Public Procurement:
The way society lives and breathes its values

Social Procurement

WTO Symposium – Sustainable Procurement
February 22nd 2017
Social Value is a key pillar of sustainability.
Social Public Procurement
Political Shocks have ignited international conversations about inequality

The face of Public Sector Procurement is changing dramatically

Brexit

USA Election
"No more brushing aside the concerns of our workers and our citizens"
"We have to address the root cause of their worries, and get real about how the changing economy is impacting peoples' lives."
Prime Minister Trudeau - Feb 17th 2017

* Living Wages

* Stable, Full-time Contracts

* Business to take Long-term Responsibility
Social Procurement Potential Target Outcomes

Public Sector Inclusive Economic Development
- Inclusive Economic Development
- Supply Chain & Hiring Diversity
- Jobs for Local Residents
- Poverty Reduction
- Accessible Public Sector Markets

Socially Responsible Businesses are Rewarded
- Improved SME Access to Contracts
- Fair, Open, Transparent Process
- Recognition of Community Contribution
- Innovative, Entrepreneurial Growth
- Socially innovative Leadership
- Standardised Process
- Simplified Bidding

Healthy, Equitable Sustainable Communities
- Poverty Reduction
- Income Stability
- Indigenous Reconciliation
- Increased opportunities for disadvantaged populations
- Inclusive, sustainable development
- Skills Training for Priority Groups
- Local Socio-Economic Development

Impactful, Enterprising Non-Profit Intermediaries
- Social Impact
- Capacity Building
- Revenue Diversification
- Supply Chain Partnerships
- Supportive Employment for Multi-Barrired Individuals
- Labour Market Development

Non-Profit Sector

Business Outcomes
- Advancing Sustainable Government Procurement

Healthy Communities

Public Sector Outcomes

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Social Procurement

- **About our Responsibility to Each Another**
  - protecting people & improving lives
  - promoting social inclusion, equality, community benefit
  - stimulating inclusive economic development

- **More Strategic Pro-Active Approach**
  – Stop and think

- **Asking New Questions**
  Is this a high or low social value opportunity?  
  What are the potential positive & negative social impacts of this procurement?  
  How can this contract improve lives and enhance society?

- **Inspires new conversations among diverse actors**

- **Pre-Procurement is where the magic happens**
How is this incorporated into the different stages of procurement?

1. Review & align with existing policies & goals
   - SP is a tool to support & amplify existing strategies
     Ec. Dev, Social Services, Health, Infrastructure Planning
2. Review the annual procurement plan
3. Focus on the highest Social Value opportunities
4. Identify & Engage Knowledgeable Intermediaries
5. Design Procurement Strategy
6. Consider Procurement Mechanisms
Procurement Mechanisms

- Social Value goals - Employment Opportunities
  - Poverty Reduction
  - Workforce Development/Skills Training
  - Inclusive Economic Development
  - Diversity in workforce & supply chain partnerships

- Social Audits – eg. Diversity of workforce
- Social Pre-Qualifications
- Project Specific Commitments
  – must be costable for bidders
- Award criteria
  - Employment opportunities for persons with barriers
<table>
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<tr>
<th>Column</th>
<th>A</th>
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<tbody>
<tr>
<td>A</td>
<td>Local Jobs</td>
<td>Skills Development</td>
<td>Supportive Employment</td>
<td>Supply Chain Diversity</td>
<td>Supply Chain Diversity</td>
<td>Diverse Hiring</td>
<td>Non-Profit Sector</td>
<td>Community Benefit Clause</td>
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<td></td>
<td>Hiring of local priority groups</td>
<td>Apprenticeships, upskilling</td>
<td>Creating Supportive Pathways to Employment</td>
<td>SME</td>
<td>Ownership: Indigenous, Social Enterprises, Minority Groups</td>
<td>Only 4% women on tools in construction</td>
<td>Capacity Building</td>
<td>- Public Asset</td>
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<td>B</td>
<td>Workforce Development</td>
<td>Industry prefers a menu of options</td>
<td>Targeted spend 1 in 3 quotes must be SME, SE or Local</td>
<td>Social Enterprise Development</td>
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<td>C</td>
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Trade Agreements Apply – No Geographic Weighting Allowed

Developing Social Procurement Strategies; Reward - Re-Scope - Re-Structure

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Critical Success Factors

- Supportive Regulatory Framework
- Engaged Leadership
- Alignment with Strategic Objectives & Existing Policies
- Peer to Peer Communities of Practice
- Building a Culture of Continuous Improvement
- Communication & Collaboration
  Internal departments & External markets
Key Learnings

- Build the strategy early in the procurement process

- Identify Knowledgeable Intermediaries
  - Employment Organisations
  - Social Value Advisory Panels
  - Industry Supported Pilot Collaborations

- Set Targets and Measures
- Run an Open, Transparent, Competitive Process
- With Tangible, Non-Discriminatory Evaluation Criteria
Scotland has made Social Procurement law, placing procurement at the very heart of their Economic Recovery Model

- $11 Billion in Procurement
- Community Benefits - 3,500 training opportunities
- 1,000 Priority Group Individuals recruited

- 80% of the supply chain are now Small, Medium Enterprises (SME’s)
UK Social Value Act – Passed January 2013

70,000 Social Enterprises

1 Million Employed

$18 Billion Local Economic Development
Brussels, Feb 2014
Social Public Procurement became law across Europe
Social Procurement Process at the City of London

2017 Procura Finalist Sustainability Award for Innovation

Responsible Procurement

08 July 2016

Responsible procurement is the 'golden thread' running through the City Corporation's overarching City Procurement Strategy. It recognises our responsibility to help the organisation procure value for money goods, services and works, whilst maximising social value, minimising environmental impacts and ensuring the ethical treatment of people throughout its supply chains.

