



Written Submission on the Federal Pre-Budget Consultations for Budget 2024

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Submitted to:

The Department of Finance, Canada

Submitted by:

Social Value Canada

Recommendation 1: PWGSC and Shared Services Canada adopt a Social Value Procurement Policy which applies a mandatory consideration and valuation of social and environmental impact triggered by federal government procurement of products and services above a designated value.

Recommendation 2: Increase the capacity of Canada's public service to understand, integrate and conduct social value assessments as a core aspect of policy, planning, and procurement work by including it as part of the curriculum at Canada's School of Public Service.

With an estimated \$22 billion worth in purchasing of goods and services in Canada, the Government of Canada has a highly influential role in the Canadian economy. Ensuring that the economy is sustainable, equitable and contributes to meaningful growth in Canada includes an assessment of how federal suppliers directly impact people communities, and the environment, with an eye on Canada's future.

The framework for this assessment is considered under the rubric of social value.

Social value is the quantification of the relative importance that people place on the changes they experience in their lives. Considering social value means expanding our view and understanding of what is considered to be 'valuable' beyond financial returns. It acknowledges the importance of financial capital alongside human, natural, cultural and social capital.

The aim is therefore to allocate government resource with the explicit intention to meet program, policy, and stakeholder objectives while at the same time increasing equity, improving wellbeing, enabling environmental sustainability, and decreasing societal inequalities.

Social value thinking is already ingrained in global models of economic development. The Sustainable Development Goals (SDGs) are a hallmark example – built on the model that meeting our needs today must not compromise the needs of future generations. The UN 2030 SDGs present a model for sustainability that includes financial, environmental, and social impact.

Social value thinking invites accountability by those who are responsible for decisions around resource allocation, expecting that these decisions consider environmental, social and community impact, and actively seek to avoid exacerbating inequality and environmental harm.

The COVID-19 crisis underscored the intrinsic link between health, well-being and economic prosperity. It also highlighted Canada's inequality and inequity problems. For example, analysis found significant correlations between higher rates of COVID-19 infections with low-income neighborhoods and those with higher percentages of BIPOC residents.

Income analysis has shown the top one percent of Canadians have seen their share of income rise to 26 percent from 17.9 percent since 2010, while the poorest Canadians have seen their income shrink from 5.9 percent to 4.7 percent at the same time. COVID-19 revealed a significant gap in the way in which we approach the care-economy; while at the same time refocusing our need on the ways in which governments provide and make available services, supports and resources to all Canadians, but especially the most vulnerable.

Tackling our biggest challenges – poverty, gender and racial inequalities, Reconciliation, homelessness, environment and climate, among the few – begins with social value thinking. This will transform how we build economies, drive economic growth to also strengthen communities, and acknowledge all forms of value at the centre of our thinking.

Nearly every action taken in the public or private sector impacts society; social value thinking

recognizes that impact and aims to ensure that all impact is designed to provide maximum return for all stakeholders, including government. The end result is to redefine profit and loss within the larger context of value.

Through Budget 2024, Canada has the opportunity to proactively reshape the economy in a way that integrates social value, beginning with the actions of the government itself. This response foresees the way in which inequality has manifested itself, and course-corrects economic development with human and community-centric approaches. Canada is already a leader in applying social lenses to the way in which it approaches economic development and business, notably the application of the GBA+ in the budgeting process and through its Policy on Green Procurement.

Social Value Canada is proposing two key recommendations:

Recommendation 1: PWGSC and Shared Services Canada adopt a Social Value Procurement Policy which applies a mandatory consideration and valuation of social and environmental impact triggered by federal government procurement of products and services over a designated value.

Recommendation 2: Increase the capacity of Canada's public service to understand, integrate and conduct social value assessments as a core aspect of policy, planning and procurement work by including it as part of the curriculum at Canada's School of Public Service.

These two recommendations aim to integrate social value into government processes while ensuring that spending and economic drivers consider social value in their outcomes and impacts. Infrastructure investments are the most tangible opportunity. Further, these recommendations build on existing global experiences with social value and apply these experiences and insights to the Canadian context.

Recommendation 1: Adopting a Policy on Social Value Procurement

PWGSC and Shared Services Canada adopt a Social Value Procurement Policy which applies a mandatory consideration and valuation of social and environmental impact triggered by federal government procurement of products and services over a designated value.

Since 2015, Canada has shown a significant uptake in the way in which social lenses are applied to economic activity in this country, most notably within the GBA+ budget process, social licensing in infrastructure and energy project approvals, the Procurement Strategy for Aboriginal Business (PSAB) and green thinking in the procurement process.

