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

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RESEARCH SHOP

McMaster University

"The **McMaster Research Shop** works with **public, non-profit, and community organizations** in Hamilton to provide **plain-language answers to research questions**. Research Shop Staff hire Team Leads and recruit volunteers, matching them with projects that interest them."

Agenda

1. Background on Community Benefits and Social Procurement

2. Examples of Social Procurement from Other Cities
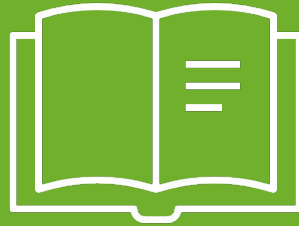
3. Recommendations for Hamilton

An Introduction to the Project

1 *What are the social procurement policies of Canadian municipalities comparable to Hamilton?*

2 *Based on these findings, what are some recommendations for Hamilton in developing and implementing a social procurement strategy?*

Step 1: Jurisdictional Scan **Step 2: Interviews**

What Are Community Benefits?

- The **social, economic, or environmental outcomes that municipalities and/or private businesses commit to delivering** to local communities through development projects or business activities.

- Help **mitigate the negative effects of economic activity** (e.g. income disparities, local unemployment)

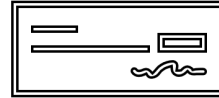- Tend to **prioritize equity-seeking groups**.

Examples of Community Benefits

Social Benefits

Inclusive employment opportunities:

Hamilton's Threshold School of Building runs programs such as co-ops connecting at-risk youth to the construction industry

Economic Benefits

Strengthened local workforce:

The Toronto Eglington Crosstown LRT project included a commitment to employing historically disadvantaged groups 10% of all trade working hours required for construction and hiring at least 50 skilled newcomers to Canada

Environmental Benefits

Increased environmental commitments:

The City of Winnipeg recently committed to a transition to a zero-emission bus fleet by 2050

Introduction to Community Benefit Agreements (CBAs)

Community Benefit Agreements (CBAs):

- Legally binding documents, outlining specific programmatic and material commitments to community benefits

- Ensures transparent and inclusive infrastructure projects, so that residents benefit from major developments

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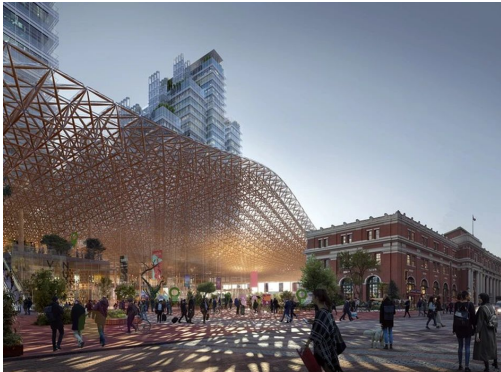**The Successes of Community Benefits Agreements**

Prepared for
Hamilton Community Benefits Network
In
June 2019
By
Francis Olatoye
Frank Ong
Sureka Pavalagantharajah
Ilayda Ulgenalp
Hunster Yang

Origins of CBAs

- Emerged through **urban redevelopment projects** in the late 1990s

- Cities granted **large public subsidies and tax exemptions to urban revitalization projects**, in areas which hosted large populations of **low-income and marginalized residents**

- **Community coalitions** were formed to negotiate the first CBA's, to ensure equity returning to downtown cores benefitted those who needed it most
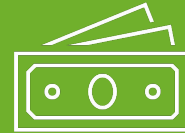

- **Vancouver** introduced its first Community Benefit Agreement framework in 2005

- **All levels of Canadian government** are now in the process of exploring, creating, or have already adopted standard policies for CBAs

Social Procurement

- **Procurement:** 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
  - Encourages considerations of values such as diversity and sustainability of suppliers, creating a more equitable marketplace and contributing to the overall well-being of communities

- Increasingly prioritized as a community benefit in CBAs and policy projects

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Social Procurement Goals

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Supply Chain Diversity

Indigenous Inclusion

Evnironmental Responsibility and Sustainability

Supporting Social Enterprise

Examples of Municipal Social Procurement Programs

Toronto

- **Social Procurement Policy**
  - Diverse supplier's list
  - At least one quote from a diverse supplier on orders between $3,000 and $100,000
  - Bidders seeking contracts over $100,000 are encouraged to develop their own list
  - Workforce development opportunities that maximize the principles of *suitability, reach, volume* and *feasibility* are prioritized
- **Tools, Guides & Support Systems**
  - Continuous collection of data to improve procurement program
  - Constantly trying to eliminate barriers
  - Templates, contract language and evaluation guidelines

