



# Municipal Social Procurement Policies in Canada: An Environmental Scan and Recommendations for Hamilton

Prepared for

**Hamilton Community Benefits Network**

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## Executive Summary

Social procurement policies and initiatives are being increasingly implemented in Canadian municipalities to create more equitable marketplaces and contribute to the overall well-being of communities. Social procurement refers to the process of strategically leveraging purchasing power to meet community development goals by including social, economic, cultural, and environmental impact measures within typical procurement processes.

While Hamilton currently does not have a social procurement strategy in place, interest in its development is growing. Thus, Karl Andrus, Executive Director of the Hamilton Community Benefits Network (HCBN) who is also a member of a sub-committee of the General Issues Committee at the City of Hamilton tasked with envisioning a social procurement policy, commissioned this project at the McMaster Research Shop (RShop). The purpose of this project was to investigate social procurement policies in other comparable jurisdictions, and collect feedback from the Hamilton community on what they would like to see included in a policy to promote its success. A jurisdictional scan drawing on policy reports and academic literature was conducted, in addition to interviews with municipal staff from other cities and local social enterprises.

Key recommendations for Hamilton are presented in this report based on the investigation findings:

### **Stage 1: *Developing the Policy***

1. Conduct multiple one-time, small-scale pilots to test community employment benefits, community benefits agreements, and different types of social procurement initiatives within Hamilton
2. Champion the social procurement movement in and outside of the City of Hamilton
3. Create dedicated full-time and part-time roles to oversee social procurement
4. Conduct meaningful community engagement by hosting educational events, social procurement conferences and by collecting constant feedback from stakeholders
5. Identify and meet the needs of social enterprises to support participation in social procurement
6. Conduct a scan of the current policy landscape, and develop a standardized social procurement policy that considers the nuances of the local context
7. Develop an open-access training and resource hub to strengthen the social procurement ecosystem through tools, resources and support
8. Integrate social procurement intentionally into procurement planning
9. Implement inclusive strategies for supplier engagement
10. Determine (and periodically re-evaluate) definitions of 'diverse' suppliers
11. Conduct in-depth engagement with stakeholders, broader communities and target groups around a proposed social procurement framework
12. Pilot a social procurement framework in Hamilton
13. Develop and streamline evaluation processes for the procurement framework

### **Stage 2: *During and After Implementation***

14. Establish a publicly accessible directory of social enterprises:
15. Support social enterprises in obtaining necessary certification
16. Prioritize transparent and accessible reporting of the implementation and outcomes of social procurement policies

The results of this project demonstrate that the development of a social procurement strategy in Hamilton will accelerate the attainment of desired social, economic, and environmental outcomes in a manner that engages the local community. However, further community consultations will need to be conducted to develop, pilot and maintain social procurement initiatives that meet the specific needs of Hamilton.

## Introduction

The Hamilton Community Benefits Network (HCBN) “envisions Hamilton as an inclusive, thriving city in which all residents have equitable opportunities to contribute to building healthy communities and a prospering economy” (HCBN, n.d.). In pursuing this mission, the HCBN advocates for the use of Community Benefit Agreements (CBAs) in city infrastructure projects. CBAs are agreements between governments, developers and coalitions of community organizations that address a range of community concerns and needs, including (but not limited to) ensuring residents benefit from major developments (Mohammad et al., 2022).

The HCBN also aims to foster local workforce and economic development by advocating for broader policy change. Recently, the HCBN has begun calling for the introduction of social procurement policy and initiatives in Hamilton that will benefit local entrepreneurs. Karl Andrus, the Executive Director of HCBN, sits on a sub-committee of the General Issues Committee at the City of Hamilton, tasked with envisioning a social procurement policy to support Hamilton’s social enterprise ecosystem. In the fall of 2023, the HCBN and the committee commissioned the McMaster Research Shop (RShop) to investigate the following research questions: (1) What are the social procurement policies, if any, of Canadian municipalities comparable to Hamilton?; (2) How, if at all, are these procurement policies supporting social enterprises in their city?; and (3) Based on these findings, what are some recommendations for introducing social procurement policies in Hamilton? The HCBN and committee aim to use this research to support a report back to council on the development of a social procurement policy.

The research project involved a jurisdictional scan drawing on policy reports and academic literature to examine policies in other municipalities. Additionally, it entailed interviews with municipal staff from other cities, as well as Hamilton-based social enterprises to gather feedback for the development of a social procurement policy for Hamilton. The background, methods, findings, and recommendations of this project are outlined further in this report.

## Background

To contextualize and understand the findings of this project, it is first important to understand what the terms “community benefits” and “social procurement” mean.

### Defining Community Benefits

“Community benefits” refer to social, economic, or environmental outcomes that municipalities and/or private businesses commit to delivering to local communities during development projects or business activities ([Alwani, 2018](#)). Community benefits aim to provide wider socio-economic value to residents, while mitigating negative impacts of economic activity, such as driving employment or income disparities. Accordingly, community benefits often aim to prioritize the interests of equity-deserving groups, who have otherwise been marginalized and excluded from development or business activities ([Buy Social Canada, 2018](#)).

### Community Benefits Agreements (CBAs)

Community Benefit Agreements ensure specific social value outcomes such as inclusive hiring, local hiring, and local/social procurement, and are legally binding contracts between governments, developers, and community-based organizations detailing communities’ benefits from major infrastructure and development projects. CBAs are associated with numerous benefits, including an increased supply for skilled labour, enhanced project planning, and mitigation of community issues ([Buy Social Canada, 2023](#)). CBAs outline commitments to specific actions, targets, and/or outcomes in order to address a range of community concerns and demands, such as by ensuring local residents benefit from a project ([Buy Social](#)

[Canada, 2018](#)). Examples of projects with CBAs which secured numerous social, economic, and environmental benefits in Canada include the [Vancouver Olympic Village](#), the [Eglinton-Crosstown and Finch-West LRT](#), and the [Rexdale-Woodbine Casino](#).

## History & Origins of CBAs

The first Community Benefit Agreements emerged through urban redevelopment projects in the late 1990s, United States. At this time, local governments believed the faster developments could proceed, the faster communities could become rehabilitated. Cities and states granted large public subsidies and/or tax exemptions to rehabilitation projects, which resulted in an increasing trend of public support for development projects. Leaders began emerging amongst these supporters, who went on to form community coalitions to negotiate the community benefits of these developments, in order to ensure equity returning to downtown cores ended up in the hands of those who needed it most.

While CBAs first gained popularity in the U.S (Galley, 2015), Canada has since followed suit. Vancouver introduced its first Community Benefit Agreement framework in 2005, and now all levels of Government in Canada are either in the process of exploring, creating, or have already adopted standard policies for CBAs. The Federal Government launched its Community Benefits Initiative in 2018, which provides employment and procurement opportunities for apprentices, Indigenous Peoples, women, persons with disabilities, veterans, youth, newcomers to Canada, small and medium sized enterprises and social enterprises. Additionally, Vancouver recently became the first major city in Canada to establish a municipal-level Community Benefit Agreement policy, with other municipalities including the City of Victoria and City of Toronto soon to follow (City of Vancouver, 2018).

While CBAs are a popular tool for ensuring specific community benefits, the term “community benefits” encompasses a wider range of societal benefits that can be achieved through a variety of programs, policies, and other endeavors.

