

Sustainable and Ethical Procurement (SEP) including Social Value Procurement Framework (SVF)

Backgrounder, FAQ and Myths

Department: Supply Chain Management

Background:

The City of Vancouver is committed to ensuring a healthy city for all through sustainable and social procurement. Building on the success of green operations and living wage, we are continuing to enhance our best value procurement practices with social value, which align with many City strategies and priorities.

In July 2015, Council approved a motion affirming the Healthy City Strategy and Action Plan (2015-2018) with its commitment to have the City of Vancouver develop a Social Value Procurement Framework that would leverage City spending by integrating social value to improve economic equity and while contributing to broader outcomes related to City strategies, goals and priorities.

In 2017, Vancouver became the largest municipal government in Canada to be certified as a Living Wage Employer. Building on the success of employment equity initiatives including Ethical Procurement, Fairtrade Town and living wage, we are continuing to enhance our procurement practices with social value to align with City strategies and priorities, while supporting reconciliation, equity, inclusion, diversity and well-being within our communities. An external review of leadership peers and an internal review of the City's vendors and purchases have been completed. We will now better integrate social value into procurements, balancing value for money with positive contributions in the community.

Objective:

The objective of Sustainable and Ethical Procurement (SEP) is to advance supplier performance and enable business units to achieve better outcomes by leveraging resources & relationships to support sector knowledge, growth and development and to expose emerging and innovative opportunities or requirements, while playing a leadership role in who we do business with as well as what we buy.

Social Value – is achieved by encouraging all vendors to be more equitable, while enabling business units to invest in social/diverse businesses defined by recognized certification, ownership or control and/or their equitable operations that advance outcomes of inclusion, diversity, reconciliation, equity and well-being, by:

- Increasing economic opportunities:
 - Diversify the Supply Chain to add value with the use of social/diverse business that:
 - Have recognized certification and/or
 - Are social/diverse based on being owned/controlled by an equity seeking population (including but not limited to non-profits, coops, women, Indigenous persons, people with disabilities, LGBTQ+)
- Improving economic independence and capacities through:
 - Employment equity, access and rights
 - Ethical Purchasing – Fairtrade; Labour Standards; Health & Safety
 - Living Wage – advance economic well-being of employees; employee development
 - Workforce diversity – participation for underemployed, unemployed, under-represented or equity-seeking populations

Environmental Value – is achieved by enabling business units achieve their Green Operation goals, through material spends, while encouraging all vendors to 'green' their operations and value chain

- Healthy Ecosystems: Become a world leader in preserving and restoring natural habitats by minimizing pollution, conserving natural resources, and regenerating ecological and local food systems
 - o Local Food
 - o Clean Water
 - o Water consumption
 - o Toxicity
- Zero Waste - Reducing and Diverting Waste (Facilities, Office related, operational)
- Zero Carbon – Reducing and eliminating the dependence on fossil fuels and minimizing the release of greenhouse gases (GHG).

Social Value opportunities	Environmental Value opportunities
Target : by 2023, 50% spend (\$) and contracts (#) to social/diverse business in identified categories	Target : TBD Green Ops Action Plan Facilitate and enable spend in identified categories to support operational goals
Services Consultants Management/Finance/IT Education/Facilitate/Workshop Facilities Management Catering (Services) Janitorial (Services) Building Services Graffiti Removal Landscaping Maintenance / Repair Services	Printing Catering/Food (including supplies) Janitorial supplies Deconstruction Trucking Delivery / Courier Excavation Cutting / Coring Cement/concrete/asphalt Vehicles; Fuels Office Furniture Hardware / Peripherals Uniforms

Key Messages:

- The City of Vancouver is committed to a circular economy and achieving maximum value for each tax dollar.
- The social value framework is part of an updated and ongoing commitment to advance economic, environmental and social sustainability for all Vancouver residents and families.
- SEP has developed governance, including guidelines with roles and responsibilities
 - o Operationalizing will include monitoring and tracking towards targets
- Vancouver is one of the first cities in Canada to commit to social (value) procurement with ambitious targets.
- All proponents will be asked about their sustainable operations including Supplier Diversity, Employment Equity and environmental programs/goals. On a procurement-by-procurement basis, there will be an assessment, including industry/best practices and vendor availability, to determine if the City will pursue social/environment sustainability evaluations or requirements of vendors.
- Vendors partners or subcontractor and their operations may be considered to satisfy the social/enviro requirements
- This initiative adds to the economic vitality of the city:
 - o Complimentary to Green Operations, Supply chains, vendors and their supply chains play a significant role in reducing environmental impacts
 - o Investing in social/diverse businesses is a value multiplier investment/contribution in our city and economy. It enables partnerships to support community outcomes and sustainability.
 - o We want to create a community where together we continually improve conditions that enable everyone to enjoy the highest level possible of accessibility, equity, inclusion, health and well-being.

Frequently Asked Questions

What is the Social Value Procurement Framework?

