

**Deputy City Manager's Office Report to  
Priorities and Finance Committee  
2019 May 14**

**ISC: UNRESTRICTED  
PFC2019-0384**

**Social Procurement Update**

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**EXECUTIVE SUMMARY**

The purpose of this report is to seek Council's approval of the Social Procurement Advisory Task Force Terms of Reference, Scoping Report for the pilot projects and Work Plan. This will allow Administration to move forward, with Council's direction, toward utilization of existing procurement to create greater community benefit and economic resilience. Administration's three-year Social Procurement implementation strategy pilot project will be agile and learn fast by using external and internal stakeholder input to adapt. It will try various options to reach the goal of a shift towards procurement based on achieving multiple outcomes that put the citizen first in addition to maximizing financial value.

**ADMINISTRATION RECOMMENDATION:**

That the Priorities and Finance Committee recommends that Council:

1. Approve the Social Procurement Advisory Task Force Terms of Reference, Scoping Report for the Pilot Projects and the Work Plan identified in Attachment 1; and
2. Direct Administration to return to the Priorities and Finance Committee with an update no later than Q1 2020.

**PREVIOUS COUNCIL DIRECTION / POLICY**

On 2018 April 05, Council unanimously adopted a Notice of Motion C2018-0396 directing Administration to develop a report on Social Procurement and report back to Council no later than Q4 2018.

On 2018 December 17, Council directed Administration to proceed with the Social Procurement initiative C2018-1379 by developing Terms of Reference for the Sustainable, Ethical, Environment Procurement Policy (SSEPP) Advisory Task Force, a Scoping Report for the three pilot projects and a Work Plan and report back to Council through PFC by Q1 2019. Council also approved a budget of \$505,000 for the Social Procurement initiative to be funded from the Budget Savings Account (BSA).

On 2019 March 18, Council approved a deferral report with a report back date of 2019 May. The additional time allowed Administration to engage potential stakeholders, determine the best governance structure for the Terms of Reference for this initiative and launch the Advisory Task Force.

**BACKGROUND**

Historically, procurement has been about choosing the supplier offering the lowest price while still meeting technical requirements of providing high quality products or services with minimal risk. Social Procurement is a means of using our procurement dollars to make intentional positive contributions to both the local economy and the overall vibrancy of the community.

In response to Notice of Motion C2018-0396, Supply Management engaged Buy Social Canada who were selected by a competitive process to develop a report on how The City of Calgary could implement Social Procurement. This included a review of the best or evolving practices in other jurisdictions, risk analysis, industry perspective, review of relevant policies and practices at The City, review of current legislation and trade agreements and potential benefits to the

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community. During the 2018 December 17 Council meeting, Council approved this report in principal. Administration was asked to report back to the Priorities and Finance Committee with the Terms of Reference for the Advisory Task Force, the Work Plan and the Scoping Report for the Pilot Projects.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

#### **Terms of Reference**

Administration has engaged various stakeholders and reviewed numerous options for the governance model for the Social Procurement Advisory Task Force (Attachment 1, pages 11-15). With efficiency, reducing red tape and agility in mind, Administration recommends an Advisory Task Force that advises and makes recommendations to the Director of Supply Management who in turn makes decisions and reports to Council. The Advisory Task Force will advise on potential issues, identify areas of opportunity, support the development of outcome measurements and help to build relationships between suppliers and The City. Through this Advisory Task Force, we are also signaling to the market that this is a new initiative and we are open to feedback. We will be counting on this group to help us identify what is working and what is not working quickly and adapt based on these learnings.

#### **Scoping Report for Pilot Projects**

The Pilot projects identified (Attachment 1, pages 16-19) are areas Administration has either determined can be tested and evaluated quickly or areas we must work on such as Community Benefit Agreements tied to larger construction projects including those with federal government funding. Through the Advisory Task Force, supported by the Supply Management business unit, many options will be identified and tested for each type of pilot project. This fast-paced trial of various options will allow us to adapt the project as needed to ensure we are truly creating a program that puts citizens first. For each of these opportunities the objectives, outcomes and measurements will be developed, tested and evaluated.

#### **Work Plan**

The three-year Work Plan (Attachment 1, pages 3-10) is divided into three phases that are intended to try various opportunities and see where the greatest social benefits can be achieved quickly. It is also structured in such a way to train internal and external stakeholders early and test pilot projects that require less up-front work first. This foundational work will make it easier when we have more complicated pilot projects that will be initiated in Phase 2 (2020). This phased approach will also help provide time for engagement and relationship building with industry and social enterprises.

In Phase 1 (2019), we will be designing, initiating, learning and piloting the first three types of pilot projects and the Community Benefit Agreement for Green Line. In Phase 2 (2020), we will be engaging more broadly, continue to test, measure and initiate the next three types of pilot projects. Finally, in Phase 3 (2021), we will work through implementation of social procurement into The City's procurement procedures.

#### **Stakeholder Engagement, Research and Communication**

The Advisory Task Force held their first meeting on 2019 May 1 and its membership is made up of a multi-stakeholder group from various sectors (Attachment 1, page 13). The first meeting

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consisted of an overview of the project and identifying gaps where additional representation is required. As well, the first working group was struck to review a current procurement opportunity. The Advisory Task Force will meet regularly for the remainder of the project to meet the objectives outlined in the Work Plan. In addition to this, Administration is working on developing a Communications Plan, an Engagement Plan and a Change Management Plan for this project. As part of the communications strategy, this initiative will be tied into the ongoing Business Friendly work to ensure alignment.

### **Strategic Alignment**

Social Procurement aligns with many Council priorities including a commitment to creating and sustaining a vibrant, healthy, safe and caring community that works for all today and tomorrow. This commitment has been expressed through policies, plans and strategies including the Triple Bottom Line Policy Framework, Calgary's Resilience Strategy, the imagine CALGARY plan, and the 2020 Sustainability Direction. The City recognized the potential to achieve many of these objectives by leveraging its existing purchasing power with the adoption in 2008 of the Sustainable Environmental and Ethical Procurement Policy (SEEPP). The addition of Social Procurement is the next step in leveraging procurement to help with economic recovery and creating a more resilient city by utilizing City dollars to achieve greater community benefit.

### **Social, Environmental, Economic (External)**

#### **Financial Capacity**

##### ***Current and Future Operating Budget:***

There is an approved budget of \$505,000 from the Business Savings Account (BSA) to cover the pilot project but does not include additional operating costs required to continue Social Procurement past the initial three years.

##### ***Current and Future Capital Budget:***

No impacts have been identified for this recommendation.

#### **Risk Assessment**

There is a risk that we will not get the community benefit outcomes we are looking to achieve; however, this is why we are planning to try a number of different approaches to find the right fit and achieve multiple outcomes that put the citizen first while maximizing financial value. We will learn fast and adapt as necessary. There is also a risk that there will be resistance to change both internally and externally as this is a new way of doing procurement for The City. One of the goals of our multi-stakeholder Advisory Task Force is that they represent a sector perspective in order to address this transition and develop of policy that can work.

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### **REASON(S) FOR RECOMMENDATION(S):**

After thorough research of other jurisdictions and alignment with other areas of The City, Administration believes the proposed Social Procurement Advisory Task Force Terms of Reference, Work Plan and Scoping Report of Pilot Projects will provide a solid foundation for this project, foster greater economic resilience for Calgarians and be successful in building a more resilient, accessible and inclusive community.

### **ATTACHMENT(S)**

1. Attachment 1 – Social Procurement Policy Implementation Report