

Social Procurement Program: Additional Resources and Achievements for 2018

Date: January 31, 2018

To: Executive Committee

From: Treasurer and the Executive Director, Social Development, Finance & Administration

Wards: All

SUMMARY

At the meeting held on January 23, 2018, Budget Committee requested the Executive Director, Social Development, Finance & Administration (SDFFA) to provide a report to the next scheduled Executive Committee meeting on specific outcomes associated with any additional resources for the City's Social Procurement Program.

The City's Social Procurement Program was adopted by City Council in 2016 and began implementation in 2017. In its first year of implementation, the program's two streams – supply chain diversity and workforce development – experienced rapid uptake, surpassing early targets. This early success is creating pressure and demand on existing staff resources.

Within existing resources, the Social Procurement Program will be able to maintain status quo outcome levels from 2017 into 2018 with respect to supply chain diversity and workforce development. Staff analysis shows that with the addition of one Purchasing Coordinator, the Social Procurement Program would achieve significant, increased impact in 2018 outcomes.

With an additional Purchasing Coordinator, the Social Procurement Program would be able to achieve a 94% increase in the number of new large-scale City procurement projects selected for workforce development in 2018. Similarly, increased collaboration, education and outreach with the supplier councils can lead to increased awareness and opportunities for diverse suppliers to access the City's low dollar value contracts.

RECOMMENDATIONS

The Treasurer and Executive Director, Social Development, Finance & Administration recommend that:

1. City Council receive this report for information.

FINANCIAL IMPACT

The 2018 Budget Committee Recommended Operating Budget for the Social Procurement Program includes funding of \$94.5 thousand gross and net to support the existing Coordinator Purchasing Services position, which is fully cost shared between Social Development, Finance & Administration (SDFA) and the Purchasing & Materials Management Division (PMMD).

Should the Committee move to add one new Purchasing Coordinator to further advance the Social Procurement Program, one new Purchasing Coordinator position would imply \$83.1 thousand gross and net in 2018 and an additional \$26.4 thousand gross and net in 2019 to reflect the annualization.

This brings the total financial impact of one additional Purchasing Coordinator to \$109.5 thousand, comprised of payroll \$94.5 thousand and non-payroll \$15 thousand for program support. The budget for the enhanced programming would be fully allocated to the 2018 Budget Committee Recommended Operating Budget for SDFA.

The Acting Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On January 23, 2018, Budget Committee requested the Executive Director, Social Development, Finance and Administration to report to Executive Committee on resource requirements and deliverables to advance social procurement objectives.

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getDecisionDocumentReport&meetingId=13027>

On December 18, 2017, Budget Committee requested a briefing note from the Executive Director, Social Development, Finance and Administration on advancing the development of the Social Procurement Policy, an initiative of the Toronto Poverty Reduction Strategy, and the staff resources required to undertake this work.

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getDecisionDocumentReport&meetingId=12852>

On May 3, 2016, City Council approved the City of Toronto Social Procurement Program. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX14.8>

On February 17, 2016, City Council approved the 2016 Operating Budget which authorized staff to hire a Purchasing Coordinator to support the implementation of the City of Toronto Social Procurement Program.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX12.2>

On November 3 and 4, 2015, City Council adopted TO Prosperity: Toronto Poverty Reduction Strategy, which recommends that the City leverage its economic power to stimulate job growth, support local businesses, and drive inclusive economic growth, including designing and implementing a City social procurement policy.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX9.5>

COMMENTS

Over the past ten years, City staff worked across divisions with a range of community partners to advance a social procurement agenda. In 2013, City Council adopted a Social Procurement Framework and City staff proceeded to pilot test approaches, learn from best practices, and eventually, develop a viable social procurement policy and program for the City of Toronto.

In 2015, City Council unanimously approved TO Prosperity, Toronto's poverty reduction strategy. In 2016, City Council unanimously adopted the Social Procurement Program as a tangible step to meeting the Strategy's systemic change recommendation 13, which aims to "leverage the economic power of the City to stimulate job growth, support local businesses, and drive inclusive economic growth."

The Social Procurement Program began implementation in 2017. To achieve the objectives, one new Purchasing Coordinator position was added to the Office of the Treasurer through the 2016 budget process. This position is fully cost shared between SDFA and PMMD.

Social Procurement Program Year One Implementation (2017)

In the first year of implementation (2017), the Social Procurement Program produced measurable results in its two streams.

Supply Chain Diversity

Twenty-two staff training sessions were conducted, engaging approximately 600 staff. These sessions trained City staff on new divisional purchasing procedures that require staff to invite at least one diverse supplier to quote for low dollar value contracts.

As a result, 42 low dollar value contracts were awarded to diverse suppliers including businesses owned by Aboriginal people, LGBTQ2S community, racialized people,

social enterprises, and/or women. The total value of these contracts was more than \$550,000.

Examples of diverse supplier contracts awarded in 2017:

- Aboriginal-owned design and printing business (Value \$3,000)
- Catering from a social enterprise (Value \$5,700)
- Office furniture from a business owned by a racialized minority (Value \$11,500)

The Purchasing Coordinator plays a key role in proactively maximizing access and opportunities to City procurement for diverse suppliers. This is accomplished in two key ways. First, through training City staff on new purchasing protocols and procedures that require staff to invite diverse suppliers to submit quotes. Second, through capacity building with supplier councils (third-party certifying organizations) so they have the knowledge and education they need to maximize diverse supplier certification, which in turn augments the City's diverse supplier list.

Workforce Development

In 2017, 17 large-scale City procurement projects were selected to create job opportunities for equity-seeking groups. Eighty-five percent of large-scale procurement projects included workforce development opportunities, which far exceeded the program's 33% target.

