

DATE OF MEETING | March 11, 2019 |

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SUBJECT SOCIAL PROCUREMENT FOR THE CITY OF NANAIMO

OVERVIEW

Purpose of Report

To provide Council with information with respect to the development of a social procurement policy for the City of Nanaimo. |

Recommendation

That the Committee of the Whole recommend that Council provide direction on what option they would like to take to develop a Social Procurement Policy.

1. Join the Coastal Communities Social Procurement Initiative (CCSPI), and utilize the outcomes of the initiative to inform the City of Nanaimo's procurement policy;

OR,

2. Hire a consulting firm to assist the City in conducting a comprehensive review of Social Procurement best practices and making recommendations to Council that result in a meaningful program that can be both implemented and measured;

OR,

3. That Council direct Staff to take no action at this time other than to monitor the progress of the CCSPI and similar local government social procurement initiatives.

BACKGROUND

*"Every purchase has an economic, environmental and social impact, whether intended or not. Social procurement is about capturing those impacts and seeking to make intentional positive contributions to both the local economy and the overall vibrancy of the community."*¹

Social procurement is a relatively new concept. Basically, it can be thought of as using purchasing power in the attempt to achieve social goals. An example of social procurement would be catering services. The criteria for evaluating proposals could include social contributions such as inclusive hiring practises and/or whether they donate food to the local food bank.

Historically, the City of Nanaimo's approach to procurement has been to seek "best value" for the taxpayers. The approved Council procurement policy includes the overall policy statement that "The City of Nanaimo is committed to fair, open and transparent acquisition of goods or services that result in value-for-money for residents and other stakeholders."

There are some provisions in the Procurement Policy that allow for the creation of procedures and/or guidelines that support:

- Sustainable purchasing;
- Environmental stewardship;
- Local businesses (within the provision of applicable trade agreements).

Currently, the City does not have a specific social procurement policy, guideline or directive.

Coastal Communities Social Procurement Initiative

An invitation has been extended for the City of Nanaimo to join the Coastal Communities Social Procurement Initiative (CCSPI). This has started a conversation about whether the City of Nanaimo should include social procurement in our policy and how best to go about that.

The CCSPI is a two-year initiative to assist local governments in the AVICC region to implement social procurement assessments, policies, strategies and measurements. It is a collaborative group of local government officials and a consulting firm, Scale Collaborative. Member organizations will have access to:

- Training for procurement staff and education for elected officials;
- Education and training for suppliers and contractors; and,
- Templates, sample RFPs, and best practices.

The cost to join the CCSPI is based on population and would be about \$8,000 annually for the City of Nanaimo. Nine other AVICC members have currently signed on to the CCSPI. As a member, Nanaimo would be able to send a representative to the quarterly board meetings.

There are a number of factors to consider before adding social procurement to the City's Procurement Policy including:

- Senior government attitudes and direction;
- Existing regulations and trade agreements;
- Cost and benefit to the taxpayer.

Federal Government

Mandate letter dated October 4, 2017 from Prime Minister Trudeau to the Minister of Public Service and Procurement Canada (PSPC) and the passing of Bill C-344, highlights the inclusion of social procurement considerations as a priority. Although at the Federal level, in the future the City may see grant funding applications tied to social initiatives at the local level.

Existing Trade Agreements indicate purchasing entities such as municipalities cannot restrict competition to only local suppliers, and impose financial thresholds for competitive bid. This restriction may have implications for social procurement processes.

Provincial Government

In January 2019, the Province released its Social and Environmental Impact Procurement Guidelines for use by their ministries as well as the broader public sector. The guidelines are mindful of the trade agreements and were developed in consultation with Legal Counsel. Social Impact Procurement (SIP) Guidelines targets and guides purchasers to consider social impact in points-based solicitations for services with a total value under \$75,000.

Options

There are three approaches available to the City to implement a Social Procurement program:

1. Join the Coastal Communities Social Procurement Initiative (CCSPI), and utilize the outcomes of the initiative to inform the City of Nanaimo's procurement policy; or,
2. Hire a consulting firm to assist the City in conducting a comprehensive review of Social Procurement best practices and making recommendations to Council that result in a meaningful program that can be both implemented and measured; or,
3. Take no action at this time and monitor the progress of the CCSPI and similar initiatives.

