

# Report

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Report to:	<b>Executive Committee</b>
Date of Meeting:	<b>15 August 2018</b>
Report by:	<b>Executive Director (Finance and Corporate Resources) Executive Director (Housing and Technical Resources) Executive Director (Community and Enterprise Resources)</b>

Subject:	<b>Construction Charter</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- Propose the adoption of a South Lanarkshire Council Construction Charter

## 2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the content of the report is noted
- (2) that the Council adopts the Construction Charter as detailed in Appendix 1

## 3. Background

- 3.1. The development and introduction of construction charters is a trade union campaign taking place across local authorities in the UK. The charters set out a minimum set of standards, conditions and expectations from construction companies tendering for construction contracts with local authorities. Local authorities including South Lanarkshire Council have been requested by Unite to agree to implement a Construction Charter.
- 3.2. A number of Councils across Scotland have already put in place Construction Charters including North Ayrshire, West Dunbartonshire, Inverclyde, North Lanarkshire, Aberdeen City and Fife. Most have developed bespoke charters based on their own circumstances.
- 3.3. At the meeting of South Lanarkshire Council on 27 June 2018 it was agreed that officers would develop a South Lanarkshire Council Construction Charter which would then be submitted to a future meeting of the Executive Committee for consideration and agreement.
- 3.4. The Council currently procures a range of construction projects for housing, general services and roads infrastructure.
- 3.5. Within current tenders there is a section entitled Fair Working Practices. This section seeks to encourage bidders to ensure fair working practices are adopted as part of a fair and equitable employment and reward package. The purpose of this approach is to:
- support the living wage

- support learning and development
- support stable employment
- provide flexible working
- promoting equality of opportunity
- support progressive workforce engagement (for example Trade Union recognition where possible)

In tender evaluations this section is given a weighting with the bids scored based on an evaluation of their submission and is designed to incentivise bidders to offer good employment conditions for employees.

#### **4. Construction Charter**

4.1. The proposed Charter (provided at Appendix 1) is broken down into 6 main headings covering:

- Health and Safety
- Employment Standards
- Pay and Benefits
- Employment Rights
- Responsible Sourcing

4.2. Health and Safety

4.2.1. This section highlights the importance of health and safety for all workers by expecting all contractors to ensure regulations and standards are rigorously implemented and adhered to.

4.2.2. Within South Lanarkshire Council tenders, health and safety requirements are clearly set out for bidders with the Health and Safety Executive having a legislative role in ensuring legal requirements are adhered to.

4.3. Employment Standards

4.3.1. South Lanarkshire Council expects contractors to be able to demonstrate the skill level of their employees, comply with the employment and skills requirements set out in tender documents, promote apprenticeships and to prioritise employment, training and skills initiatives in hard to reach and under-represented groups. In addition, the Council expects contractors to work together to support the promotion of opportunities in education and training.

4.4. Pay and Benefits

4.4.1. The Charter highlights that the Council is a living wage employer and will encourage contractors to adhere to that policy. It should be noted that the Council cannot insist on the payment of the living wage in any tender.

4.4.2. The Charter also expects employees to have access to a range of employment benefits including paid holidays, sickness benefit scheme, a pension scheme, accident compensation and death in service benefits.

4.5. Employment Rights

4.5.1. This section highlights the role Trade Unions play in creating a safe and productive worksite and in developing good industrial relations.

4.5.2. The Charter also recognises a range of priorities that contractors can deliver including promotion of the benefits of belonging to a trade union, recognising the role of on-site shop stewards, providing equality and opportunity for all and certifying that they have not engaged in the practice of blacklisting workers.

#### 4.6. Responsible Sourcing

- 4.6.1. The Council supports the Get Britain Building campaign and looks to maximise the building materials that are covered by BES6001 Responsible Sourcing of Construction Products Certificate.

