



British Columbia  
Social Procurement Initiative

# FREQUENTLY ASKED QUESTIONS

## **What is Social Procurement?**

Every purchase has an economic, social, cultural, and environmental impact, whether intended or not. Social procurement is an emerging best practice being used by governments and other public purchasers. It is a strategic approach to purchasing that can create additional social and sustainable value to help address a wide range of community challenges, while still ensuring best value for money and quality of service.

Local governments spend billions of dollars annually through procurement, the process of purchasing goods, services, and building infrastructure. Implementing social procurement practices within this existing purchasing helps ensure these dollars go further by creating the opportunity for additional social, environmental, and cultural value that aligns with governments' strategic goals and objectives. Social procurement supports things like:

- Creating healthy and resilient local economies
- Contributing to climate and sustainability objectives
- Creating employment, training, and apprenticeship opportunities
- Creating social and sustainable value in the supply chain
- Supporting vulnerable populations
- Contributing to equity, diversity, and inclusion
- Advancing reconciliation with local First Nations

## **How is social procurement different from conventional procurement?**

Social procurement still includes considerations for price and quality in purchasing choices but adds a social value to decision making. The inclusion of social value allows for procurement to generate positive ripple effects in the community. By being intentional about the value we want to create through purchasing, we can create positive impacts in our communities.

## **Why is social procurement important?**

Communities today are facing complex social, economic and environmental challenges. Every year, local governments across British Columbia award contracts for goods and services collectively worth billions of dollars using public funds. The types of businesses you purchase from and the way they conduct their business matters. It is becoming an increasingly expected practice that RFPs include social value and environmental considerations at all levels of government.

## **Who defines 'local'?**

Each community, or organization, defines 'local' for their specific context. What are your local economic development goals? Engage with community members, First Nations, associations and stakeholders to cocreate what 'local' means for your community.

## **What are the goals of social procurement?**

Each community will set their goals depending on their needs and opportunities. Defining your local community goals and priorities is step number one in developing a Social Procurement Policy, because success is only achieved when we use existing purchasing to achieve locally defined goals that could include buying from social enterprises, apprenticeships and training and inclusive employment.

## **Is it legal for governments to use social procurement? Don't we have trade agreements to comply with?**

Yes, governments have to comply with trade agreements. You cannot restrict competition, but you can seek social value outcomes from all bidders. The important part is making the process open, competitive and transparent for all bidders.

As an example, you cannot limit your RFPs to 'local businesses only'. However, you may be able to include a social value consideration for 'local economic development and employment opportunities.'

All trade agreements also have financial thresholds for when they come into effect. You will need to check the most stringent requirements in your jurisdiction for the actual dollar value thresholds. As of 2023, the local government threshold in British Columbia is \$75,000 for goods and services and \$200,000 for construction.

There are also a number of purchasing 'exemptions and exclusions.' One very important exemption is buying from non-profits. Almost every social enterprise in Canada is operated through a non-profit, so direct award to a non-profit social enterprise is an option for above threshold purchases.

There is also allowance for Indigenous or Aboriginal set asides under the trade agreements. You can develop a program to focus parts of your purchasing on buying from Indigenous businesses.

To learn more about Trade Agreements see the [Buy Social Canada Trade Agreement Primer](#).

### **What are the current Canadian Free Trade Agreement Threshold levels?**

New West Partnership Trade Agreement (NWPTA): The NWPTA threshold for Goods & Services is \$75,000 and for Construction is \$200,000. This is effective until December 31, 2023

Canadian Free Trade Agreement (CFTA): The CFTA Threshold for Goods & Services is \$121,200 and for Construction is \$302,900. This is effective until December 31, 2023

Canada-European Union Comprehensive Economic and Trade Agreement (CETA): The CETA Threshold for Goods & Services is \$366,200 and for Construction is \$9.1M. There is a requirement under CETA that all purchases that are above these thresholds need to be shared on BC Bid.