## Types of Community Benefits

The types of community benefits part of a business or development project depends on the project and community’s needs. Some examples of municipal social, economic, and environmental community benefit commitments embedded in various projects are outlined below:

### *Examples of Social Benefits*

- The City of Ottawa is in the pilot stage of introducing an **end-of-life laptop program**, which distributes decommissioned city laptops to those in need
- A **community hub and art center** was included as part of a Community Benefits Agreement for the Finch-West Light Rail Transit (LRT) project in Toronto

### *Examples of Economic Benefits*

- A Community Benefits Agreement for the Eglinton Crosstown Light Rail Transit (LRT) project in Toronto included a commitment to having **historically disadvantaged groups employed for 10% of all trade working hours** required to construct the project and hiring at least 50 skilled newcomers to Canada
- During construction of the Vancouver Olympic Village for the 2010 Olympic Games, developers and the city committed to ensuring \$15 million of **goods, products, equipment, and services would be obtained from businesses located in or supportive of the inner-city of Vancouver**

### Examples of Environmental Benefits

- The City of Winnipeg recently committed to a transition to a **zero-emission** bus fleet by 2050, which will benefit both the environment and health of commuters (Canadian Collaboration for Sustainable Procurement, 2022)
- Under Ontario’s Planning Act, municipalities are permitted to negotiate with developers to secure **parkland dedication**

Planning for community benefit initiatives to be embedded in city planning is essential for building equitable and sustainable cities that drive positive economic growth for community members. The City of Ottawa provides an example of a community benefit initiative. The City of Ottawa has participated in negotiations with private developers such as Manor Park Estates, to promote and support the provision of affordable housing. An additional 3218 rental units are proposed in the Official Plan Amendment (OPA), to be constructed over a period of 50 years under a No Displacement policy. This policy includes measures such as offering residents relocation in a unit of similar size (including number of bedrooms), prior to construction of each phase. Additionally, they have designated “secure affordable” housing, starting at a minimum of 10% for a period of 20 years. Further, the developer will voluntarily work to advance Community Benefits Agreements alongside relevant community stakeholders.

Community benefits can often result from policy frameworks enacted at various levels of Canadian government, addressing a diverse ray of concerns. For example, the *Ontario Infrastructure for Jobs and Property Act* 2015 promotes the inclusion of community benefits in all major infrastructure projects in the province. At the municipal level, some cities, such as the City of Toronto and the City of Vancouver, have implemented a city-wide Community Benefits Framework and Policy respectively, serving as an overarching guide to the inclusion of community benefits in various municipal projects ([City of Vancouver, 2018](#); [City of Toronto, 2023a](#)). Increasingly within cities, community benefits are often implemented in municipal projects using Community Benefit Agreements (CBAs).

### Defining Social Procurement

The process of purchasing and acquiring goods and services from external sources for organizational activity is known as procurement. Social procurement leverages purchasing power to achieve social, economic, cultural, and environmental goals ([Buy Social Canada, 2022](#); [City of Toronto, 2023a](#); [Government of Canada, 2021](#)). It encourages consideration of values such as diversity and sustainability of suppliers, creating a more equitable marketplace and contributing to the overall well-being of communities. A non-exhaustive list of benefits that may be experienced with the implementation of social procurement policies include:

- **Increasing diversity** in the marketplace by actively engaging with suppliers from various backgrounds
- **Leveraging opportunities and strengthening the workforce** by hiring community members facing barriers to employment
  - Social enterprises such as Hamilton’s Threshold School of Building, run programs connecting local disadvantaged youth to co-op opportunities in construction
- **Enhancing employment opportunities and skill development** by partnering with suppliers who hire from local communities and provide training to support skill development
  - Social procurement policies may include allocations to support investments in training programs, apprenticeships, and educational initiatives

- **Promoting sustainability** and reducing environmental impact in municipal procurement by prioritizing suppliers with strong environmental practices
- **Helping enterprises reduce their environmental footprint** by providing meaningful guidelines for sustainable practice
- **Contribute to community development** through the allocation of spending to community projects
- **Promoting fair labor and wage practices** by selecting suppliers with strong ethical standards
- Supporting the **growth of small and medium enterprises** by creating more equitable opportunities for enterprises wishing to bid on municipal contracts
- **Fostering innovation** by allocating spending to advance technology-sharing and knowledge transfer

An example of social procurement can be found in the Peterborough Bike Racks project. The City fostered a collaboration with a local welding business to create custom bike racks, saving on shipping, installation, and environmental costs while increasing economic activity in the community.

Social procurement is increasingly prioritized as a community benefit in national and municipal policy and projects, as demonstrated by the findings of this report. For instance, the City of Toronto has a Social Procurement Program promoting supply chain diversity and workforce development initiatives. Social procurement has also been included in several successful CBAs, such as for the Finch-West LRT. Additionally, the Vancouver Olympic Village CBA outlined that \$15 million of goods, products, equipment, and services would be obtained from businesses located in or supportive of the inner city of Vancouver. This agreement also included the allocation of \$750,000 towards employment training for inter-city residents to support these social procurement goals.

Furthermore, in 2018 the Government of Canada launched an elective **Community Employment Benefits initiative** under the Investing in Canada Infrastructure Program. The initiative provides participants with a framework for establishing project targets to provide training, employment, and/or procurement opportunities to at least three target groups, including apprentices, Indigenous peoples; women; persons with disabilities; veterans; youth; recent immigrants; and small to medium sized social enterprises. The Community Employment Benefits initiative also provides reporting on results to ensure targets are met and allows flexibility for provinces and territories to enforce goals specific to local targets ([Government of Canada, 2018](#)).

### *General Trends Across Canada*

The [Buy Social Canada 2022 Client and Partner Survey](#) reveals crucial insights into the landscape of social procurement across Canada. Social procurement is emphasized as an evolving journey, with the organization's clients and partners at various stages. While some are in the development or piloting phase, others are actively engaged in internal education and cultural shifts. The survey underscores the importance of continuous testing, learning, and improvement for the success of social procurement practices. Notably, there is substantial stakeholder and public support for social procurement frameworks and policies. However, challenges include limited access to resources and technology for identifying social enterprises, low staff capacity, competing priorities, and decentralized procurement practices hindering measurement. The survey suggests a need for ongoing reporting of implementation and outcomes to address these challenges and foster the growth of social procurement initiatives.

## *Social Procurement in Hamilton*

Currently, no formal social procurement or policy exists for the City of Hamilton. However, the current policy context of the city indicates room for this in the future. Although the city's procurement policies are outlined in by-law number 22-255 ([City of Hamilton, 2022a](#)), there is no explicit discussion of social procurement in this document or on the municipal website, <https://www.hamilton.ca/>. However, social benefits are touched upon indirectly in the procurement goals and objectives. This includes the equitable treatment of all vendors and a key focus on the procurement of goods and services that promote environmentally friendly practices and preservation ([City of Hamilton, 2022b](#)). Additionally, in 2020, the Hamilton City Council established the Mayor's Task Force on Economic Recovery to provide multi-sectoral recommendations to guide sustainable and equitable economic recovery during and after the COVID-19 pandemic ([Report of the Mayor's Task Force on Economic Recovery, n.d.](#)). One suggestion included ensuring that "the city leads with social and local procurement".

On a broader scale, Hamilton has been involved in regional community benefits and social procurement initiatives such as the Metrolinx Community Benefits Framework, co-signed with the Toronto Community Benefits Network. The Framework provides employment, training and apprenticeship, and social procurement opportunities for local enterprises, as well as additional measures to mitigate impacts on local communities and businesses ([Metrolinx, n.d.](#)). This project provided valuable insights into developing and implementing future community benefit agreements ([Campbell et al., 2019](#)).

Additionally, organizations such as the Hamilton Community Benefits Network are advocating for greater integration of social procurement in Hamilton. Such organizations foster networks that include purchasers, social enterprises, policymakers, social and workforce development organizations, academic institutions, and other system stakeholders to identify social procurement opportunities. Moreover, they provide various supports, such as technical knowledge, to support the development of social procurement programs ([Campbell et al., 2019](#)).

Thus, while there is no formal social procurement policy or program at the City of Hamilton currently, there are indications for interest in leveraging social procurement in municipal programming. Thus, this project plays a role in understanding how social procurement policy can be developed and implemented, while highlighting the hopes and desires of local social enterprises in the city.

## Methods

### Research Question

This project aimed to address the following primary research question developed in consultation with the community partner, HCBN: "**What are the social procurement policies, if any, of Canadian municipalities comparable to Hamilton?**" This project also explored the following secondary questions:

- *How, if at all, are these procurement policies supporting social enterprises in their city?*
- *Based on these findings, what are some recommended social procurement policies for Hamilton?*

### Phase A: Jurisdictional Scan

The jurisdictional scan's purpose was to identify municipalities and organizations with social procurement initiatives and then identify key features that can support the development of policy recommendations for the City of Hamilton. The first phase of this report involved a jurisdictional scan of social procurement policy documents and reports from municipalities that implemented or are implementing social procurement policies. Reports were also reviewed from relevant non-profit organizations that advocate for social procurement. The Hamilton Community Benefits Network provided various documents and the



research team independently identified and acquired additional documents by surveying municipal websites. Supplemental research materials, such as newspaper articles, academic publications, and webpage articles, were collected and analyzed to help highlight the tangible impacts of the identified primary source reports and policies.