Discussion

It is critical to the City of Nanaimo to have a Procurement Policy that meets the needs of Council, staff, suppliers and the community; and conforms to all relevant legislation, procurement law and trade agreements. This can be a challenging balancing act.

Staff are interested to see the results of the Coastal Communities Social Procurement Initiative. Alternately, or in addition, the City may wish to conduct our own research in order to assure ourselves of an alignment with the City's Procurement Policy and current trade legislation. In order to ensure the City embarks on a meaningful and measureable social procurement program, the City could hire a consultant to research what other Canadian public institutions have done/are doing and what would be considered best practice. The review would take about three months and cost approximately \$15,000. The decision to hire a consultant could be made once staff have had an opportunity to work with the CCSPI.

A third option is for the City to monitor the progress of the CCSPI and other social procurement initiatives, leaving open the option to add social procurement to the Procurement Policy in the future. This would allow time for best practices to evolve in the local government arena. The risk to waiting is that it may put the City at a disadvantage in the future when applying for senior government grants.

OPTIONS

1. That Council direct Staff to join the Coastal Communities Social Procurement Initiative (CCSPI), and utilize the outcomes of the initiative to inform the City of Nanaimo's procurement policy.
 - **Budget Implication:** \$8,000 annually (2019 and 2020) would need to be added to the 2019-2023 Financial Plan as no monies have been budgeted for this. This would be funded from general taxation.

- **Legal Implication:** If recommendations of the CCSPI are not in conformance with the various trade agreements that the City must adhere to, there could be legal consequences for the City.
 - **Policy Implication:** If recommendations of the CCSPI are not in conformance with various trade agreements that the City must adhere to, we would be in violation of our current Procurement Policy.
 - **Strategic Priorities Implication:** Social Equity is an identified community value in the 2016-2019 Strategic Plan. Creating a sustainable community that reduces the effects of poverty overall, increases citizen safety and nurtures health and inclusivity.
 - **Political Implication:** Current CCSPI municipalities are looking to Nanaimo to join the group.
2. That Council direct Staff to hire a consultant to assist the City in conducting a comprehensive review of Social Procurement best practices and making recommendations to Council that result in a meaningful program that can be both implemented and measured.
- **Budget Implication:** \$15,000 would need to be added to the 2019-2023 Financial Plan as no monies have been budgeted for this. This would be funded from general taxation.
 - **Legal Implication:** The various trade agreements that the City must adhere to will be taken into consideration otherwise we could be in violation of our current Procurement Policy.
 - **Policy Implication:** The various trade agreements that the City must adhere to need to be taken into consideration otherwise we would be in violation of our current Procurement Policy.
 - **Strategic Priorities Implication:** Social Equity is an identified community value in the 2016-2019 Strategic Plan. Creating a sustainable community that reduces the effects of poverty overall, increases citizen safety and nurtures health and inclusivity.
 - **Political Implication:** Current CCSPI municipalities are looking to Nanaimo to join the group and there may be unintended political consequences of not joining the CCSPI.
3. That Council direct Staff to take no action at this time other than to monitor the progress of the CCSPI and similar local government social procurement initiatives.
- **Budget Implication:** There is no immediate financial implication. The lack of a social procurement policy may put the City at a disadvantage when applying for senior government grants in the future.
 - **Legal Implication:** There is no legal implication.
 - **Policy Implication:** The City may fall behind other communities in best practises.
 - **Strategic Priorities Implication:** Social Equity is an identified community value in the 2016-2019 Strategic Plan. Creating a sustainable community that reduces the effects of poverty overall, increases citizen safety and nurtures health and inclusivity.
 - **Political Implication:** Current CCSPI municipalities are looking to Nanaimo to join the group and there may be unintended political consequences of not joining the CCSPI.
4. That Council give staff alternative direction. |

SUMMARY POINTS

- Currently the City does not have a specific social procurement policy, guideline or directive.
- The Federal and Provincial Government have given indication that they are/will be including social impacts in their procurement processes.
- The City of Nanaimo has been invited to join the Coastal Communities Social Procurement Initiative.
- The City could hire a consultant to augment the work of the CCSPI or to perform an independent review of social procurement best practices.

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