

# LEVERAGING THE BENEFITS OF SOCIAL PROCUREMENT IN NL



## WHAT IS SOCIAL PROCUREMENT?

Social procurement can be understood as the use of purchasing power to create social value. In the case of public sector purchasing, social procurement involves implementing procurement strategies to support economic and social policy objectives.

## WHY INVEST IN SOCIAL PROCUREMENT?

In Newfoundland and Labrador, there are currently no policy mechanisms in place to evaluate or prioritize social outcomes and community impact in public procurement processes, placing social enterprises at a disadvantage when competing for government procurement contracts.

By sourcing goods and services through social procurement, government departments can better leverage existing purchasing power toward multiple social outcomes while offering significant return on investment. This can result in increased economic activity, labour market participation, poverty reduction, and social and economic inclusion through market opportunities for social enterprises.

## WHAT IS THE RETURN ON INVESTMENT?

**In 2019, for every \$1.00 invested in social enterprise through social procurement, Choices for Youth generated \$2.61 in cost savings back to government.** Given the range of social outcomes that can be achieved through social enterprises, coordinated and progressive action on the province's social procurement modernization strategies will help support multiple government goals, including:

- Fostering economic empowerment for individuals and communities by building employment and economic activity through the sales of goods and services.
- Generating savings across government departments through a decreased burden on the income support system, decreased interactions with the justice system, and beyond.
- Operating businesses that exist with a social mandate, which assists governments in yielding positive social outcomes in a collaborative and innovative way.

## GOVERNMENT, COMMUNITY AND ECONOMIC ALIGNMENT

Efforts to implement social procurement are supported across partisan lines and across sectors in Newfoundland and Labrador. In response to COVID-19, the Coalition for a Just Recovery, a group of 35 community agencies in Newfoundland and Labrador, have been advocating for social procurement to strengthen local economic development and provide employment opportunities for vulnerable populations. For our economy, social procurement is an innovative solution that maximizes limited resources toward multiple positive social outcomes.

For community, social procurement represents a critical opportunity to leverage planned government investments and expenditures towards the growth of social enterprises which support the work of social purpose organizations such as Choices for Youth.

The Government of Newfoundland and Labrador is well positioned to take the next big step toward leveraging social procurement in our province. Furthermore, social procurement policies align with the intended outcomes of the following existing government initiatives, plans, and agendas:

- Economic Recovery Task Force
- Towards Recovery
- The Way Forward Plan
- Workforce Innovation Agenda
- Social Enterprise Action Plan
- Premier's Task Force on Improving Educational Outcomes
- Housing and Homelessness Plan
- Poverty Reduction Strategy
- NLHC Strategic Plan
- Federal Social Innovation Strategy

## OPPORTUNITY FOR THE GOVERNMENT OF NL

**Legislation for social procurement already exists through the Public Procurement Act.** By empowering enterprising non-profits and supporting social enterprises with government procurement strategies, we can together make massive strides in addressing complex social issues such as poverty, labour market participation, and social inclusion. **To successfully leverage the benefits of social procurement in NL, we recommend the following:**

### Build on modernized Public Procurement Act

1. **Create a social procurement working group** that will identify key procurement opportunities in the province. This group should include representation from government, industry and social enterprise practitioners as recommended in the [Social Enterprise Action Plan](#) and [Untapped Potential](#). Engagement from multiple government departments through this working group will be essential to maximizing potential outputs towards multiple social outcomes.
2. **Develop procurement policies that prioritize social impact**, providing departments and agencies with a framework to implement social procurement practices.

### Support Enterprise Readiness

3. **Adopt third-party accreditation/certification to ensure that local social enterprise is consistent with nationally accepted principles.** Currently, Buy Social Canada is the nationally recognized certification organization. It is our recommendation that the provincial government, in coordination with practitioners, work closely with Buy Social Canada to bring provincial and national best practices to the table.