From municipal documents and reports, the research team extracted the following information regarding municipal social procurement policy:

- Location (where the social procurement policy is implemented/planned to be implemented),
- Stage of the policy development/implementation,
- Date the policy came into effect,
- Features of the policy,
- Who the policy aims to benefit,
- Interrelated policies shaping social procurement (e.g., supply-chain diversity, Indigenous inclusion, environmental responsibility & sustainability, social hiring)
- Community engagement strategies used to develop and implement the policy,
- Strengths, benefits, impacts, limitations, and drawbacks to the policy,
- Challenges the policy had to overcome, and
- Emerging results-

After compiling the information, the team analyzed this information to identify features of the policies and relevant opportunities and challenges with implementation.

## Phase B: Interviews

Interviews with municipal staff helped build on the jurisdictional staff to include first-hand accounts of the operations, administration, and effects of social procurement policies. Likewise, interviews with community stakeholders who have a vested interest in social procurement helped elucidate community policy preferences and how social procurement initiatives tangibly support local enterprises. After the initial jurisdictional scan was complete, the research team began interviewing participants from and outside of the City of Hamilton to gather feedback on what a Hamilton social procurement policy might entail. Interview participants included municipal staff from the City of Toronto and the Region of Peel involved in social procurement strategies, and community stakeholders who advocate for, or would be affected by, social procurement policies in Hamilton, such as Welcome Inn Community Centre, New Hope Bikes, 541 Eatery and Exchange and Threshold School of Building.

Interviews were semi-structured, with interview guides consisting of open-ended questions. For municipal staff, questions focused on their City's social procurement policies, the strengths and weaknesses of these policies, and recommendations for Hamilton on policy development and implementation. For community stakeholders, the research team asked questions regarding features participants believed should be included in social procurement policies and next steps Hamilton could take regarding a social procurement strategy. Interview questions can be found in Appendix I & II. Thematic analysis was conducted on interview data to surface key findings and recommendations.

## Jurisdictional Scan Findings

This jurisdictional scan is outlined as follows: first, it provides an overview of the municipalities and programs examined as outlined in Table 1. It then discusses the specific goals of social procurement, mainly, social enterprise, supply-chain diversity, Indigenous inclusion, and environmental responsibility and sustainability. Next, it delves into the specific social procurement policies and initiatives undertaken by municipalities, organized by their relevance to the City of Hamilton. While some municipalities have

implemented or are attempting to implement social procurement policies, many facets of these policies are being advocated for by external organizations. For example, the Canadian Collaboration for Sustainable Procurement provides policy frameworks on social procurement for adoption by municipalities. It also assesses the implementation of social procurement policies in community benefit initiatives. Examples of policy adoption include Winnipeg’s transit overhaul and Ottawa’s end-of-life laptop program. Additionally, British Columbia’s Social Procurement Initiative, a framework providing municipalities in the province with guidance on piloting and expanding procurement initiatives, was examined.

Table 1. Municipal social procurement policies examined and stage of development/implementation

<b>Municipality/Program</b>	<b>Stage of Development/Implementation</b>
Toronto Social Procurement Program	In 2013, a poverty reduction strategy was developed by the City of Toronto and set the groundwork for the introduction of a social procurement policy, which was brought forward in 2016.
Vancouver	Came into effect in 2018
Wood Buffalo	Came into effect on September 15, 2021 (scheduled for review on September 15, 2024, to allow for the possibility of an update for increased comprehensiveness)
Peterborough Social Procurement Program	Came into effect on September 26, 2023
Winnipeg	Began implementing social procurement policies in 2022, following a year-by-year implementation plan with policies expected to be fully implemented in 2025
Brampton	City Council endorsed a social procurement policy in 2020; currently following a year-by-year implementation plan with policy expected to be fully implemented between 2025-2026
Edmonton Sustainable Procurement Strategy	Came into effect in 2010; reviewed in 2019, 2022 and scheduled for review in 2025
Peel Region	Implemented Corporate Social Responsibility guiding principles in 2017. However, procurement was not a key focus. Social procurement has since gained support from executive leadership and the region is currently piloting a social procurement program.

### Goals of Social Procurement Policy

While many of the social procurement policies adopted or pursued by municipalities studied were designed to meet the specific needs of their respective communities, these policies had several universal guiding principles applicable to Hamilton.

### *Social Enterprise*

Different municipalities and organizations have varied definitions of what constitutes a social enterprise, but generally, they can be understood as businesses that attempt to maximize social output in the pursuit of commerce. Buy Social Canada offers a more precise definition, where social enterprise is “a business that generates a significant portion of its revenue through the sale of goods or services, embeds a social, cultural or environmental purpose into the business, and reinvests 51% or more of profits into the social, cultural or environmental mission” (Buy Social Canada, 2023). For example, a company may seek to employ workers from underemployed communities. In this light, social procurement seeks to support social enterprises in their pursuit of generating social outputs. A practical example would be a municipality

that prioritizes procuring goods and services from a social enterprise that employs people from underemployed communities or employs people from groups that have historically been disadvantaged. Such social procurement activities allow social enterprises to sustain their practices of maximizing social outputs, which may not be possible without social procurement.

### *Supply Chain Diversity*

A core feature of many social procurement policies is the diversification of municipal supply chains. Vancouver's social procurement policy seeks to ensure greater inclusion of 'equity-seeking groups' in employment and procurement of goods and services. Likewise, Toronto's social procurement policy promotes procurement from 'diverse suppliers,' defined by the City as businesses that are 51% or more owned by an equity-seeking group. Additionally, City representatives explained that Toronto requires businesses to be recognized by five councils (i.e. Canadian Aboriginal and Minority Supplier Council, Women Business Enterprises Canada, Canadian Gay and Lesbian Chamber of Commerce, Canadian Council for Aboriginal Business, and the Inclusive Workplace Supply Council of Canada), who themselves have their own definitions of 'diverse supplier.' Thus, it is important to recognize different municipalities and organizations may have differing criteria for determining diversity.

### *Indigenous Inclusion*

Another core feature of many municipal social procurement policies was inclusion and support for Indigenous persons. A notable example is Wood Buffalo's social procurement policy which prioritizes procurement from Indigenous businesses, defined as businesses 51% or more owned, controlled, or operated by Indigenous persons, for purchases less than \$10,000. Although in its implementation stage, a key pillar of Winnipeg's social procurement policy is increasing the city's reliance on procurement from Indigenous businesses. Edmonton plans to implement an 'Indigenous Procurement Framework' to address barriers experienced by Indigenous persons and increase Indigenous participation in municipal social procurement practices.

### *Environmental Responsibility and Sustainability*

Environmental responsibility and sustainability are core features of municipal social procurement policies. Winnipeg's social procurement policy seeks to improve environmental integrity through Indigenous knowledge, resource preservation, and reuse. Edmonton's pursuit of a social procurement policy seeks to include environmental sustainability as a requirement in supply chain management processes and purchasing procedures. Brampton and Peterborough have identified environmental sustainability as core goals of their social procurement strategies. The Region of Peel has staff dedicated to introducing and measuring sustainable technologies and processes in municipal projects.

## **Strategies for Social Procurement**

This section synthesizes and discusses the various social procurement policies adopted and promoted by municipalities and organizations, including their key features. The following strategies are organized based on comprehensiveness and robustness, from most to least.

### *Toronto*

The City of Toronto adopted its social procurement program in March 2016, making it one of the earliest municipalities in Canada to develop and implement a social procurement strategy ([City of Toronto, 2023a](#)). Since its implementation, the program has awarded \$4.5 million worth of City contracts to diverse suppliers. According to interviews, the City works with the Canadian Aboriginal and Minority Supplier Council, Women Business Enterprises Canada, Canadian Gay and Lesbian Chamber of Commerce, Canadian Council for Aboriginal Business, and the Inclusive Workplace Supply Council of Canada to identify certified diverse suppliers. The City has defined criteria for diverse suppliers including certification as well

as verification that it is at least 51% owned, managed, and controlled by an equity-deserving community or social enterprise. This includes communities such as women, Indigenous persons, racial minorities, persons with disabilities, newcomers, and LGBTQ+ persons ([City of Toronto, 2023a](#)). According to interview information, despite several years of implementation, social procurement policy continues to be reviewed. Toronto's social procurement policy focuses on supply chain diversity, improving low value procurement opportunities, and advancing the purchasing by-law to be more aligned with the purchasing agreement of the City.

