

# Social Innovation in Public Sector Procurement

*Cumberland, B.C. recognized as Canada's first Buy Social certified municipality announced at NBCM in September 2015. Left to right: Comox Valley MLA Don McRae, Social Procurement Advisor Sandra Hamilton, Mayor Leslie Baird, Premier Christy Clark, Councillor Sean Sullivan, Minister Michelle Stilwell, Councillor Jesse Ketler, and David LePage, Buy Social Canada.*



**W**hen the Village of Cumberland on Vancouver Island issued tender on the Dunsmuir Project, contractors had to pre-qualify on social criteria before being able to bid on the infrastructure project.

Last year, Cumberland, B.C. earned certification as Canada's first buy-social municipality. The village was followed closely by the city of Vancouver and is being recognized across the country as a public sector innovator and early adopter of an emerging practice called social procurement.

Increasingly, organizations around the world are strategically leveraging supply chain partnerships to achieve positive social outcomes and desirable community objectives. Prime Minister Justin Trudeau included social procurement in his mandate letter to Minister Judy Foote, Federal Minister of Procurement.

Infrastructure tenders from the Village of Cumberland are issued based upon a social procurement framework passed by council in August 2015. The British Columbia government has also issued social impact purchasing guidelines, Toronto also has a social procurement program, and Mayor Lisa Helps of the City of Victoria has announced a social procurement and social enterprise taskforce.

There is growing interest in developing

an island-wide regional strategy, and on June 13, 2016, the Town of Qualicum Beach approved Canada's first social procurement policy.

What is social procurement and why is it important to Vancouver Island?

Social procurement takes a more strategic, proactive approach to achieving social value and community benefits through existing spend. Equally, social procurement stretches and diversifies supply chains by sending important signals to the marketplace.

Social procurement communicates that social responsibility and supply chain partnerships that help address strategic community priorities, are being recognized and increasingly valued in the procurement process.

"If we want a more entrepreneurial culture, we have to make it a lot easier for smaller businesses to access stable, multi-year public sector contracts," says Sandra Hamilton, social procurement advisor. "If we want jobs and apprenticeships for young people, government must do more business with companies that are providing such opportunities. If we want agri-tourism and access to more local food, government can better support farmers by matching supply to the needs of anchor institutions like Island Health. We are talking about public sector innovation, a more strategic and less transactional approach to procurement."

Sandra Hamilton is working with a network of Vancouver Island mayors, and is in discussion with VICA to develop a co-ordinated and standardized approach to social procurement and community benefit agreements across Vancouver Island.

Foundational to the practice is the belief that taxpayer-funded contracts should enhance, rather than diminish, social value in community. Thirty years ago, environmental criteria in public sector contracts were not even a consideration, but now it is normalized. By adding social evaluation criteria, we are recognizing and rewarding companies that contribute to a healthier, sustainable future for communities. It is a people, planet, profit, triple-bottom-line approach to procurement.

This new approach to economic development is particularly important to regions like Vancouver Island. Nationally, the public sector accounts for 40 per cent of GDP. On Vancouver Island, people are twice as likely to work in the public sector as they are in other areas of B.C. Here, the public sector represents three of Vancouver Island's top five employment sectors: health care and social services, education, and government. How the public sector spends drives the local economy and shapes communities.

In April 2016, delegates from 62 member municipalities at the Association

*Bruce Hendersen, J.R. Edgett Excavating Ltd., Leslie Baird, Mayor of Cumberland, and Sandra Hamilton, social procurement advisor on Cumberland's main street, Dunsmuir Avenue.*

"I am delighted with the responses that we have had. The Village has been able to stay within budget, and by taking a social procurement approach, we have been able to achieve incremental community benefits that would not have been achieved under a conventional procurement model."

*— Michelle Mason, financial officer, Village of Cumberland*



of Vancouver Island & Coastal Communities (AVICC) annual conference voted overwhelmingly to support the advancement of social procurement across the region.

#### **A CHANGING NATIONAL LANDSCAPE**

The Vancouver 2010 Winter Olympics were a catalyst for social procurement in Canada. It was the first Olympics in history to include social value considerations in the sustainability strategy. Community benefit agreements were utilized for construction of the athletes' village and at-risk youth learning carpentry skills built items such as podiums for medal ceremonies.

In July 2015, the Government of

Ontario passed Bill 6, the Infrastructure for Jobs and Prosperity Act, which requires community benefit clauses to be added to provincial infrastructure contracts.

In his November 2015 mandate letter to Federal Procurement Minister Foote, Prime Minister Trudeau clearly signalled the new government's intention to create more social value through procurement. More recently, Liberal MP Ahmed Hussen (York South-Weston) advanced Bill 227 in the house. The bill seeks to derive more social value through federal infrastructure spending.

Infrastructure Minister Amarjeet Sohi, who is responsible for \$60 billion in new federal spending, has floated the idea of

community benefit agreements becoming part of the Liberals' new infrastructure program and has taken the idea to cities and provinces. Bill 227 has been read into Parliament and is scheduled for further debate in September 2016.

#### **SANDRA HAMILTON EMBA**

Social procurement strategic advisor is the former business manager to John Furlong, CEO, Vancouver 2010 Olympic & Paralympic Winter Games. Hamilton is the author of both British Columbia's and Alberta's first social procurement frameworks, and of Canada's first social procurement policy. She has recently graduated as Canada's first Social MBA. ■

## ***Cumberland, B.C. – Dunsmuir Project*** **SOCIAL PROCUREMENT FRAMEWORK**

A guiding principle of the framework is a requirement that the municipality consider how the purchase might be better leveraged to improve the economic, social, or environmental well-being of Cumberland, to improve access for micro, small businesses, and social enterprises, or to promote innovation.

Bidding contractors met, and in all cases, exceeded requirements. The contract was awarded to J.R. Edgett Excavating Ltd. and committed to the following criteria.

1. To provide on-the-job training that will lead to competence over a period of years
2. To provide on-the-job training for three labourers and one clerical staff

3. To employ qualified local residents
4. To supply in-kind labour, materials, and equipment to enhance public spaces
5. To provide financial support to a non-profit community organization providing benefits to Cumberland residents
6. To pay a living wage in excess of \$17.30 per hour

J.R. Edgett Excavating Ltd. is a locally owned company and a proud supporter of the community. The company is well-known for its support of children's charities and is the sponsor of the centennial celebration fireworks display with the City of Courtenay.