In 2013, the United Kingdom adopted the Social Value Act, requiring those who commission public services to determine how to secure wider social, economic and environmental benefits. The Act asks government decision makers about whether the services they are going to buy, or the way they are going to buy them, may secure greater benefit in the above noted areas. Essentially, building in an expectation to experience greater value for money out of the procurement process, with outcomes and impacts resonating greater value for people, communities and local markets. This thinking is intended to be long term rather than isolated to service purchases and allows governments to redefine procurement processes through consideration of long-term costs, sustainability, and the overall value of a service or product that can be measured beyond financial returns or expenses.

In 2018, Canada adopted the [Policy on Green Procurement](#), with the “objective of this policy to advance the protection of the environment and support sustainable development by integrating environmental performance considerations into the procurement decision-making process.” In this regard, we propose the creation and adoption of a Social Value Procurement Policy, which follows the same Application and Policy Requirements as the Policy on Green Procurement. Additional Responsibilities under the adoption of the policy would adopt broader consideration and integrate the work and social value outputs as envisioned in departments including WAGE, ISC, ISED and ESDC.

This specific policy allows for the adoption of a uniform approach and framework, where results, accountability and outcomes are measured across a consistent set of indicators. Moreover, as demonstrated by success and measures similarly implemented in other jurisdictions like the United Kingdom, this policy further increases the competitiveness of the procurement process allowing for small and medium size enterprises to bid on projects by demonstrating a full value consideration for the products or services. This move allows Canada to build a more resilient, diverse base of suppliers, while at the same time meeting and advancing commitments to community investment, impact and wellbeing.

Recommendation 2: Increase Social Value Capacity within Government

Increase the capacity of Canada’s public service to understand, integrate and conduct social value assessments as a core aspect of policy, planning and procurement work by including it as part of the curriculum at Canada’s School of Public Service.

In adopting social value thinking into government processes, it is crucial that the public service has the capacity to understand, apply and consider social value as a significant part of their daily work, in addition to the way in which government “does business”.

Lessons learned from the adoption of the Social Value Act in the United Kingdom, indicate key areas that make the application and implementation of the Act challenging, which we attempt to mitigate through this recommendation. Notably, in a 2015 review of the Social Value Act in the United Kingdom revealed that awareness and uptake of the Act, as well as understanding of the Act, were inconsistent, particularly in the area of defining social value, and how and when to include it in the procurement process.

In 2020, the UK launched new measures to ensure that the social value procurement model could be easily implemented by public servants in assessing supplier social impact as part of their overall evaluation for procurements process. These measures in part aim at creating a consistency of knowledge among those responsible to implement these policies.

Noting this, while also noting in Canada the success of the GBA+ Training as administered by WAGE, it is recommended that Canada utilize the School of Public Service as a platform for increasing capacity and delivering knowledge on integrating and applying Social Value thinking to the work of the government. This training should model existing curriculum which aims to increase the capacity of the public service in applying new ways and models of thinking to government processes. Notably, there should be an emphasis on the definition of social value, and how human, natural, cultural, and social capital can be defined on an outcomes basis within the work of government.

Conclusion

While social value change often begins with government initiatives, including policy, legislation, and regulatory frameworks, implementation and execution of social value thinking must involve the private sector and business. Business has an increasingly critical role to play in contributing back to society and shepherding change, and increasingly consumers are expecting and demanding it. The role of the private sector goes beyond creating jobs and contributing to economic growth, it includes a social responsibility to support the vibrancy, resilience, and well-being of the communities (and societies) in which they operate.

In a post-COVID economic recovery landscape, the role of business and the private sector is more crucial as we look to ramp up and drive economic growth, while at the same time consider ways in which to ‘build back better’ and better underscore health and wellbeing as an explicit part of economic growth. Business must create a positive social footprint that is anchored in community impact and community investment and contributes to creating lasting social value. There is a business opportunity and reason to invest in social value thinking, including creating a greater sense of purpose for employees, increasing social stability, and allowing for more productive growth.

One of the most pressing and long-standing areas of change is in racial justice, including addressing systemic racism and the decolonization of business. This past year was the first year in which the calls for racial justice were widespread, and consumers and society demanded better of both the public and private sectors in addressing systemic racism. The Truth and Reconciliation Calls to Action reinforce the same, calling on business to adopt and implement reconciliation frameworks that include day-to-day policies, core operational activities, and engagements with Indigenous people and their lands and resources.

The opportunity to integrate a social value lens in the form of decolonization and anti-racism strategic thinking as part of Canada’s post-COVID recovery is significant and begins with the way in which Canada stimulates economic growth and contributes to restoring business activity.

Canada is already an engaged partner as part of the buy social movement, this proposal moves Canada further along the social value continuum and further integrates this social and community value thinking into the everyday way we do business. The design of current systems is not working and implementing changes at a base level is necessary to move companies, and inclusive growth, forward.

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