Examples of workforce development opportunities secured [1] in 2017:

- Block 31 Canoe Landing development (1 unionized trade apprenticeship)
- Toronto Ashbridges Bay Integrated Pumping Station (3 non-union trade apprenticeships, sub-contract to 1 social enterprise per year)
- Bessarion Community Centre (3 non-union trade apprenticeships, 1 paid internship or work-based learning position per year, minimum 10% of all trade or craft working hours)

The Purchasing Coordinator provides intense case management to each selected project at every stage of the procurement process. This begins with drafting social procurement requirements to include in RFPs and Tenders, then working with awarded vendors to develop a workforce development plan, coordinating the connection of job seekers to project-related employment opportunities, and finally, monitoring progress and tracking outcomes.

Additional Resources and Specific Outcomes for 2018

In 2018, thirty-three large-scale City projects have already been identified through the initial screening process for social procurement, which is nearly double compared to

[1] Workforce development opportunities secured in 2017 RFPs and Tenders are not hired until vendors are awarded, which typically takes anywhere from 3-6 months after the procurement process begins.

2017 (17 projects). These projects take longer than two years to complete, therefore, at any given time in 2018 there could be a potential caseload of up to 47 projects for the Purchasing Coordinator to manage and support. This caseload is not feasible for one staff to manage. Without adequate resources to manage project workload, the Social Procurement Program team will not be able to meet 2018 demand.

Table 1 (below) provides a clear breakdown of achievable outcomes within existing 2017 resources compared to the addition of a Purchasing Coordinator in 2018. The table compares the achievable outcomes across five work themes: supply chain diversity education and outreach, workforce development, staff training, documenting new protocols and procedures, and data analysis.

Table 1. Comparison of Resources and Achievable Outcomes, 2018

Resources and Achievable Outcomes in 2018		
Work Theme	Within Existing Resources	1 Additional Purchasing Coordinator
Supply Chain Diversity Education and reach	<ul style="list-style-type: none"> Monthly "How To Do Business with the City" sessions 	<ul style="list-style-type: none"> Monthly "How To Do Business with the City" sessions Annual networking event between City staff, supplier councils and diverse suppliers Working more closely with supplier councils to improve data collection and diverse supplier engagement
Workforce Development	<ul style="list-style-type: none"> Oversee 35 large-scale City procurement projects to include workforce development [2] 17 projects carried over from 2017 18 new projects selected in 2018 (Increase by 1 project from 2017 to 2018) 	<ul style="list-style-type: none"> Oversee 50 large-scale City procurement projects to include workforce development [3] 17 projects carried over from 2017 33 new projects selected in 2018 (94% increase 2017 to 2018)

[2] Numbers are approximate projections. Within existing resources, total number of workforce development projects managed in 2018 may range from 30 to 35 projects (17 from 2017, 18 new for 2018).

[3] Numbers are approximate projections. With the addition of a Purchasing Coordinator, total number of workforce development projects managed in 2018 may be approximately 50 projects (17 from 2017, 33 new from 2018).

Resources and Achievable Outcomes in 2018		
City Staff Training	<ul style="list-style-type: none"> Staff information sessions by request from City Divisions 	<ul style="list-style-type: none"> Staff information sessions by request from City Divisions Training materials & online tools will be developed
Documenting New Protocols and Procedures	Will be achieved	Will be achieved
Social Procurement Data Analysis	Will be achieved	Will be achieved

The addition of one Purchasing Coordinator with program dollars, has significant immediate impact on the achievable outcomes of supply chain diversity and workforce development. In summary, the immediate impact of one additional Purchasing Coordinator would be:

- For supply chain diversity, increase the education and outreach to the diverse supplier community via the supplier councils and increase the training with City Staff on the Divisional Purchase Order procedure to increase the access of diverse suppliers to low dollar value contracts.
- For workforce development, a 94% increase in number of City projects that include workforce development, for a total of 33 projects. This would result in at least 66 new job opportunities [4].
- City staff training materials and resources will be developed, in addition to delivering staff training sessions across City divisions.
- New protocols and procedures will be documented and robust social procurement data analysis will be conducted to report on impact and trends.

How does Social Procurement relate to the City's Community Benefits Framework?

"Community benefits" is the umbrella term that refers to a range of processes, practices, and outcomes to achieve social, economic and environmental benefits for the local communities impacted by proposed development and infrastructure projects, and other public sector procurement activity. Social procurement is one of these processes that leverages workforce development and supply chain diversity opportunities.

In 2015, the Executive Committee requested staff develop a community benefits agreements protocol, which is now referred to as the Community Benefits Framework

[4] Based on the estimate of 2 jobs leveraged per project.

(EX5.20 Community Benefits Agreements). While social procurement leverages workforce development and supply chain diversity from City procurement, the interdivisional work to develop a broader Community Benefits Framework will allow the City to bring all of its tools, and potentially develop new tools, to turn public and private development into opportunities that make significant social and economic impact on Toronto communities.

A City of Toronto Community Benefits Framework will be delivered for City Council's consideration in Q1 2019. Acceleration of the work for Council consideration is not possible in 2018 due to a shortened Council cycle in the election year. City staff will continue to address community benefits opportunities as they arise, concurrent to the development of a broader Community Benefits Framework, for example, expanded gaming at Woodbine.

CONTACT

Denise Andrea Campbell
Director
Social Development, Finance &
Administration
416-392-8614
DeniseAndrea.Campbell@toronto.ca

Mike Pacholok
Chief Purchasing Officer
Purchasing & Materials Management
Division
416-392-7312
mike.pacholok@toronto.ca

April Lim
Policy Development Officer
Social Development, Finance & Administration
416-392-8918
april.lim@toronto.ca

SIGNATURE

Chris Brillinger
Executive Director
Social Development, Finance
& Administration

Mike St. Amant
Treasurer