Vancouver

- **Local, Inclusive Employment**
  - 10% of all jobs in development projects be filled by Vancouver residents and equity-seeking groups

- **Social Procurement**
  - 10% of all materials, goods and services for a development project must be procured from equity-seeking businesses

- **Local Procurement**
  - 10% of all materials, goods and services for a development project must be procured from Vancouver-based firms

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Recommendations for Establishing a Social Procurement Policy in Hamilton

16 Total Recommendations (11 condensed for this presentation)

Development

During & After Implementation

1 Champion Social Procurement Through Pilot Projects

Prototype <u>one-time</u> **social procurement**, **community employment**, and **community benefit agreement initiatives** within City departments.

Determine **best practices** and areas needing **policy, process, and infrastructure changes** before launching a full strategy.

Use learnings from pilots to shape a **tailored social procurement policy** for the City of Hamilton.

Test Initiatives

Identify Improvements

Inform Policy

Advocate Internally

Engage Externally

2 Establish Specialized Roles and Positions

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.

EXAMPLE

Within 3-5 years, the City of Brampton plans to approve and create a dedicated **Sustainable Procurement Office**. This office will play a pivotal role in <u>coordinating</u>, <u>administering</u>, and <u>managing</u> the implementation of existing and future policies, solidifying the city's sustained commitment to socially responsible and sustainable procurement practices.

3 Engage Meaningfully with Stakeholders

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Engage in community consultation throughout the policy development process, ensuring the active involvement of diverse stakeholders (target groups and broader communities) to achieve a comprehensive and inclusive approach.

EDUCATE STAKEHOLDERS

Provide educational materials on social procurement to attendees at engagement events (e.g., best practices).

HOST CONFERENCES

Organize a citywide conference to facilitate discussions on framing the policy.

ENSURE FOLLOW-UP

Maintain transparency and provide regular updates to community members.

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CITY OF TORONTO EXAMPLE

Toronto's **51% ownership threshold for diverse suppliers** can hinder small businesses, like those with multiple owners, where only one is from a diverse background. To address this, the city plans **community consultations** to establish an inclusive definition of 'diverse business', preventing exclusion of certain groups.

4 Integrate Social Procurement Goals into a Policy

- Emphasize the **integration of social procurement from the outset of the procurement planning process** by developing a dedicated policy.
- This is to ensure that social procurement is not an add-on but a fundamental aspect of the procurement strategy development, and **desired goals of social procurement are elevated**.

5 Meet Needs of Social Enterprises

- Ensure that projects are **tailored to meet the specific needs** of social enterprises, **maximizing their opportunities for participation**.
- Provide social enterprises with **capital and resources** to **scale up their capacity** over time to meet the municipality's supply demands.

541 EATERY & EXCHANGE EXAMPLE
541 Eatery & Exchange in Barton Village fosters community involvement through a pay-it-forward meal program, promoting personal agency and dignity. Social enterprises like 541 face challenges with traditional finance models.

SOLUTIONS
- Prioritize social enterprises in zoning and by-laws for property market competitiveness.
- Employ a procurement specialist to assist organizations in accessing resources and negotiating fair rates.

ULTIMATELY
Hamilton should develop social procurement policies that align with other municipalities, but should be tailored to the specific needs of Hamilton social enterprises and Hamiltonians.

6 Ensure Policy Harmonization and Standardization

Analyze Policy Landscape

1 Review existing procurement guidelines and trade agreements across various levels of government to ensure alignment

Ensure Regional Consistency

2 Align policies with neighboring municipalities to streamline procurement process.

CITY OF BRAMPTON EXAMPLE

Staff implementing the Region of Peel's social procurement policy aim for consistency by adopting policies akin to those in Brampton and Toronto, streamlining regulations and processes across the region.
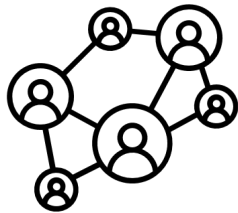
7 Supplier Engagement and Defining Diverse Suppliers

Develop and implement strategies for engaging a **diverse range** of small and medium businesses and suppliers.

Set **inclusion goals** for Indigenous, Black, and other equity-deserving suppliers.

Implement **lower-value contracts** to facilitate participation by smaller suppliers, avoiding consolidation into larger contracts.

