

THE CORPORATION OF THE CITY OF COURTENAY

NOTICE OF COMMITTEE OF THE WHOLE MEETING

DATE: Monday, May 30, 2016
PLACE: City Hall Council Chambers
TIME: 4:00 p.m.

AGENDA

1.00 STAFF REPORTS/CORRESPONDENCE

1. Briefing Note: Update and Discussion on GMO Free and Social Procurement Policy

2.00 RESOLUTIONS OF COUNCIL

1. **In Camera Meeting:**

That notice is hereby given that a Special In-Camera meeting closed to the public will be held May 30, 2016 at the conclusion of the Committee of the Whole Meeting pursuant to the following sub-sections of the *Community Charter*:

- 90 (1)(c) labour relations or other employee relations;
- 90 (1)(e) the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality.

3.00 ADJOURNMENT



THE CORPORATION OF THE CITY OF COURTENAY

BRIEFING NOTE

To: Committee of the Whole

File No.: 1200-00

From: Chief Administrative Officer

Date: May 30th 2016

Subject: Update and Discussion on GMO Free and Social Procurement Policy

ISSUE:

At the October 5th 2015 Regular Open Council meeting Council considered a staff report, "City of Courtenay GE Free Procurement Policy", and subsequently put forward the following resolutions:

Moved by Eriksson and seconded by Hillian that based on the October 5, 2015 staff report "City of Courtenay Genetically Engineered Procurement Policy", Council maintain the City's current purchasing policy.

Defeated

In Favour – Councillors Eriksson, Theos and Mayor Jangula

Opposed – Councillors Frisch, Hillian, and Lennox

At the October 19th 2015 Regular Open Council meeting a second resolution was passed:

Moved by Frisch and seconded by Lennox that

WHEREAS AVICC and UBCM have resolved to support GMO free food;

AND WHEREAS Vancouver Island and BC local governments are working to strengthen their communities through social procurement policies;

AND WHEREAS Courtenay council recently defeated a motion to maintain its current purchasing policy;

THEREFORE BE IT RESOLVED that staff be directed to investigate and provide a report to Council regarding options to pursue both GMO Free Preferential and Social procurement policies.

Carried with Councillors Eriksson and Theos, and Mayor Jangula Opposed

BACKGROUND:

Staff has determined that further discussion and guidance from Council on the broader issues related to social procurement need to be addressed prior to consideration of options for establishing a GMO Free approach for the City. As such staff has arranged to have a Discussion Paper prepared for presentation and consideration at the May 30th 2016 Committee of the Whole.

KEY CONSIDERATIONS:

Ken Gauthier and Trina Wamboldt from Urban Systems will be attending the Committee of the Whole Meeting on May 30, 2016. The purpose of the meeting will be to engage Council in a discussion around the opportunities and implications of adopting a social procurement policy. Ken and Trina will be supported by

subject matter expert, Sandra Hamilton, who is leading a regional social procurement initiative on Vancouver Island.

This session has been organized in response to Council's October 2015 resolution directing staff to investigate and provide a report to Council regarding options to pursue GMO free and social procurement policies. Urban Systems will facilitate an objective conversation that examines both the potential opportunities and risks associated with social procurement.

The proposed agenda is as follows:

- Overview of strategic (i.e. social) procurement – approaches and examples
- Traditional vs. strategic procurement – what's the difference?
- Benefits and costs – some things to think about
- The Courtenay context – what does it mean locally and regionally?
- Overview of options for Council's consideration - Q&A
- Next steps

The desired outcome for this meeting is an understanding of Council's values and interests related to strategic procurement. A follow up session will be held in June providing Council with options and recommendations. A discussion paper on social procurement is attached for Council's reference.

Respectfully submitted,



David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

Attachments:

1. *Social Procurement Discussion Paper, November 2015, Urban Systems*

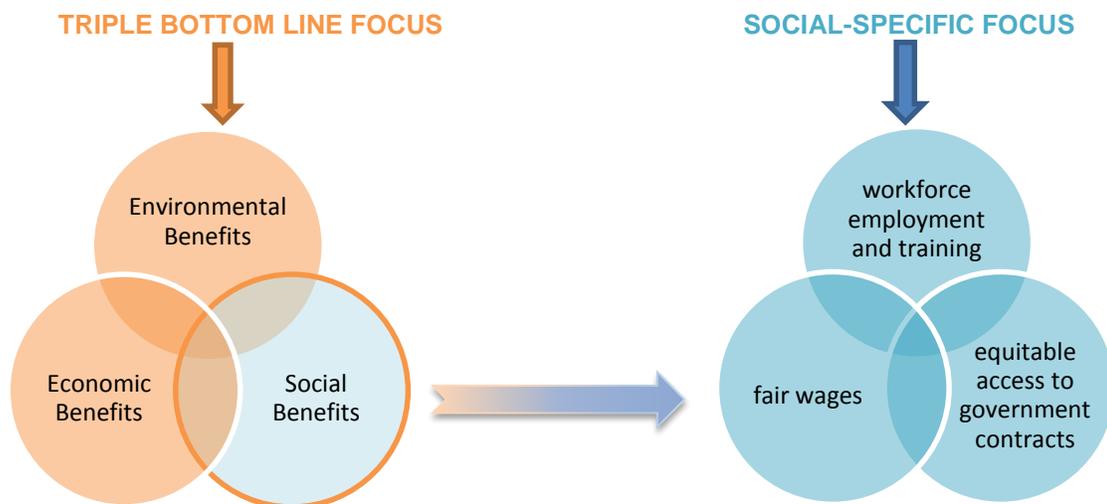
1.0 DEFINING SOCIAL PROCUREMENT

Although there is no single definition of social procurement, the term generally refers to **the strategic and purposeful leveraging of an organization's purchasing power to derive social value.**

Social value is a subjective term that can be interpreted in many different ways. Some define social value in a holistic way that incorporates economic and environmental benefits whereas others relate social value with indicators of individual and community wellbeing such as employment, financial security, and social inclusion.

Social Procurement is also sometimes referred to as Social Impact Purchasing and is also closely related to the concepts of Sustainable Procurement, Triple Bottom Line Procurement, Green Procurement and Corporate Social Responsibility. Regardless of the name, each of these procurement models seeks to strategically leverage purchasing policies and practices to achieve positive societal outcomes.

Some social procurement policies incorporate environmental and economic goals (i.e. a triple bottom line approach) whereas others focus specifically on social goals. The procurement capacity of the organization and the strategic priorities of Council will dictate which strategic goals are included in a social procurement policy.



Below are some examples of community benefits that can be achieved through strategic purchasing.

- Environmental benefits can be realized through the procurement of environmentally responsible products and services;
- Economic benefits can be achieved by buying local goods from local businesses; and
- Social benefits can be achieved by hiring social enterprises that create employment opportunities for chronically unemployed or underemployed citizens.

The first step in the strategic procurement journey is to determine which types of strategic outcomes are desired and what types of objectives will be included within the strategic procurement policy. Some communities incorporate economic, environmental and social objectives into a single procurement policy whereas others create separate policies to address specific objectives.

2.0 SOCIAL PROCUREMENT TRENDS WITHIN THE PUBLIC SECTOR

The core tenets of procurement within the public sector include:

- 1) achieving best-value for money;
- 2) securing high quality goods and services;
- 3) following ethical and transparent purchasing practices; and
- 4) ensuring compliance with legislative requirements and trade agreements.

Some governments have begun to realize that they can positively influence community outcomes by incorporating strategic criteria into their purchasing decisions without compromising any of the above-noted traditional purchasing responsibilities.

The Province of British Columbia recognizes the potential of social procurement to drive positive societal outcomes. In 2014, the BC Ministry of Social Development and Social Innovation developed Social Impact Purchasing (SIP) Guidelines to complement the Ministry of Finance's Core Financial Policies and Procedures. These guidelines define Social Impact Purchasing as: **"a process through which organizations consider not only value for money, but also social and environmental impacts when purchasing goods and services."**¹

The City of Toronto is in the final stages of exploring a social procurement framework which it is testing over a two year pilot process. The City of Toronto describes social procurement in the following way: **"social procurement expands traditional understanding of 'best-value' for public spending to include the generation of positive societal benefits alongside high quality and competitive dollar amounts."**² The pilot process will be used to develop an evidence-based social procurement policy for the City of Toronto in 2015.