#### *Components of Social Procurement Program*

There are two key components of the city's social procurement program, the official '**social procurement policy**' and '**tools, guides, and support systems**' to facilitate the program. The city's official 'social procurement policy' is premised on the diversification of the municipality's supply chain and workforce development. 'Tools, guides, and support systems,' aims to make it ease staff facilitation of the program, such as creating pre-approved procurement documentation, collecting & maintaining a diverse suppliers list, and implementing a supply chain management system to collect data related to procurement spending ([City of Toronto, 2023a](#)).

Regarding supply chain diversity, the City of Toronto maintains an approved list of diverse suppliers. For Divisional Purchase Orders between \$3,000 and \$100,000, Toronto's official social procurement policy encourages city staff to include at least one quotation from a diverse supplier. This primarily means acquiring necessary goods and services from small or medium-sized businesses that are owned and/or operated by equity-seeking groups. Bidders seeking contracts valued at \$100,000 and above are encouraged to develop their own supplier diversity program within their supply chains. The city provides suppliers guidance on how to meet these diversity requirements. In instances of tied bids, contracts are awarded to the diverse suppliers.

For workforce development, the city's social procurement policy begins by identifying planned procurement projects with an anticipated value of over \$5 million ([City of Toronto, 2023a](#)). Once these high-value projects have been identified, the city will assess these projects based on the principles of 1) suitability, 2) reach, 3) volume, and 4) feasibility. The city subsequently prioritizes and selects procurement projects for inclusion of workforce development based on such criteria.

As part of the procurement process, successful bidders or proposals are required to provide the city with a commitment to workforce development ([City of Toronto, 2023a](#)). These include outlining types of strategies that can be proposed as a workforce development plan and how they align with the principles of suitability, reach, volume, and feasibility. City staff subsequently verify whether such strategies align with the four principles. In situations where, over a period of three years, successful bidders fail to implement their workforce development plan as agreed upon by the city in two instances or more, that bidder in question is barred from conducting business with the City for a period of two years.

#### *Policy Maintenance and Repair*

It is important to note that any social procurement policy must comply with domestic law, regulations, policies, collective agreements, and international trade agreements ([City of Toronto, 2023a](#)). Toronto's social procurement policy was developed to comply with domestic and international legal obligations, making it an excellent model for other municipalities seeking to develop and implement their own policies. Additionally, interviews noted that the City's definition of 'diverse supplier' remains fluid to ensure inclusion. For example, although the city uses a 51% ownership threshold to define diverse suppliers, this can act as a barrier with small suppliers (i.e. such as one co-owned by two individuals where only one is from a diverse background). Community consultation has been identified as a next step by the city to

create a community definition of what constitutes a ‘diverse business’ as a means of preventing certain groups from being excluded from the program.

These important facts tie into the second component of Toronto’s social procurement program, which involves the tools, guides and support systems that facilitate and enable the policy, such as maintaining a list of diverse suppliers ([City of Toronto, 2023a](#)). However, the tools, guides and support systems component of the city’s social procurement program means that city is always actively collecting quantitative and qualitative data to help improve the program, such as data that helps to ensure a more inclusive definition of ‘diverse supplier.’

The City maintains a supply chain management system that helps staff collect, monitor and act upon data on the Program ([City of Toronto, 2023a](#)). This data helps ensure the program is productive in reducing systemic economic disadvantages, discrimination, and barriers by certain groups. The City collects data on the amount of procurement directed to diverse suppliers, collects quarterly reports from contractors who have workforce development in their contracts, and manually verify and tracks money spent with diverse employers. Finally, the Tools, Guides, and Support Systems component of the City’s social procurement program provides city staff with templates, contract language and evaluation guidelines used in the procurement process. These pre-established items help maintain standardization within the City’s program.

#### *Additional Community Benefits*

In addition to the social procurement program, Toronto has four other key community benefit initiatives:

- Toronto’s **Imagination, Manufacturing, Innovation and Technology Program** was adopted in 2019 to incentivize the construction of new buildings or major renovation buildings in targeted employment sectors. Grants for approved developments total 60% of the municipal tax increase attributable to the eligible development over a 10-year period ([City of Toronto, 2022](#)).
- The **Rexdale-Casino Woodbine Community Benefits Agreement** was signed in 2018 between the City of Toronto and One Toronto Gaming, the manager of Casino Woodbine in Toronto’s Rexdale area ([City of Toronto, 2023b](#)). The development project includes the expansion of the casino, two hotels, restaurants & retail stores, an over 4,000-seat event venue and a 5,000 square foot on-site training center. The goal of the project is to minimize the effects of expanding gaming within the city by opening opportunities to benefit Toronto’s Rexdale community. These community benefits include local & social hiring for casino operations, local & social procurement, a childcare center and community access to the event venue.
- Toronto’s **Housing Now** initiative, which began in 2019, uses City-owned land to develop affordable and accessible ([City of Toronto, 2024](#)). This initiative enables the creation of housing closer to essential services, such as transit. Housing Now has seen the development of over 20 properties across the City and over 15,000 new homes.
- **AnchorTO**, a collection of government & public sector organizations, postsecondary institutions, and community builders committed to using their procurement spending in ways to improve social, economic and workforce development goals within Toronto ([AnchorTO – Social Procurement, n.d.](#)). The project is very similar to Toronto’s social procurement program as the 18 member institutions seek to procure goods and services to generate community assets, social employment & training opportunities, and support community-based & diverse suppliers.

Based on interview data, social procurement policy development in Toronto has yielded various observable impacts on local social enterprises. A prominent example includes the increased accessibility and availability of economic opportunities to equity-deserving groups through the targeted inclusion and partnership with companies led by individuals identifying as part of the LGBTQ+, disability, veteran,

indigenous, and minority communities. For example, the Toronto Community Benefits Network partnered with Aecon, a Canadian construction company, to increase access to training and mentoring programs for workers who had been laid off during the pandemic by adding spots in their NexGen Builders program for historically under-represented workers in the construction industry (Powell, 2020). However, City representatives also briefly identified various areas of improvement and next steps for social procurement policy:

- Community consultation
  - Developing a community definition for a “diverse business” in 2024
- Investigating new opportunities for contracts under \$3000 and direct purchases to create opportunities for small suppliers
- Improving policy to contain more regular opportunities for review
- Accounting for supplier diversity changes in the context of social identities
- Developing a robust list of diverse suppliers
- Resolving lack of diverse suppliers for contracts over \$100K: Setting up set-asides for suppliers operated by those from marginalized communities.
- Allow smaller suppliers to participate with lower dollar-value contracts instead of consolidating them into large contracts
- Developing an improved tracking system to measure diversity within procurement projects
- Improving clarity of social procurement program goals

### *Vancouver*

The City of Vancouver has a rich history of community benefit projects ([City of Vancouver, General Manager of Arts, Culture and Community Services, 2018](#)). Since 2005, the City has required large development projects to have community benefit agreements as a requirement. This made Vancouver the first municipality in Canada to develop and implement a community benefits framework. Unfortunately, these agreements have not been effectively monitored or met. Further, major community engagement was not included in this initiative.

These concerns with the City’s 2005 community benefits agreement policy helped give rise to the City’s **2018 community benefits agreement policy** ([City of Vancouver, General Manager of Arts, Culture and Community Services, 2018](#)). The policy has three key pillars: local, inclusive employment, social procurement, and local procurement.

- The **local, inclusive employment** facet requires 10% of all jobs in development projects be filled by Vancouver residents and equity-seeking groups, with priority given to entry-level workers.
- The **social procurement** facet requires 10% of all materials, goods and services required for a development to be sourced from businesses that are either equity-seeking or have a third-party certification for social impact. Priority is given to Vancouver-based businesses.
- The **local procurement** facet requires that 10% of all materials, goods and services required for a development be procured from Vancouver-based businesses.