The City Corporation is continually strengthening its pursuit of these goals, grouped into three key pillars of Responsible Procurement, with value for money principles applying throughout:

1. Social value – Leveraging service and works contracts to protect and enhance the health and wellbeing of local people and the local environment, providing skills and employment opportunities and promoting the local economy.

Cleaning Contract

* Zero hours contracts were banned
* Flexible family-friendly schedules
  - released a month in advance
* All staff are paid the living wage
“I am delighted with the responses that we have had. The Village has been able to stay within budget and by taking a social procurement approach, we have also been able to achieve incremental community benefits that would not have been realised under a conventional procurement model.”

Michelle Mason, Chief Financial Officer
Fort McMurray is leveraging Social Procurement to support the goals of recovery after the wildfires.
Public Institutions offer stability of demand for next generation farmers

Research demonstrates that through Grow to Order contracts Local food can be supplied to institutions on a cost neutral basis.
CETA Compliant - Social Value Infrastructure Pilot

Industry Supported Pilot - Developing a standardized, approach to Social Value Infrastructure contracts
Infrastructure Pilot
Municipalities of Victoria, Qualicum Beach & Campbell River

Developing an industry recommended approach to creating work opportunities for people facing barriers to employment

- Procurement Process
- Social Outcome Menu
- Social Auditing
- Project Specific Commitments
- Social Evaluation Criteria
- Weightings
- Thresholds
- Reporting
- Penalties for Non-Compliance

Identifying Intermediaries
Stakeholder Education
Vendor Education
Conference Education
### Partner organisation:
Please provide the name of the school/college/employment agency/job broker/social enterprise/VCSO/apprenticeship or training provider you will work with to achieve your employment and skills goals.

<table>
<thead>
<tr>
<th>Employment &amp; skills</th>
<th>Detail</th>
<th>Partner organisation</th>
<th>A</th>
<th>No.</th>
<th>B</th>
<th>No.</th>
<th>Total</th>
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<td>Work placement</td>
<td>No. person weeks</td>
<td></td>
<td>0.25</td>
<td>0.5</td>
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<td>Traineeship/Pre-apprenticeship course</td>
<td>(4 - 6 weeks)</td>
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<td>0.75</td>
<td>1.5</td>
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<td></td>
<td>(8 - 12 weeks)</td>
<td></td>
<td>1.5</td>
<td>3</td>
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<td>No. of people doing an NVQ during the contract period</td>
<td>Employees/trainees starting an NVQ</td>
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<td>2</td>
<td>4</td>
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<td>Employees/trainees completing an NVQ, (not including the above)</td>
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<td>No. people undertaking a recognised apprenticeship</td>
<td>Apprentices starting during the contract period</td>
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<td>Existing apprentices used on the contract including those who will move from an apprenticeship to employment during the contract period</td>
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<td>No. jobs advertised through organisations specifically targeting:</td>
<td>people in the Square Mile/Southwark/Islington</td>
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<td>people in the remaining 10% most deprived boroughs (Barking &amp; Dagenham, Hackney, Newham, Waltham Forest, Tower Hamlets, Haringey, Lambeth or Lewisham)</td>
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<td>No. staff trained in advanced Health and safety (H&amp;S) training / working at height or relevant equivalent</td>
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(Must add up to at least 10) **Grand total:**

**Example:**
1 new apprentice from a socially excluded group  
\(1 \times 6 = 6\)  
+ 2 non targeted 10 week traineeship placements  
\(2 \times 1.5 = 3\)  
+ 2 jobs advertised through organisations specifically targeting Southwark/Islington/Square Mile  
\(2 \times 0.5 = 1\)  
= **Grand Total:**  
\(6 + 3 + 1 = 10\)
Sandra Hamilton

10:45 - 12:00 — Social Procurement and Corporate Social Responsibility

What is “social procurement/community benefit”? How is it being applied and how will it change construction procurement? How does having a CSR policy/program assist the industry in dealing with this emerging trend?
Myths & Tensions
Social Procurement

Common Myths
- It’s code for Local protectionism? X
- It’s illegal - the regulations have to change first X
- It can only happen under threshold X
- It’s only a support system for Social Enterprise X

Tensions
- Prescriptive, Descriptive or Menu Option?
- To Reward Local, Ownership Type or Social Impact?
- Set asides and offsets X
- Standardized national approach
  or remain responsive to each community need?
- Evaluation without some standardization is difficult
- Compensation Model: Pay for performance, inter-government, financial transfers for positive social outcomes
Ideally a revised GPA text would include language that:-

- Supports governments setting a leadership example; Moving from Price takers to Market Influencers & Market Movers

- Encourages procurement strategies that align & support the:-
  - UN SDG 2030
  - ILO Decent Work initiative
  - ISO Sustainable Procurement Leadership Principles

- Clearly grants permission to members by providing examples of how to better leverage public procurement to achieve key public policy goals

- Moves us beyond ‘Do No Harm’ to proactively ‘Doing Some Good’

GPA members will be recognized as global leaders - setting the gold standard for public procurement
Procurement that does not forget

People, in the People, Planet, Profit approach to Sustainable Government Procurement

Thank you

Sandra Hamilton
Canada’s First Social MBA
Social Procurement Advisor