The Social Value Procurement Framework provides guidelines to leverage procurement resources and relationships to increase economic opportunities that are accessible for all citizens improving their independence and capacity while advancing reconciliation, equity, inclusion, diversity and well-being.

Desired outcomes (goals) of social value procurement include:

- Enhance community health and well-being by advancing reconciliation, inclusion, equity and diversity;
- Increase economic opportunities by expanding participation of diverse and social businesses in the City's supply chain, including but not limited to businesses owned/controlled by equity seeking populations such as non-profits/coops, women, Indigenous persons, people with disabilities; ethno-cultural persons and LGBTQ+ persons; and
- Improve economic independence and capacity by recognizing employment equity and increasing employment opportunities for underemployed, unemployed, under-represented equity seeking populations including but not limited to women, Indigenous persons, people with disabilities, ethno-cultural persons and LGBTQ+ persons.

Social (Value) Procurement may be referred to as Supplier Diversity and will include Employee Equity of vendors, their supply chain and/or sub-contractors

What does this mean for you as a vendor to the City?

The City of Vancouver encourages all suppliers to become partners with us in achieving sustainability and best value through our procurement practices.

- Procurement opportunities will be assessed against environmental and social value criteria to identify opportunities that ensure vendors are active partners in meeting outcomes of the City's goals, strategies and priorities.
- Vendors are encouraged to be better by implementing their own strategies that support both social and environmental sustainability, including but not limited to supplier diversity program, workforce diversity, social / diverse business sub-contractors, environmental leadership and certifications.

What is Sustainable and Ethical Procurement?

Sustainability: Meeting the social, environmental and economic needs of the present without compromising the ability of future generations to meet their needs.

Sustainable and Ethical Procurement: Full description is outlined in the City of Vancouver [Procurement Policy](#)

What is best value?

The optimal combination of total cost of ownership, economic sustainability, environmental sustainability and social sustainability as determined in accordance with the specific criteria and weighting for each criterion established by the Vancouver Group for the applicable procurement and for revenue-generating contracts and dispositions the highest total price after discounting for all applicable criteria being utilized for the call, such as security for payment, risk of default, social and environmental factors, etc. (For more, read our [Procurement Policy](#).)

Why is City of Vancouver pursuing a Social Procurement?

The City of Vancouver's decision to be a leader in social procurement recognizing the valuable contributions to residents and communities while hopefully acting as a catalyst for other cities, organizations and businesses to recognize the importance and necessity of economic inclusion and diversity.

Why is the City of Vancouver asking about employment equity &/ workforce diversity?

The City of Vancouver is committed to attracting, recruiting and retaining a diverse workforce that represents the community we so proudly serve. The Equal Employment Opportunity Policy, established in the 1980’s, underscores this commitment as follows:

Purpose: “The aim of this policy is to create a workforce which reflects the composition of the qualified labour pool available in the community, and to foster a climate of understanding and mutual respect among employees in the workplace and the community at large.”

The City welcomes applicants from diverse backgrounds, including Indigenous applicants, all genders, cultures and persons with disabilities. To inform the City’s efforts in a diverse workforce, voluntary equity-related questions are asked. Disclosure is entirely voluntary – any information provided is not shared. All personal information is confidential and collected pursuant to the Vancouver Charter and the Freedom of Information and Protection of Privacy Act.

What is the benefit for vendors/businesses?

Benefits for vendors and businesses include working together and truly doing business with the City as a partner in all regards. Traditional businesses and social value businesses need each other to achieve greatness, increase capacity, and build knowledge, command market share and public support – everyone benefits in some way when supporting social outcomes.

Will implementing the Social Procurement cost taxpayers more?

Best value for taxpayer dollars, including social value, is an investment in our communities and economy. It increases economic opportunities and independence that support full participation while advancing reconciliation, equity, inclusion diversity and well-being in our community.

The multiplier effects of economic participation in the community far outweigh any financial impact to the City and may in fact result in savings to other focus areas therefore allowing a shift in resources to areas of need. Participation and outcomes will be gradual as opportunities arise over the next two to three years.

How many contracts will this affect? What is the dollar amount will the change represent?

Small shifts in spending can have significant impact in the community and economy. The City spends about \$200 million each year; full operationalization of the Social Value Procurement Framework in identified service categories is expected to take three years with ongoing assessment procurement opportunities for sustainability and best value.

Why are we focusing on social value businesses (diverse suppliers)?