The aim of Vancouver’s 2018 community benefits agreement policy is to draw upon the strengths and addresses limitations of past initiatives ([City of Vancouver, General Manager of Arts, Culture and Community Services, 2018](#)). The policy focuses on providing Vancouver residents with a more equitable distribution of decent paying jobs within the municipality, particularly to equity-seeking groups and young workers. This is done through supporting local and equitable businesses within municipality, who also aim to benefit from the policy.

## *Winnipeg*

Winnipeg's official social procurement policy is still under development and implementation. Still, a report titled "**Sustainable Procurement Action Plan 2022-2025**" provides some insight into the potential social procurement initiatives the municipality will undertake ([Buy Social Canada, 2022](#)).

The first year of the action plan is centered around community engagement. This includes the creation of a 'Sustainable Procurement Liaison' and the establishment of a social procurement advisory table for community stakeholders to participate in the process ([Buy Social Canada, 2022](#)). One of the more tangible initiatives the report outlines is the creation of a supplier registry that would contain information on social enterprises, Indigenous businesses, and diverse businesses. This registry would be supplemented by a landing page for sustainable procurement that includes information on the program and opportunities for stakeholders to engage with the supplier registry. This would allow for data to be generated to inform a pilot project that would include contracts with social potential, projects with social value opportunities and projects aimed at reducing greenhouse gas emissions. Indeed, Winnipeg has implemented a policy that requires any business seeking contracts with the City to demonstrate how they would benefit Winnipeg communities.

The program's second year would involve continued meetings with community stakeholders to adjust the pilot project where needed ([Buy Social Canada, 2022](#)). Data should be collected on the pilot project and the implementation of social procurement within the municipality to help inform future decisions about the program. A supplier code of conduct and tools to support specific topics on social procurement and sustainability performance measures could be developed using data generated from the first year of the pilot project.

The program's third year would largely be a review of the pilot project to ensure its long-term survivability ([Buy Social Canada, 2022](#)). Meetings would continue to be held with community stakeholders to adjust the policy where needed, and standard sustainability specifications for common products and services could be created, such as print materials, building deconstruction, etc.

## *Wood Buffalo*

The municipality of Wood Buffalo, Alberta, has a social procurement policy titled '**SCM-100 Procurement Policy**' ([Regional Municipality of Wood Buffalo, Supply Chain Management, 2021](#)). The specific details of these policies are not publicly available. However, general principles of the policies include ensuring procurement practices are fair, open, transparent & consistent for all suppliers, requiring procurement practices to encourage some form of positive social outcome and requiring procurement practices to preserve the natural environment where possible.

Some information on the specific initiatives taken by Wood Buffalo is available on the municipality's website. For example, the municipality opened a pool in which local and local Indigenous businesses can register which goods and services they contract ("[Social Procurement,](#)" n.d.). Indigenous businesses are defined as businesses that are 51% or more owned, operated and controlled by an Indigenous person(s).

The municipality subsequently prioritizes doing business with these registrants for low-value trade agreement purchases and below-threshold trade agreement purchases ([Regional Municipality of Wood Buffalo, Supply Chain Management, 2021](#)). Low-value trade agreement purchases are defined as less than \$10,000, whereas below-threshold trade agreement purchases range between \$10,000 to \$75,000 for goods and services and \$10,000 to \$200,000 for construction-related activities ("[Social Procurement,](#)" n.d.). The goal of these initiatives is to benefit businesses local to Wood Buffalo, particularly Indigenous businesses.

## *Brampton*

The City of Brampton is committed to advancing social procurement practices through its **Sustainable Procurement Framework** ([City of Brampton, 2023](#)). A key component of this framework is the **Supply Chain Diversity Program**, designed to promote inclusivity in procurement. As part of the City's **Invitational Procurement Process** for contracts ranging from \$25,000 to \$100,000, diverse suppliers are actively encouraged to participate. To be eligible, suppliers must attain certification as a diverse supplier through an established non-profit Supplier Certification Organization such as Buy Social Canada or the Canadian Aboriginal and Minority Supplier Council. To increase participation of diverse suppliers, the Supply Chain Diversity Program encourages City staff to solicit bids from them and provides vendors with training on submitting bids and proposals.

While still in development, the Sustainable Procurement Framework lays out a short, medium, and long-term plan for policy implementation ([City of Brampton, 2023](#)). In the short term (1-2 years), it prioritizes immediate actions to enhance procurement practices. Initiatives include the introduction of a Community Benefits Policy for large construction projects, the implementation of a Fair Wage Policy for construction vendors on projects valued over \$500,000, and the expansion of the COR™ program to bolster health and safety standards. Concurrently, the Purchasing By-Law will be updated to formalize policies and address legal obligations, while local economic development criteria will be integrated into the Request for Proposal process for vendor selection.

Moving into the medium term (2-3 years), the framework aims to establish a comprehensive Vendor Code of Conduct, informed by best practices from other municipalities and public sector agencies ([City of Brampton, 2023](#)). This code will encompass crucial aspects such as vendor integrity, compliance, employment standards, health and safety, workforce development, equity, anti-harassment policies, and professional certifications. Moreover, Environmental Standards for vendors, considering life-cycle impacts, will be implemented, and the Supply Chain Diversity Program will be expanded. To ensure accountability, evaluation and accountability metrics will be proposed, with an annual report submitted to City Council.

In the long-term (3-5 years), the framework envisions the approval and establishment of a dedicated Sustainable Procurement Office ([City of Brampton, 2023](#)). This office will play a pivotal role in coordinating, administering, and managing the implementation of existing and future policies, thereby solidifying the City of Brampton's sustained commitment to socially responsible and sustainable procurement practices.

## *Peterborough*

In an update to Peterborough's by-law that governs procurement policies, the City has identified and recommended **key social value objectives** for its social procurement policy. These include Local Economic Development and Employment, Support for Local Businesses, Prioritization of Inclusion and Diversity, Social Equity, Sustainable Community Development, Environmental Sustainability and Climate Change Adaptation, and Strengthening Arts, Heritage, and Culture. To effectively integrate social procurement principles, the policy suggests initiating **pilot projects** aimed at testing the inclusion of social procurement within the City's procurement processes. Additionally, it proposes the establishment of a **multi-stakeholder community working group**, featuring representation from the City, local businesses, industry, and the community, to provide support for the policy's social implementation. Recognizing the importance of awareness and capacity building, it recommends the development and implementation of both internal and external stakeholder training programs, while also proposing an outcomes-based measurement and reporting process aligned with existing City policies.



## *Edmonton*

The City of Edmonton incorporates economic, quality, environmental, and social value considerations into procurement processes for goods, services, and construction projects. In accordance with its Sustainable Procurement Policy (C556B), the City structures its purchasing activities to intentionally create positive effects on the environment, society, and the economy, all while maintaining open, fair, and transparent procurement processes. Edmonton's social procurement policy is characterized by a commitment to ethical standards, mandating suppliers and subcontractors to adhere to minimum criteria encompassing labor standards, employee treatment, wages, benefits, working conditions, and ethical standards. The policy further emphasizes environmental sustainability by integrating requirements into purchasing procedures and supply chain management processes to advance the City's goals in emissions management, pollution reduction, energy efficiency, and waste reduction. The Indigenous Procurement Framework addresses barriers and promotes the participation of Indigenous-owned businesses in City procurement processes, aiming to remove obstacles and enhance capacity within Indigenous businesses. Additionally, the policy incorporates social value considerations into purchasing opportunities, focusing on social and economic issues to generate impactful outcomes related to employment, training, skills development, social value supply chain, and community development.

## *Regional Municipality of Peel*

The Regional Municipality of Peel is currently in the **pilot phase of a social procurement program**, drawing inspiration from the **City of Brampton's Sustainable Procurement Framework**. The intention is to fully implement this program in 2024. In interviews with staff involved with the region's social procurement policy, they mentioned that they have selected policies that are similar to Brampton and Toronto to provide vendors with a consistent set of regulations and process in municipalities throughout the region. They also described Peel's approach to utilizing an invitational procurement strategy, where clients invite three partners, and regional representatives, then subsequently collaborate with third-party accreditation agencies representing equity-seeking groups to identify additional vendors. Through this outreach process, opportunities are made available and visible to equity-seeking groups to ultimately foster a more diverse supply chain. This procurement strategy aligns with Peel's commitment to diversity, equity, and inclusion, as outlined in their [Diversity, Equity, and Inclusion Implementation Plan](#), influencing the overall framework for their procurement initiatives. Peel representatives have also described their usage of community benefits networks to achieve large-scale community-level social procurement opportunities related to major infrastructure projects through employment services groups, labour unions, and local government partners. Representatives also emphasized the policy shift from guiding principles to mandatory requirements, such as their recently adopted by-law that clearly incorporates social procurement as part of policy.