### **Does social procurement mean buying just from local businesses?**

No, social procurement is not just about 'buying local.' This is not allowed under trade agreements for above threshold purchases. Instead, social procurement looks for ways to structure procurement to make it more possible for local businesses to bid and demonstrate the value they provide to the community. They still need to compete in an open, fair and transparent process. It is also a way to ask businesses from outside the community how they are going to provide social value to the communities where they do business.

For below threshold purchases, such as P Card and low dollar value purchases, you can prioritize purchases from local businesses when the trade agreements do not apply.

### **Will social procurement cost taxpayers more?**

In terms of proposals received, so far there has not been an increase in costs. In fact, by unbundling projects (breaking large contracts into smaller, clearly separate parts), there has even been significant cost savings that result from goods and services being delivered by local businesses. However, depending on what the goals might be, a decision could be made to pay more for greater value.

Some rural communities do find purchasing from local businesses, if that is one of their social procurement goals, sometimes does cost more. In those situations, it is important to consider what you are buying, what the cost difference is, and what the impact potential could be for your local economy to make that purchase. When there are higher costs, there may still also be higher social value that makes that purchase the best value.

When you buy from a local business, you are reinvesting into the local economy, jobs and tax base. The LOCO BC multiplier effect shows 63% of money spent at local, independent businesses is recirculated in the local economy, compared to 14% of money spent at multi-national corporations.

### **Does social procurement apply only to the public sector contracts?**

No. Any organization that purchases can practice social procurement. There are lots of examples of private sector and non-profit organizations practicing social procurement. Local governments can ask potential suppliers if they practice social procurement as part of the social value their business creates or contributes to.

### **Can social procurement practices be enforced?**

Yes, social procurement practices are enforceable. When an organization inserts social procurement criteria and/or outcome requirements into contracts, suppliers must comply with these terms and conditions. When social procurement criteria become part of a contract, this makes the social procurement component legally enforceable. It is required to make any accountability measures or enforcement mechanisms clear to suppliers in the bid process.

### **Is it possible to measure the results from social procurement initiatives?**

Yes, there are multiple ways to measure the results from social procurement. It is important to measure outcomes that are aligned with your social procurement goals. These can include metrics such as spend with priority business types, number of contracts with social value criteria, employment of equity groups, apprenticeships and more.

If you want to learn more about measurement, see the “Measure What Matters Guide” and the BCSPI Impact Measurement Framework in the [BCSPI Member Home](#).

## **About British Columbia Social Procurement Initiative (BCSPI)**

### **What is BCSPI?**

BCSPI is a public sector initiative that fosters positive social, environmental, cultural and economic impact across British Columbia. Our team of experts support local governments and institutional purchasers to make the money they spend do more for their community. Through the initiative, BCSPI members can build capacity through training, consulting, resources and support to implement purchasing that achieves community goals.

Services for members are contracted to and delivered in partnership by Scale Collaborative, Buy Social Canada, and the Vancouver Island Construction Association. The combined industry experience and expertise of these organizations ensures that BCSPI members receive the best possible support for social procurement implementation.

### **What is the desired outcome of this initiative?**

BCSPI is looking to improve community capital across British Columbia, the goal is for communities to have healthy economies, environments and people. Building a social value aspect into the procurement process will support strengthening community well-being.

### **Is social procurement used elsewhere?**

Social procurement is being advanced across Canada, in cities such as Vancouver, Calgary and Edmonton, and at the provincial and federal government level. Social procurement is also a best practice in countries throughout the world including the United States, Australia and the United Kingdom.

BCSPI is unique in being a regional approach that supports local governments of all sizes.

### **Who funds the initiative?**

BCSPI is supported by membership fees, and remains open to funders to support the initiative and its members. Membership is open to all local governments and institutional purchasers in British Columbia. Please visit [bcspi.ca/membership](https://bcspi.ca/membership) for membership rates.

### **How do organizations join BCSPI?**

Interested organizations can contact Em Chapman, BCSPI Coordinator, at [em@buysocialcanada.com](mailto:em@buysocialcanada.com) to discuss BCSPI membership.