

Social Value Procurement Background, FAQ and Myths

Department: Supply Chain Management

Background:

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.

The City is committed to help reduce inequity in Vancouver through sustainable and social procurement. In 2017, Vancouver became the largest municipal government in Canada to be certified as a Living Wage Employer. Building on the success of 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 done. The City is working to integrate social value into its procurement, balancing positive contributions within the community with value for money.

Objective:

The objective of Social Value Procurement is to leverage resources & relationships that:

- Increase economic opportunities
- Diversify the Supply Chain: promote social value business that have a recognized certification and/or are owned/controlled by an equity seeking population (including but not limited to non-profits/coops, women, Indigenous persons, people with disabilities, LGBTQ+)
- Improve economic independence and capacities
- Promote workforce diversity – underemployed, unemployed, under-represented groups
- Advance inclusion, reconciliation, equity and diversity

Additional Information:

- Vancouver is one of the first cities in Canada to commit to social value procurement.
- The City of Vancouver is committed to a circular economy and achieving maximum value for each tax dollar.
- Based on a thorough assessment of the vendor availability, the City will pursue social/diverse vendors. Vendors may partner with other businesses to satisfy the requirements that the framework will outline.
- The framework will support an ongoing commitment to advance economic, environmental and social sustainability for all Vancouver residents and families.
- This initiative adds to the economic vitality of the city:
 - Investing in social value business is a multiplier investment/contribution in our communities and economy. It enables partnerships to support diverse business and community outcomes.
 - 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 value 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 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.

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 implement their own strategies that support both social and environmental sustainability, including but not limited to supplier diversity program, workforce diversity, social value 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 Value Procurement Framework?

The City of Vancouver's decision to be a leader in social value procurement will contribute to social outcomes and hopefully act as a catalyst for other cities, organizations and businesses to recognize the importance and value of economic inclusion and diversity.

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.

Social responsibility is also gaining momentum and becoming the new standard for employees, buyers, and public satisfaction and expectations.

Will implementing the Social Value Procurement Framework 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 in the community and economy. The City spends about \$200 million each year, full operationalization of the Social Value Procurement Framework 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"> • <i>Women make up 51% of Vancouver’s population</i> • <i>Increase labour force participation</i> • City of Reconciliation <ul style="list-style-type: none"> • <i>Provide support for training/employment</i> • Healthy City Strategy <ul style="list-style-type: none"> • <i>Enabling supported employment initiative via social enterprise</i> • <i>ensuring social sustainability by developing more opportunities for people in Vancouver</i> • Creative City Strategy <ul style="list-style-type: none"> • <i>Reflect the diversity of the City investments and efforts</i> • 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 2011, 44 percent of Vancouver’s population was born outside of Canada</i> <p style="text-align: right;"><i>(Not inclusive list)</i></p>	<ul style="list-style-type: none"> • Women <ul style="list-style-type: none"> • <i>Full economic participation could add \$21.2 billion to BC’s Gross Domestic Product by 2026.</i> • Indigenous <ul style="list-style-type: none"> • <i>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)</i> • Non-Profit (Social Enterprise) / Coop Business <ul style="list-style-type: none"> • <i>For every \$1 spend~ \$3 social value</i> • People with Disabilities <ul style="list-style-type: none"> • <i>More than 500,000 British Columbians ages 15 and older, or 15% of the population, self-identify as having a disability and the numbers are growing rapidly</i> • <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> • 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>

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 value businesses as the vendor and/or require the vendor to subcontract with social value businesses.

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

Social value procurement is intended to improve accessibility to economic opportunities. Social value 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.