Since most municipalities are either in the development or pilot stages of the policy process, there is a lack of information on monitoring strategies in official documents. However, through our interview with the Peel Region, we learned that they have sought inspiration from the Scottish Sustainable Procurement Program for monitoring progress. Within this framework are metrics and key indicators to track progress, but Peel continues to develop their own custom metrics including those to track other supply chain considerations such as conflict-free sourcing and recycling. Additionally, they have integrated reporting of carbon of supply chain for procurement to calculate the carbon footprint for every dollar spent.

Going forward, the Region's social procurement staff aims to achieve full program operation by 2024. This involves the identification of optimal partnerships for social procurement through a pilot initiative, which will serve as a crucial testing ground. Simultaneously, efforts will be directed towards engaging with diverse and underrepresented groups to provide them with opportunities in smaller procurement ventures. To add, considerations beyond the immediate scope of procurement, such as the use of conflict-

free materials and recycling, will be incorporated into the monitoring process. As part of this ongoing development, the region is committed to refining and developing more customized monitoring metrics to ensure the success and sustainability of the social procurement policy. This comprehensive approach underscores the Region of Peel's dedication to fostering a robust and inclusive social procurement framework.

Peel Region representatives also briefly identified various areas of improvement and next steps for social procurement policy:

- Full program operation in 2024
- Identifying best partnerships for social procurement through pilot
- Engaging diverse and underrepresented groups for smaller procurement opportunities
- Include other considerations in monitoring such as conflict-free materials, recycling, etc.
- Developing more customized monitoring metrics

### *Canadian Collaboration for Sustainable Procurement*

While not a municipality, the Canadian Collaboration for Sustainable Procurement (CCSP) is an organization that strongly advocates for social procurement initiatives and strategies, with many of its mandates and best practices being reflected in municipal social procurement policies across Canada. As such, this report includes the CCSP in its analysis of strategies for social procurement.

CCSP is a network of public-sector institutions in Canada that aims to ensure that any public expenditures are done in such a way to ensure the values of sustainability. These values were outlined in the organization's 2022 report, "Annual Report on The State of Sustainable Public Procurement in Canada." The report does not outline any specific policy recommendations but presents an overview for understanding sustainable procurement, trends in sustainable procurement initiatives, and sustainable procurement frameworks.

The CCSP maintains 'best practices' regarding sustainable procurement. These include green or environmentally preferable procurement, ethical procurement, social procurement and Indigenous or aboriginal procurement. While specific policies differ among CCSP institutions, mandates include encouraging bidders to purchase from suppliers that provide social value (e.g. non-profits, social enterprises, diverse suppliers, etc.) and mandate suppliers to deliver this value as part of their contracts. CCSP members are also encouraged to contract with Indigenous businesses, increase education opportunities for Indigenous communities and ensure Indigenous peoples are engaged during public spending proposals.

## **Development and Implementation Challenges**

### *Defining Equity-deserving Groups*

A key goal of social procurement is empowering equity-deserving or diverse groups to participate in procurement. An increasingly prominent challenge to social procurement policies has been defining diverse or equity-deserving groups. Generally, social procurement policies define diverse suppliers or businesses as being 51% or more controlled, owned, or operated by persons from equity-seeking groups. However, defining equity-seeking groups can be difficult as there are no universal definitions. Identity is fluid; existing social procurement policies that seek to incorporate equity-seeking groups into procurement practices may exclude groups who identify as equity-seeking. Furthermore, policies requiring 51% ownership by equity-deserving groups exclude many small businesses in which one of two partners belongs to a diverse group. An additional problem is the perceived favoritism towards certain enterprises over others. One of the ways municipalities, such as Toronto, are attempting to address this

issue is by creating a community definition of diverse suppliers, rather than a bureaucratic definition that excludes potential equity-seeking groups.

### *Addressing Policy Implementation in Specialized Fields*

Incorporating social procurement policies that aim to improve workforce development and local employment opportunities may be difficult in specialized fields of work. For example, tunneling, sewers, water infrastructure, underground work, etc. are sectors vital to the function and development of municipalities and provide ample opportunity for a social procurement approach. However, these sectors are immensely specialized and require workers to be trained and educated in the specific skills inherent to this sector of work to ensure workplace efficiency and safety. Thus, training and development in key municipal interest areas may be beneficial before the introduction of a social procurement policy.

### *Ensuring Benefits Reach Intended Audiences*

Another common challenge is to ensure the welfare of social procurement and community benefits reach the communities they intend to help. For example, Toronto has a program called Imagination, Manufacturing, Innovation, Technology (IMIT) that provides grants for the construction or renovation of buildings within the city. The program is meant to create jobs in the city and promote commercial innovation through construction. However, the program has been critiqued for favouring large corporate enterprises rather than smaller, community enterprises. IMIT has been further critiqued for lack of transparency and equity-related issues.

### *Establishing Sufficient Municipal Capacity*

Finally, the political will of municipalities to develop and implement a social procurement policy is a key challenge. The knowledge, information, and expertise available to municipal planners regarding social procurement is a key factor in the ability and willingness of municipalities to adopt social procurement policies. In Peterborough, city staff lacked education on social procurement and how to identify social enterprises, creating difficulties when developing a strategy. Furthermore, once the process of developing a social procurement policy began, several municipalities faced resource and time constraints, challenging the scope and effectiveness of those policies. Developing a social procurement policy requires meeting with stakeholders from the community and a willingness to scrap ideas upon receiving additional input, which can decrease the political will of municipalities to implement social procurement policies. Once a pilot social procurement policy has been developed and implemented, it may fail initially. This has the potential of killing the pilot project and social procurement strategy altogether, rather than encouraging municipal planners to identify where the policy failure(s) occurred and how to resolve them.

## **Social Enterprise Interview Findings**

While learning from other municipalities may help inform social procurement policies and initiatives in Hamilton, a critical step in developing these policies will be gathering feedback from local businesses in Hamilton who may be potential future procurement vendors. As recommended by municipal staff from other cities in this research project, the voices of people implicated and served by social procurement must be at the forefront of any municipal procurement policy. Social enterprises can offer expertise on the type of social and economic conditions a policy must establish to be successful. The process of stakeholder consultation began with social enterprises in Hamilton to elucidate their hopes, needs, and expectations for the development of a policy.

## Social Enterprise Needs

### *Need for Improved Ability for Social Enterprises to Access and Compete in Markets*

Throughout interviews, the most common, pressing need expressed in relation to a municipal procurement policy is an improved ability for social enterprises to access and compete in markets. Social enterprise interviewees stated that many of them are generally smaller operations with limited capacity for growth. This is especially true for charities, where actions such as entering large contracts could result in the loss of charity status. Furthermore, due to limited capacity for growth, social enterprises often struggle to find renting, zoning, or building permits that are both affordable and in a suitable location. A municipal social procurement strategy should consider these factors to ensure social enterprises can enter and compete in larger markets. Such a strategy should provide feasible financial thresholds for organizations with charity status, as well as smaller contracts available specifically to support small/medium social enterprises.

### *Need to Consider the Social Goals of Enterprises*

A social procurement strategy should encourage and support social enterprises in achieving their community goals. This may mean creating partnerships that recognize unique social initiatives. For instance, 541 Eatery is a non-profit, full-service restaurant in Barton Village. Diners who can afford to do so pay full price for their meals and also have the option to purchase “buttons” to subsidize meals for those who cannot afford to pay full price. A partnership with 541 Eatery through a social procurement strategy might look like the purchase of buttons, rather than just fee-for-service for the meals catered.

### *Need for Diverse List of Suppliers/Social Enterprises, Available to the City and the Public*

Many interviewees expressed the need for a diverse list of suppliers/social enterprises that participate in social procurement, made available to both the City and the public. Interviewees suggested a diverse list is one that includes all sizes and stages of social enterprises, from small start-ups to well-established charities. Interviewees also pointed out that if a social procurement policy aims to engage with social enterprises, not all organizations may not label themselves as a social enterprise, even if they provide social value and could participate in the procurement strategy. Therefore, the policy would need to clearly and carefully outline who the policy aims to engage with, using language that could resonate with their target audience.

