Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

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Attachments:

Appendix A: Presentation to CRD Board dated December 12, 2018

Appendix B: List of other social procurement initiatives

Coastal Communities Social Procurement Initiative

Why is Social Procurement Important?

Communities today are facing complex social, economic and environmental challenges. Every year, local governments across BC award contracts for goods and services with significant public funds.

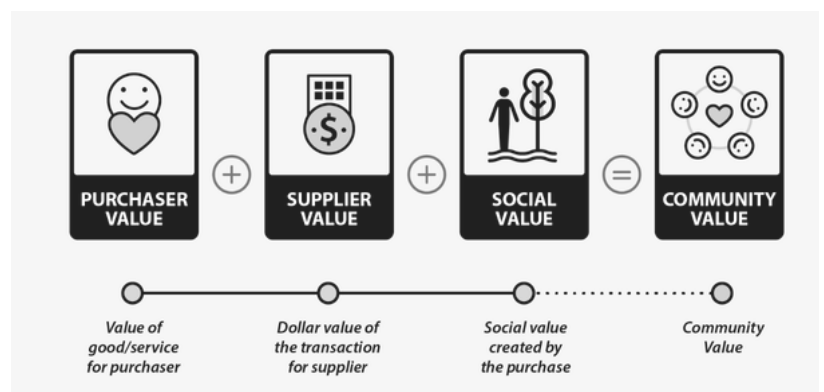
Social procurement focuses on 'best value for money' beyond just a financial transaction. Procurement becomes a tool for building healthy communities.

It is becoming an increasingly expected practice that RFPs include local community and environmental impact assessments and goals, at all levels of government.

What is Social Procurement?

Social procurement is an additional way that local governments can direct resources towards community benefit. Since 2016, local coastal governments have been identifying ways to integrate social procurement principles and actions into their processes.

From November 2018 - October 2020, the Coastal Communities Social Procurement Initiative will assist coastal communities to advance local social procurement.

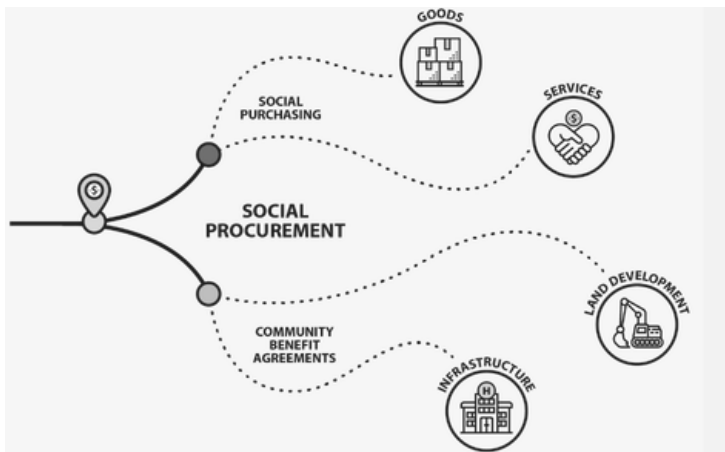


Social Procurement means leveraging a social value from your existing procurement.

HOW CAN SOCIAL PROCUREMENT CREATE ADDITIONAL VALUE?

Social procurement can be adapted to meet specific community needs. Some communities have integrated into RFPs criteria such as employment of marginalized population groups, local food, housing affordability, community engagement, local economic revitalization, beautification and cultural amenities.

The first step is identifying what your community's challenges and needs are, and how procurement can help address them.



What is the Coastal Communities Social Procurement Initiative (CCSPI)?

CCSPI is a 2-year initiative to assist local governments in the AVICC region to implement social procurement assessments, policies, strategies and measurement.

Launching in February 2019, member organizations will have access to:

- Education and training of elected officials and staff
- Communication and networking to collect and share stories of success and learning
- Awareness raising, education and training for suppliers and contractors

How do we become a member organization?

Contact Mayor Josie Osborne at osborne@tofino.ca

How can I learn more about CCSPI?

Contact Beth Schmidt, CCSPI Project Coordinator at bschmidt@scalecollaborative.ca

CCSPI services will be delivered by a partnership between four expert organizations in social procurement, supply chains, social enterprise and local community development.



Appendix B: List of Other Social Procurement Initiatives

The City of Vancouver recently announced a type of pre-qualification process for non-profits, social enterprises, and equity-seeking groups, where they identify themselves to the City and can then be considered for future procurement needs. Vancouver also requires suppliers to confirm they adhere to a specific code of conduct relating to sustainability.

The **Province of British Columbia** has begun to announce plans for making procurement easier for local and small to mid-sized contractors, and has produced frameworks as of January 2019 for social procurement use, for up to 10% of a contract's value determination or scope for contracts for services only less than \$75,000. It also encourages direct-awards under \$75,000 to social enterprises, that is, businesses which provide employment to specific equity-seeking groups. As an example, it recently conducted a public procurement for WorkBC services which gave preference to service providers who hired or planned to hire workers or contractors who formerly collected employment and social assistance. The CCSPI intends to consider these guidelines as part of their ongoing community consultation work.

The **Municipal Collaboration for Sustainable Procurement**, a network of 20 Canadian municipalities, colleges, and universities offering a peer-based forum to share best practices and technical expertise in sustainable procurement, recently published an *Annual Report on the State of Sustainable Public Procurement in Canada* and offers a membership to an organization such as the CRD for \$4,000 per annum.

The **City of Toronto** has a social procurement program, aiming to address economic disadvantage, discrimination, and barriers to equal opportunity, while establishing an effective balance between accountability, transparency and efficiency. It applies to most competitive purchases greater than \$3,000.

The **Government of Canada** has undertaken a social procurement pilot project for catering services, an area which commonly has a significant number of under-represented groups and social enterprises associated with it.

Imagine Canada, a Canadian non-profit, advocates for government to undertake social procurement and community benefit agreements in order to offset a foreseen potential deficit to Canadian charitable services, such as job-training, poverty services, wellness centres and the like due to fewer funds being available to provide services, assuming slower economic growth or recession. An offset to a lack of potential social funding could be found in the form of social and sustainable government procurement, which may ripple throughout the supply chain.

Canadian non-profit and CCSPI member **Buy Social Canada** operates a system of vendor and buyer certification for social procurement and community benefit and provides samples of Canadian social procurement materials on its website. It also provides a social enterprise list on its website.