Defining Diverse Suppliers

CITY OF TORONTO EXAMPLE

- Since 2016, Toronto's program has awarded $4.5 million in City contracts to diverse suppliers.
- Toronto defines diverse suppliers as businesses with 51% or more ownership by an equity-seeking group.
- Businesses must be recognized by five councils: 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.

REGIONAL MUNICIPALITY OF WOOD BUFFALO EXAMPLE

- Prioritizes procurement from Indigenous businesses, defined as those with 51% or more Indigenous ownership, for purchases under $10,000.

THINGS TO CONSIDER

- Ensure diversified supplier base by facilitating access to goods from underrepresented businesses.
- Features could include microloans for small/new businesses, including smaller projects in procurement efforts, and simplifying public by-laws for easier startup access.

8 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.

EXAMPLE

City of Winnipeg's Planned Supplier Registry Initiative

Supplier Registry:
- Includes data on social enterprises, Indigenous businesses, and diverse businesses.
- Aims to centralize procurement information.

Sustainable Procurement Landing Page:
- Provides program details and engagement opportunities.
- Enhances accessibility for stakeholders.

Expressed in Interviews

Inclusive List:
- Encompasses small start-ups to well-established charities.
- Ensures representation of diverse social enterprises.

Public Disclosure:
- City should disclose its procurement activities.
- Requires thorough environmental scan to identify potential participants beyond labeled social enterprises.
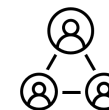
9 Develop a Training and Resource Hub

Tools & Resources

Provide resources and support for City departments, suppliers, and enterprises.

Knowledge Sharing

Facilitate skill-building and strengthen the social procurement ecosystem.

Collaboration

Enable connections and collaboration among stakeholders.

10 Support Social Enterprises in Certification

Provide support to social enterprises seeking certification, acknowledging the **importance of recognized standards** in the social procurement ecosystem.

11 Ensure Policy Measurement and Evaluation Processes are Transparent and Accessible
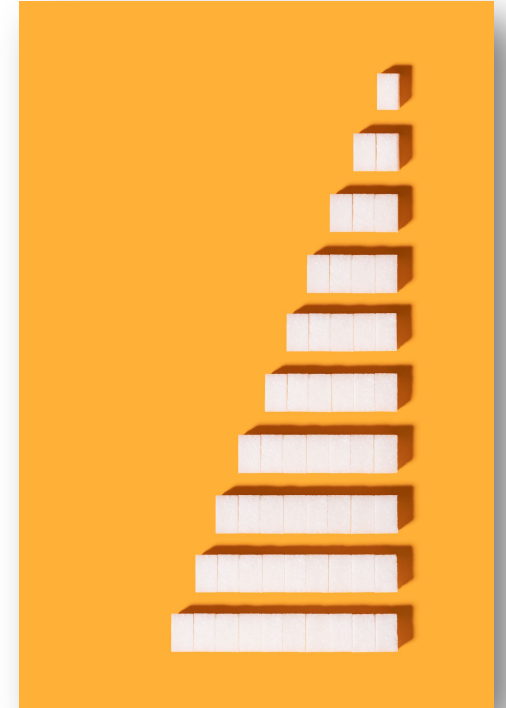
Tracking and Reporting

- Establish strong mechanism for documenting and assessing social procurement practices.
- Prioritize transparent and accessible reporting of policy implementation and outcomes.

Evaluation and Improvement

- Set timeframe for evaluation and plan to incorporate feedback into policy improvements.

Community Engagement

- Utilize reporting to inform community about accomplishments, fostering confidence and encouraging investment.

EXAMPLE: CITY OF TORONTO TRACKING & EVALUATION FRAMEWORK

Supply Chain Management System

- Collects, monitors, and acts upon program data.
- Aims to reduce systemic economic disadvantages, discrimination, and barriers.

Data Collection

- Tracks procurement directed to diverse suppliers.
- Collects quarterly reports on workforce development from contractors.
- Manually verifies and tracks spending with diverse employers.

Tools, Guides, and Support Systems

- Provides staff with templates, contract language, and evaluation guidelines
- Maintains standardization within the program.

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Conclusion

UNDERSTAND THE BENEFITS

Social procurement can be a key tool for social, economic and environmental development

EXPLORE POSSIBILITIES

Run small-scale pilot testing, drawing on inspiration from other municipalities, to see what works best for Hamilton

ENGAGE THE COMMUNITY

Collect further feedback from social enterprises

Questions?