Interviewees also highlighted that a diverse list of suppliers/social enterprises that participate in social procurement would make it easier for the public to identify how they can contribute to the community, enabling social enterprises of all sizes to gain visibility. Furthermore, a list could provide encouragement to participate in community benefits, as citizens can be sure their spending is going towards a verified cause. Furthermore, such a list would enable improved connectivity amongst social enterprises, allowing for strengthened networks and support systems. Increased collaboration amongst social enterprises would help improve focus on specific community benefits, while increasing potential scope and scale of projects and programs. Furthermore, greater transparency of what procurement the City is engaged in would encourage social enterprises to focus their procurement in relation to community benefits.

### *Need for Engagement with Smaller Social Enterprises and Projects*

Many interviewees stressed the importance of not overlook the potential for procurement and community benefits through smaller projects. A common concern was that municipal social procurement strategies are often too narrowly defined. Cities tend to look primarily to supply chains for procurement efforts, but as one interviewee explained, “As a thrift store, it’s not like the City can call us up and say can you supply us with 6000 coats.”

Interview findings suggested that procurement strategies should not simply consider how a city acquires goods, but also how it fosters a communal effort to ensure suppliers are diversified. A municipal social procurement strategy should ensure all people can access goods from businesses run by those who are underrepresented. Potential features to address this need could include microloans made specifically available to small/new businesses, including smaller projects (LRT, fencing, construction, etc.) in social procurement efforts, and re-examining public by-laws to make them more comprehensible and accessible for all to start up small businesses (creating public guides to certain policies, eliminating or replacing unnecessary jargon, etc.), particularly in relation to “low-hanging fruit” such as food and hospitality industries.

Interviewees also highlighted that supporting small projects and organizations creates an environment conducive to new social enterprises. An effective municipal social procurement policy should support all types of social enterprises, not only well-established organizations with certain models in place. Furthermore, supporting smaller projects and organizations can make it easier to employ and support at-risk youth, who may not yet have the experience required for larger projects. Such support also acts as a long-term investment into a strengthened workforce.

### Final Comments on Needs

The anticipated value and features relating to these needs are interconnected and will overlap. For example, effectively improving the ability for social enterprises to compete in markets will necessarily entail engagement with smaller social enterprises and projects. As one interviewee from Wesley explained, “a municipal social procurement policy should encourage a social-procurement ecosystem to develop, (*which means*) charities need to feel as though they can compete”.

### Feedback on Structuring a Pilot

During interviews, social enterprises were asked for feedback about structuring a social procurement pilot. The vision for the pilot is to explore and evaluate potential policy mechanisms, highlighting potential outcomes, opportunities, and challenges for a future policy. We asked interviewees what the main features a pilot should include and if/how social enterprises would like to be included in such a program.

### Community Consultation

Community consultation throughout policy development and implementation has been highly emphasized as a crucial component of social policy development. This involves the inclusion of populations such as citizens, charities, small and medium businesses, etc. in meaningful roles while creating opportunities for additional community engagement, such as forums, policy review sessions, and other feedback sessions. Social enterprises in Hamilton will play indispensable roles in the functioning of a municipal social procurement policy as they are also most familiar with community needs expressed by demand and personal experiences shared amongst clientele, as well the most urgent challenges to address those needs. Social enterprises have valuable insight to offer to a social procurement pilot and must be meaningfully included during all stages of the process. Furthermore, effective community consultation will allow social enterprises to feel more connected to the outcome of a pilot, making them more likely to meaningfully engage in future social procurement opportunities.

### Education

Relatedly, interviewees stressed the importance of education for community involvement in the development of a social procurement policy. Smaller and newer social enterprises may be unaware of the concept of social procurement and may acquire additional resources to ensure the criteria for social

procurement is met. Citizens may be unaware of the services available to them, how to support social enterprises, or how to participate in the policy-making process. Educational initiatives are necessary to ensure widespread, inclusive community engagement in a social procurement pilot and future endeavours.

### *Low-Risk Procurement Opportunities*

Several interviewees stressed the importance of starting small when piloting a social procurement program. Though municipal procurement policies often emphasize large, supply change opportunities, smaller procurement efforts are accompanied with lower risk and often support those who need it most. Low-risk procurement opportunities can be found within construction and food industries and may be a good place to start when considering potential pilot projects.

### *Involvement of Social Enterprises in Development/Implementation of Policy*

All the social enterprises we interviewed stated they are (or are likely) interested in being involved in the implementation of a social procurement policy. Several of the social enterprises we interviewed stated that they would also like to be involved in the development of such a policy. Those who were not interested in participating in the development stage shared a common concern of limited capacity to participate, largely due to a lack of available time/human resources. While these organizations would not be interested in the initial stages of the development phase, they shared that they might reconsider participating in the later stages, once they begin to see progress has been made. These organizations also noted efforts that have went towards this cause in the past, that have not yet led to any developments. One interviewee explained that his participation “depends on (his) faith in the project”, noticing “many social enterprises are starting to lose hope” in a municipal social procurement policy.

### *Fostering Openness to Continuous Learning and Improvement*

Interviewees emphasized that no municipal procurement policy will be perfect, but what is most important is creating a framework conducive to strong relationships and supportive networks. By introducing the City to the notion that social change *can* be compatible with economic growth, social enterprises and citizens alike will become more likely to engage with social procurement and community benefits. An effective municipal procurement policy is flexible and formed through trial and error. In isolation, no one can learn from one another’s mistakes. As one interviewee put plainly, “If the pilot flops, it does not mean the idea of social procurement as a whole flops”.

## **Key Recommendations for the City of Hamilton**

When exploring the development of Social Procurement Frameworks and Policies, the City of Hamilton should consider the following recommendations based on feedback and activities from other jurisdictions:

### **Stage 1: Developing the Policy**

1. **Conduct multiple one-time, small-scale pilots to test community employment benefits, community benefits agreements, and different types of social procurement initiatives within the context of Hamilton:** Look for opportunities within City departments to prototype one-time social procurement initiatives, in addition to community employment benefits and community benefit agreement initiatives. These tests will help determine what practices align best with the City’s current policy, process, and Council direction, as well as areas of improvement that need

to be addressed within the City's program systems, processes, and infrastructure before developing and launching a full social procurement strategy.

2. **Champion the Social Procurement Movement in and Outside of the City of Hamilton:** Show a strong commitment to advocate for the social procurement movement in the City of Hamilton, underscoring the significance of social responsibility in procurement practices, and acknowledge the need for a work culture within the City that wholeheartedly embraces the concept of social procurement. This championing can be done by implementing the recommendations listed further below.
3. **Create dedicated full-time and part-time roles to oversee social procurement:** Establish specific roles for social procurement by creating dedicated positions, which include full-time coordinators and part-time support roles, tasked with overseeing and enhancing social procurement initiatives.
4. **Conduct Meaningful Community Engagement:** Highlight the importance of community consultation throughout the policy development process, ensuring the active involvement of diverse stakeholders to achieve a comprehensive and inclusive approach.
  - (i) **Provide Education:** Ensure that attendees at engagement events have educational materials explaining social procurement and what it looks like in other cities available beforehand.
  - (ii) **Host Social Procurement Conferences:** Organize a citywide conference that brings together social enterprises, existing and potential social purchasers. This convention will facilitate meaningful discussions on framing a social procurement policy for Hamilton, fostering a robust social enterprise network in the City.
  - (iii) **Ensure Meaningful Follow-up with Stakeholders Engaged:** Address the erosion of trust resulting from inadequate follow-up with community advocates and feedback providers on Hamilton's social procurement policy by ensuring transparency in the implementation of feedback and providing regular updates to community members.
5. **Identify and Meet Needs of Social Enterprises to Support Participation in Social Procurement:** While some enterprises have communicated a need for time and resources to scale up their capacity for servicing the City, and others may be limited to smaller projects, it is crucial to ensure that projects are tailored to meet the specific needs of these enterprises, maximizing their opportunities for participation. Additionally, the city could provide enterprises with capital and resources to scale up their capacity over time to meet the municipality's supply demands.
6. **Conduct a Scan of the Policy Landscape and Develop a Standardized Social Procurement Policy that Meets Local Needs:** While this report serves as a starting point, the City should perform a thorough analysis of the current policy landscape, incorporating pre-existing procurement guidelines and broader trade agreements. Subsequently, it should formulate a standardized policy that considers the nuances of the local context, ensuring its relevance and effectiveness for the City of Hamilton.
7. **Develop a Training and Resource Hub:** Create a centralized training and open-source resource hub that offers tools, resources, and support for City staff, diverse suppliers, and social enterprises. This hub will facilitate knowledge-sharing and skill-building (around running or participating in the social procurement framework) to strengthen the overall social procurement ecosystem in Hamilton.
8. **Integrate Social Procurement Intentionally into Procurement Planning:** Emphasize the integration of social procurement considerations from the outset of the procurement planning process. This is to ensure that social procurement is not an add-on but a fundamental aspect of the procurement strategy development.
9. **Implement Inclusive Strategies for Supplier Engagement:** Develop and implement strategies to engage a diverse range of small and medium businesses and suppliers. Set inclusion goals for