City of Vancouver (Plans & Strategies)	Economic Drivers
<ul style="list-style-type: none"> • Women’s Equity Strategy <ul style="list-style-type: none"> • Women make up 51% of Vancouver’s population • Increase labour force participation • City of Reconciliation <ul style="list-style-type: none"> • Provide support for training/employment • Healthy City Strategy <ul style="list-style-type: none"> • Enabling supported employment initiative via social enterprise • ensuring social sustainability by developing more opportunities for people in Vancouver • Creative City Strategy <ul style="list-style-type: none"> • Reflect the diversity of the City 	<ul style="list-style-type: none"> • Women <ul style="list-style-type: none"> • Full economic participation could add \$21.2 billion to BC’s Gross Domestic Product by 2026. • Indigenous <ul style="list-style-type: none"> • There are over 37,000 Indigenous-owned businesses across Canada and they are creating new businesses at 9 times the rate of the average Canadian (Indigenous and Northern Affairs Canada website, PSAB - Bringing Meaning to Procurement) • Non-Profit (Social Enterprise) / Coop Business <ul style="list-style-type: none"> • For every \$1 spend~ \$3 social value • People with Disabilities <ul style="list-style-type: none"> • More than 500,000 British Columbians ages 15 and older, or 15% of the population, self-identify

<p style="text-align: center;"><i>investments and efforts</i></p> <ul style="list-style-type: none"> • Supporting Trans Equality and Inclusive Vancouver <ul style="list-style-type: none"> • <i>embrace and support people of all gender identities and expressions</i> • Vancouver Immigration Partnership <ul style="list-style-type: none"> • <i>Vancouver attracts newcomers from around the world. In 2016, 47% of Vancouver's population was born outside of Canada</i> <p style="text-align: right;"><i>(Not inclusive list)</i></p>	<p style="text-align: center;"><i>as having a disability and the numbers are growing rapidly</i></p> <ul style="list-style-type: none"> • <i>Only 50% of Canadians with a disability aged 25 to 65 are employed versus 80% of the general population.</i> • <i>Are more than twice as likely to live in poverty as someone without a disability.</i> <ul style="list-style-type: none"> • Ethno-Cultural <ul style="list-style-type: none"> • <i>One per cent increase in ethno-cultural diversity was associated with a 2.4 per cent increase in revenues</i> <p style="text-align: right;"><i>(from various sources)</i></p>
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Myths about Social Value Procurement:

We are going to select social/environmental value over price and quality:

All procurement activities are expected to go through the competitive process as defined by Public Procurement Laws, Policies & Practices and the City of Vancouver [Procurement Policy](#), as well as perform on requirements developed for that bid, which may include sustainability (social/environmental) requirements.

We are requiring social value/outcomes on every tender:

All businesses are potential partners to achieve social value. The City of Vancouver encourages all suppliers to become partners with us in achieving sustainability and best value through our procurement practices.

We will only do business with social value business vendors. We are requiring all proponents to be social value businesses.

Procurement opportunities will be assessed against environmental and social value criteria to identify opportunities that ensure vendors are active partners in meeting outcomes of the City's goals, strategies and priorities. Depending on an assessment of the cost and availability, we may pursue social/diverse businesses as the vendor and/or require the vendor to subcontract with social/diverse businesses.

We are giving special preference/preferential treatment to certain types of vendors:

Social value framework is intended to improve accessibility to economic opportunities. Social/diverse businesses, including social enterprises, are still expected to be qualified and must compete on price and quality.

We are going to have to evaluate types of social value:

We see all businesses as potential partners to achieve a variety of social outcomes.

What is Social (Value) Procurement?



How is it achieved?

1. **Supplier Diversity** - increase economic opportunities for "social / diverse suppliers" based on their ownership/control and/or certification by an equity-seeking population
2. **Employment Equity** - improve economic independence and capacities for equity-seeking populations
 - Ethical: Labour Standards, Health & Safety
 - Compensation: Living Wage, FairTrade, Employee Development
 - Workforce Diversity: participation for underemployed, unemployed, under-represented
3. **Sub-contractors** – supporting / participating in the above

Equity-seeking populations include, but are not limited to, non-profit (Social Enterprise), cooperatives, Women, Indigenous Peoples, Ethno-cultural (minorities, newcomers, immigrants), persons with disabilities, and LGBTQ2+ persons.

6

Social Value Framework



Leverage resources and relationships to advance reconciliation, inclusion, diversity, equity and well-being

- By increasing economic opportunities by expanding supply chain diversity

Small (SME) Business	Social Business	Diverse Business
To be Defined by (Prov?/Fed?): # workforce \$ revenue	Ownership: - Nonprofit/Charity - Coop/ESOP - C3/CCC Certifications: - B Corps	Owned/Controlled/Certified: - Indigenous People - Women - PWD - Ethno-cultural - LGBTQ+

- While improving economic independence and capacity with employment access and rights
"broadly diverse, dynamic workplaces that are equitable, accessible and inclusive of all people"

Ethical Purchasing	Living Wage	Workforce Diversity
<ul style="list-style-type: none"> • Human Rights • Fairtrade • Labour Standards • Health & Safety 	<ul style="list-style-type: none"> • Economic inclusion of employees and contracted service providers • Employment Support & Development 	<ul style="list-style-type: none"> - Indigenous People - Women - PWD - Ethno-cultural - LGBTQ+

* Lists are not exhaustive.