Some Canadian municipalities have adopted several different purchasing policies which complement and build on one another. For example, in 2008 the City of Calgary adopted a Sustainable Environmental and Ethical Procurement Policy (SEEPP), which augments its previous Triple Bottom Line and Environmental Policies. According to the City, **"SEEPP supports the purchase of products and services that will protect the environment and the welfare of workers while representing the best value for the corporation."**³

Social Procurement is an emerging trend within Canada and British Columbia, whereas it is more established in the UK and Australia where case studies, handbooks and toolkits have been developed to support municipal decision-makers in assessing the business case for social procurement.

Fully exploring and understanding the investments required to successfully implement and administer a strategic procurement policy is an essential consideration for community leaders. Ensuring that staff have the skills required to enact the policy and that the market is ready to respond effectively to the policy are also critical factors to be considered at the outset.

¹ Social Impact Purchasing Guidelines, BC Ministry of Social Development and Social Innovation 2014

² Staff report for action on Toronto Social Procurement Framework 2013

³ City of Calgary Website

3.0 SOCIAL PROCUREMENT OBJECTIVES

Following are some stated objectives extracted from existing public sector social procurement policies:

- “Increase access to economic opportunities for under and unemployed Toronto residents from disadvantaged communities.”⁴
- “Increase the number of employers who work with the City to promote local workforce development.”⁴
- “Increase diversity in the supply chain by supporting access to all businesses to compete for City contracts.”⁴
- “Develop a supplier community that exhibits leadership in corporate social responsibility through their efforts to continuously improve best practices that protect the welfare of workers and the environment while maintaining a competitive position in the market”⁵
- “Embed ethical, environmental and economic performance criteria into all City supply chain procedures, processes and activities.”⁵
- “Support the purchase of goods and services that will enhance and protect the environment, protect the welfare of workers and represent best value for the corporation.”⁵
- “Advance a corporate culture at the City that recognizes and places a priority on sustainability.”⁵
- “Increased independence and sustainable employment for those in need.”⁶
- “Meaningful independence and community inclusion for British Columbians with disabilities.”⁶
- “A cultural of social innovation throughout the province.”⁶

These objectives provide insight into the purpose and rationale behind some existing public social procurement policies. Before embarking on a social procurement policy, municipal leaders should assess their own organization’s motivation and commitment to role model the types of social values and outcomes that they expect from their supply chain.

4.0 SCOPE AND SCALE OF SOCIAL PROCUREMENT POLICY

The scope and scale of a strategic procurement policy needs to be proportionate to the organization’s capacity to effectively operationalize the policy. Whereas some municipalities have large teams of staff to develop and administer policies, others operate with very limited resources which may limit their ability to manage complex procurement systems. That said, even the smallest of municipalities can incorporate sustainability and/or social principles into their existing purchasing policies if there is a will to do so.

⁴ Staff report for action on Toronto Social Procurement Framework 2013

⁵ City of Calgary - SEPPP

⁶ BC Ministry of Social Development and Social Innovation - Social Impact Purchasing Guidelines 2014

Some questions for municipalities to think about when developing a social procurement policy include:

- What strategic outcomes are we trying to achieve for the community?
- How can municipal procurement be used to influence these outcomes?
- How will stakeholders (internal/external) be engaged and trained?
- What types of procurement are impacted (e.g. capital projects, goods and services)?
- What methods of procurement would be used (e.g. RFP, RFQ, Sole Source, etc.)?
- What technology will be used to communicate opportunities (e.g. BC Bid)?
- What are the minimum/maximum purchase/project values to be included?
- What duration of projects are relevant (e.g. short term/ long term)?
- What other policies are impacted by the social procurement policy?
- What regulatory or trade agreements must be considered?
- How much will the social procurement policy and procedures cost to develop and maintain?
- What are the risks and costs of not implementing this policy?
- What staffing/operational resources will be required?
- How will progress be monitored, measured and reported?

5.0 THE SOCIAL PROCUREMENT PROCESS

Social procurement typically occurs in two ways:

- 1) Purchasing goods or services from socially responsible vendors (e.g. social enterprise); and
- 2) Incorporating social benefit clauses and evaluation criteria into solicitation documents.

Purchasing Goods and Services from Socially Responsible Vendors

Social procurement is an ideal way to bring increased diversity into the municipal supply chain by increasing access to municipal contracts for unemployed or underemployed groups of people (e.g. persons with physical disabilities).

Hiring a social enterprise, (i.e. an organization that earns revenue for the specific purpose of advancing its social purpose) enables a municipality to meet its purchasing needs while simultaneously creating an added benefit to the community.