Indigenous, black, and other equity-deserving suppliers. Additionally, implement lower-value contracts to facilitate participation by smaller suppliers, avoiding consolidation into larger contracts.

10. **Determine (and Periodically Re-evaluate) Definitions of "Diverse" Suppliers:** Engage the community in developing a shared definition of "diverse suppliers" to ensure inclusivity without unnecessary restrictions, allowing for flexibility as perceptions of identity evolve overtime. Be open to revisiting this definition and updating vendor lists accordingly.
11. **Conduct in-depth engagement with stakeholders, broader communities and target groups around a proposed social procurement framework**
12. **Pilot a Social Procurement Framework in Hamilton:** Introduce a social procurement policy tailored to the specific needs of the city of Hamilton.
13. **Develop and Streamline Measurement and Evaluation Processes:** Develop success metrics and evaluation processes for the policies. Evaluate the effectiveness of a centralized or decentralized approach to measurement and evaluation and streamline these processes to enhance accessibility, making it easier to track and assess the impact of the policies. As outlined in this report, the City of Toronto has one of the most developed tracking and evaluation frameworks of the municipalities examined.

## Stage 2: During and After Implementation

14. **Establish a Publicly Accessible Directory of Social Enterprises:** Create a comprehensive and publicly accessible directory of social enterprises. This tool will enable enterprises to connect with each other and streamline interactions with potential purchasers.
15. **Support Social Enterprises in Obtaining Necessary Certification:** Provide support to social enterprises seeking certification, acknowledging the importance of recognized standards in the social procurement ecosystem.
16. **Prioritize Transparent Reporting and Accessibility:** Establish a strong tracking and reporting mechanism to document and assess social procurement practices. Prioritize transparent and accessible reporting of the implementation and outcomes of social procurement policies. Establish a timeframe for evaluation, coupled with a clear plan of action to incorporate feedback into policy improvements. Utilize the reporting mechanism to inform the community about accomplishments, building confidence and encouraging ongoing investment.

## Conclusion and Next Steps

Across Canada, the social procurement landscape ranges from municipalities in the development and piloting stages, to some who are actively engaged in internal education and cultural shifts. Continuous testing, learning, and improvement emerge as key factors for successful social procurement practices. Despite substantial stakeholder and public support, challenges such as limited resources, technology constraints, low staff capacity, competing priorities, and decentralized procurement practices persist. Ongoing reporting of implementation and outcomes is recommended to address these challenges and promote the advancement of social procurement initiatives.

This report investigated the main research question: ***"What are the social procurement policies, if any, of Canadian municipalities comparable to Hamilton?"***. Additionally, this report explored the sub questions of: 1) ***"How, if at all, are these procurement policies supporting social enterprises in their city?"***, and 2) ***"Based on these findings, what are some recommended social procurement policies for Hamilton?"***



This report investigated social procurement policies comparable to Hamilton. Based on this research, several recommendations are made above for the City of Hamilton to consider in the development, implementation and maintenance for a social procurement framework. While these recommendations are broad to give room for Hamilton to develop a policy based on its unique context, the City should draw from examples from other cities highlighted in this report. We highlighted several best practices from the experiences of other municipalities in this report. For example, the City of Vancouver centers its strategy around local, inclusive employment, social procurement, and local procurement. To elaborate, 10% of all jobs in development projects be filled by Vancouver residents and equity-seeking groups, 10% of all materials, goods and services for a development project must be procured from equity-seeking businesses, and 10% of all materials, goods and services for a development project must be procured from Vancouver-based firms. Strengths of the City of Toronto's social procurement policy include ensuring at least one quote is obtained from a diverse supplier on orders between \$3,000 and \$100,000. The policy also encourages City partners to take ownership of the policy, encouraging bidders seeking contracts over \$100,000 to develop their own list of diverse supplier options.

While the findings of this project elucidate several recommendations and next steps for the City of Hamilton to pursue, the limitations of this research should be well-noted. Due to time restrictions, this project could gather feedback from only a limited number of social enterprises within the City of Hamilton. Thus, the feedback gathered may not be representative of the social enterprise ecosystem within the City. This scan is intended to act as a primary and introductory investigation into how social procurement policies could support social enterprises in Hamilton. However, a key next step should be dedicating municipal resources to engaging in community consultations for the development of the social procurement policy.

Further engagement should be done, especially with social enterprises in the community. Hamilton is home to many social enterprises and many other non-profit organizations, who many qualify as, but not necessarily consider themselves social enterprises. Any social procurement policy or community benefits will require deeper engagement with these organizations. The Research Team and HCBN is hoping this work can be used as a catalyst for community benefits and social procurement policies in Hamilton.

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## Appendix I

### Interview questions (municipal staff)

1. Could you introduce yourself (i.e., name, role, how you are related to social procurement in your municipality/organization)
2. What's your understanding of the concept of social procurement?
3. Could you please provide an overview of (municipality name)'s social procurement policy/strategy?
  - a. What are its key features?
  - b. What is its scope/ who does it support? (i.e., what are the inclusion/exclusion criteria for businesses that are supported by the policy?)
  - c. What stage of development or implementation is it in?
  - d. What sort of resources is the city/region devoting to supporting the social procurement strategy?
  - e. Who's responsible for the development/implementation of the policy?
4. Could you please provide an overview of how (municipality's name)'s social procurement strategy came to be?
  - a. Who brought it forward? What arguments did they make in favor of the strategy?
  - b. Was the community consulted? If so, who was consulted, and how?
  - c. Was there pushback? If so, how was that navigated?
5. Have the effectiveness or impacts of the strategy been evaluated?
  - a. If yes: Has the city observed any positive benefits for social enterprises or local businesses? If so, what?
  - b. What metrics and evaluation tools are used to measure the success of the strategy?
6. What are the standouts of your (city)'s social procurement policy? What aspects of the policy are contributing to its success?
7. What needs to be changed or added to your city's policy? Are there any challenges you are currently encountering?
8. What are your thoughts, if any, on the next steps in the development or implementation of your strategy or policy?
  - a. What are the next steps for your city in expanding its social procurement policy?
9. Do you have any recommendations for other cities investigating the development of a social procurement policy or strategy?
10. Is there anyone else you suggest speaking to?

## Appendix II

### Interview questions (social enterprise stakeholders)

1. Can you introduce yourself and your social enterprise ?
2. What is your understanding of the concept of social procurement?
3. How might a municipal social procurement strategy support your social enterprise, if at all? What do you think the value might be, if anything, to social enterprises in Hamilton?
4. Have you been involved in advocating for social procurement policies in your municipality? (if applicable)
5. What elements or features should be included in a social procurement policy for the City of Hamilton that would be most support and encourage your social enterprise?
6. Do you anticipate any needs to take advantage of a new social procurement policy to build or expand capacity?
7. What do you think are the next steps for establishing a social procurement strategy in the City of Hamilton?
8. What do you feel is your role in the future development/improvement of social procurement policy?
9. If the City of Hamilton were to undertake a pilot of social procurement policy/practices, what would you like the pilot to look like and would you be interested in participating?
10. Is there anyone else you recommend speaking to as we conduct this research?