## Pilot A Social Procurement Initiative

4. **Launch a pilot program with NLHC in partnership with Impact Construction** modelled on the [Manitoba Housing case study](#) and a completed contract between Impact Construction and NLHC to improve multiple housing units on [Beothuck Street in October 2016](#). We are proposing using St. John's and Corner Brook as pilot sites.
5. **Leverage large capital projects to increase local employment for vulnerable populations** by contracting work to social enterprises with the necessary wrap-around supports to support their employees.

## SOCIAL PROCUREMENT CASE STUDIES

### Impact Construction & Beothuck Street Case Study

Ongoing partnerships between Impact Construction and the Newfoundland and Labrador Housing Corporation (NLHC) have already demonstrated the success of social procurement and its role in fostering the growth of social enterprises in our province.

In October 2016, Impact Construction won and successfully completed an NLHC contract to modernize and improve housing units on Beothuck Street. This project employed 24 youth and generated 8,000 hours of employment. This resulted in \$99,940 in income earned by young people who were unable to access the traditional labour market and would have otherwise been reliant on income support. This initiative resulted in \$24,240 in paid income tax contributions and savings of \$77,283 to the income support system.

Training young people is a core component of Impact Construction's programming model. The young people who we employ begin with little-to-no skills in the construction sector. During their employment term, they receive paid employment training and are supported with mentorship opportunities and wrap-around supports, providing them with the skills, supports and connections necessary to be either employed in the private market or to enter post-secondary education. This socially driven model sets us apart from private industry who look to retain talent after they invest in their training. Choices for Youth hire young people with the highest support needs and work to train them to be employed elsewhere.

### Manitoba Housing Case Study

The Province of Manitoba formalized its social procurement mandate in 2015 with the launch of the [Manitoba Social Enterprise Strategy Framework](#), which included the goal to double social procurement through Manitoba Housing from \$5 million/year to \$10 million/year over three years. The strategy was a success, resulting in contracts between Manitoba Housing and six social enterprises who received a total of \$7 million/year in government contracts through Manitoba Housing. The initiative also demonstrated significant social value. For every \$1.00 invested in one

of the six social enterprises, \$2.23 was generated in social and economic returns. The contracts have created 200 construction jobs and workers have been found to have a significantly lower recidivism rate. A key to generating this impact was the focus on workforce integration, which allowed Manitoba Housing to target where the most social value could be created.

To facilitate this investment, Manitoba Housing set aside 5% of their overall budget for social enterprises to perform construction and maintenance-related tasks. This policy change allowed for social enterprise to grow substantially, creating a stable and dependable workflow for social enterprise while delivering on social outcomes and generating significant social return on investment.

## ABOUT CHOICES FOR YOUTH

Choices for Youth is a non-profit organization, operating wrap-around supports for approximately 1300 vulnerable youth a year. Choices for Youth runs three social enterprises; Impact Construction, Neighbourhood (thrift shop) and The Shop (small scale manufacturing).

With over a decade of experience operating multiple social enterprises, Choices for Youth is uniquely equipped to support government efforts to leverage the benefits of social procurement. If you are interested in discussing how we can work together to support social procurement in Newfoundland and Labrador, please don't hesitate to connect with us.

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## RESOURCES

### 1. Choices for Youth

- a. [Social Procurement Rationale & Project Beothuck Case Study](#)
- b. [Untapped Potential: Social Enterprise as a Tool to Stimulate Economic Development and Drive Social Outcomes in Newfoundland & Labrador](#)

### 2. Buy Social Canada

- a. [A Guide to Social Procurement](#)
- b. [The Manitoba Housing Story: A Social Procurement Case Study](#)
- c. [Social Value Procurement Menu](#)
- d. [Social Value Menu: Community Employment Benefit Templates for Implementation](#)
- e. [Social Value Menu: Community Benefit Agreements Templates for Implementation](#)

### 3. Coalition for a Just Recovery

- a. [Coalition for a Just Recovery NL: 10 Defining Initiatives](#)