An example of a social enterprise would be a café that has been created specifically for the purpose of employing women leaving the jail system. The café earns revenue to sustain itself by providing a needed service to the community (economic benefit) while the women gain experience and skills required to effectively transition back into society (social benefit).

Some social enterprises do not have the capacity to fulfill large scale municipal contracts. Municipalities must consider the availability and capacity of socially responsible vendors within their supply chain to ensure that value for price and quality objectives are met. The BC Ministry of Social Development and Social Innovation states that social impact purchasing requires public agencies to consider social value as well as financial value when evaluating supplier options.

When considering the development of a social procurement policy, case studies suggest that collaborating with existing and potential vendors to understand the opportunities and constraints from a supply chain perspective will enhance the overall implementation of the policy.

Social Benefit Clauses and Evaluation Criteria

Social benefit clauses and social evaluation criteria can be included in requests for proposal and other types of municipal solicitation documents. A social benefit clause is a statement requiring proponents to meet certain social criteria as determined by the municipality.

For example, solicitation documents for a large municipal development may include social benefit clauses that require the proponent to demonstrate how they will create youth employment opportunities or divert waste away from the landfill.

Like any solicitation, it is extremely important to clearly define the intended outcomes and the criteria by which proponents will be evaluated. In the case of social procurement, the community's strategic priorities will guide what types of social benefit clauses and evaluation criteria are included in the solicitation. British Columbia's guidelines on social impact purchasing recommend that not more than 10-15% of total point value be attributed to social criteria to ensure that qualifications and price still hold the highest priority.

Influencing Corporate Social Responsibility

Perhaps one of the biggest benefits of the trend towards social procurement is that it will have a positive impact on the social consciousness of the private sector. Many businesses operate on the basis of profit alone whereas others are more aware of their responsibility and contributions to the environmental, social and economic strength of the communities in which they operate. Those that are more socially conscious are more likely to generate positive benefits (or at least minimize harm) for society through their work and their operations.

As the public sector evolves it's thinking towards influencing value-added outcomes, so too will the private sector. The transformative potential of a multi-sector increase in social consciousness cannot be overstated.

6.0 THE BUSINESS CASE FOR SOCIAL PROCUREMENT

Before proceeding with a social procurement policy Council must understand the potential benefits and be assured that the benefits outweigh the risks and costs. Undertaking a thorough cost/benefit and risk analysis will determine the feasibility of the policy and create the confidence that municipalities need to move forward. To develop the business case for social procurement, municipalities will need to consider some of the potential benefits and risks noted below as well as others more specific to their community.

| Potential Benefits | Potential Risks and Costs |
|---|--|
| <ul style="list-style-type: none"> • Stimulate local purchasing and economic development; • Protect the environment and enact climate action principles; • Increase accessibility to municipal contracts for a diverse range of vendors including equity-seeking groups (e.g. First Nations); • Strengthen community assets and infrastructure (e.g. creative designs); • Promote youth training and apprenticeship opportunities; • Foster innovation and entrepreneurialism; • Build social consciousness within the private sector and contribute to socially responsible business practices. | <ul style="list-style-type: none"> • Can create questions related to probity and concerns about quality/value trade-offs; • Limited capacity of staff to implement and maintain a more complex procurement process; • Costs to develop, pilot, train, implement and manage a social procurement policy; • Limited number of social enterprises or socially conscious suppliers that have the skills/ability to deliver the work; • Existing vendor relationships could be negatively impacted; • Ability to monitor and measure impacts including data, staff time, training; • Social outcomes are not achieved. |

7.0 MEASURING SOCIAL IMPACT

Social and sustainable procurement is a relatively new concept in Canada and British Columbia and little empirical evidence exists to quantify and substantiate the return on investment a municipality might realize as a result of implementing a social procurement policy.

According to the Stanford Social Innovation Review, several methodologies exist to measure social value, but few have proven to be entirely effective given that social value is a highly subjective construct. **“Because people’s ethics, morals, and priorities vary, social value assessments that look only at costs and benefits are bound not to influence many members of the public and the politicians who represent them.”**⁷

While we can’t yet quantify the benefits of social procurement, we can certainly estimate the costs of doing nothing. Municipalities that implement a social procurement policy will need to determine how they will measure the success of the policy in achieving their own unique social and strategic objectives.

⁷ Measuring Social Value, Stanford Social Innovation Review 2010