#### 4.7. Community Benefits

- 4.7.1. This section of the Charter seeks to encourage the generation of local community benefits, in particular local jobs and apprenticeships.
  - 4.7.2. The Charter refers to the NPD (non-profit distributing) model and HUBCOS. South Lanarkshire Council has not used the NPD model for infrastructure projects but does intend to use HUBCOS for the delivery of new housing. For information, the Scotland-wide hub programme is based on a partnership between the public and private sectors to deliver new community facilities that are built by five hub companies in Scotland.
  - 4.7.3. South Lanarkshire Council already monitors the receipt of community benefits from construction projects with many required to be provided through the requirements of the Construction Industry Training Board where the level of community benefits is determined by the contract value.
- 4.8. The existing Fair Working Practices section included in tenders would be updated to include appropriate content from and reference to the South Lanarkshire Construction Charter. This would allow bidders the opportunity to demonstrate in their bid how their employment practices support the aims of the Charter.
  - 4.9. It should be noted that the principles of the charter will only be enforceable to the extent permitted by law.

### 5. Employee Implications

- 5.1. None.

### 6. Financial Implications

- 6.1. There are currently no financial implications identified. The adoption of the charter will be managed through the proactive management of construction contracts.

### 7. Other Implications

- 7.1. The risks associated with the adoption of the Charter are considered low. The Council's current approach to encouraging Fair Working Practices compliments many aspects of the Charter.

### 8. Equalities Impact Assessment and Consultation Arrangements

- 8.1. There is no requirement to carry out an impact assessment in terms of the proposals within this report.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

**Daniel Lowe**

**Executive Director (Housing and Technical Resources)**

**Michael McGlynn**

**Executive Director, (Community & Enterprise Resources)**

19 July 2018

**Link(s) to Council Values/Objectives**

- ◆ Accountable, effective, efficient and transparent
- ◆ Ambitious, self aware and improving
- ◆ Focused on people and their needs

**Previous References**

- ◆ None

**List of Background Papers**

- ◆ None

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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### South Lanarkshire Council Construction Charter

As a Local Authority we either directly procure, or are the planning authority, for a multitude of construction projects. It is our intention to promote and support positive workforce practices involving “**Direct Employment**” on all construction projects which we procure. We expect all construction companies who secure contracts on these projects within our boundaries to comply fully with this charter.

#### Health and Safety

The health and safety of all workers is paramount. We expect all contractors to ensure that:

- Health and safety regulations and standards are rigorously implemented and adhered to;
- Welfare facilities for construction workers are appropriate for the 21<sup>st</sup> century, including reasonable standards for toilets, amenities and drying facilities in accordance with the Construction, Design and Management Regulations 2015.

#### Employment Standards

We require the highest standards of project delivery in order to ensure that South Lanarkshire people’s aspirations are met and the projects serve our communities well in the years to come. We are also mindful of the projected skills shortage across the sector and wish the industry to train the next generation of skilled workers for the future. We therefore encourage, and will require where appropriate, all contractors to:

- Be able to demonstrate the skill level of their employees on the project by ensuring appropriate checks are carried out by contractors;
- Comply with the employment and skills requirements set out in our tender documents, promoting and encouraging full apprenticeships;
- Prioritise hard to reach and under-represented groups in employment, training and skills initiatives;
- Work with us to support initiatives aimed at promoting and improving opportunities in education and training of employers and employees engaged on all construction projects within our authority.

#### Pay and Benefits

This Council is a Living Wage employer and will encourage all construction companies working on its contracts to adhere to that policy.

Where workers are not directly connected to industry collective agreements then the living wage is a minimum standard and we will promote and encourage that those companies are registered with the Scottish Living Wage Accreditation Initiative.

We also expect that all employees, and encourage that all workers, should have access to:

- Paid holiday,
- A sickness benefit scheme,
- A pension scheme,
- Accident compensation,
- Death in service benefits.

#### Employment Rights

This Council expects direct employment by contractors and sub-contractors on a PAYE Class 1 National Insurance basis.

We believe that Trade Unions play an important role in creating a safe and productive worksite and developing good industrial relations. We therefore expect our contractors, within the context of the contract let, to:

- Employ workers under recognised industry collective agreements as set out in SJIB, SNIJB, BESA, CIJC.NAECI and TICA or other EU equivalent;
- Promote the benefits of belonging to a recognised Trade Union;
- Recognise on-site Shop Stewards as having an important role to play in achieving and promoting good industrial relations;
- Ensure that the Trade Union has input into the development of Health and Safety policy (to ensure members' priorities are reflected);
- Actively promote the election of Health and Safety representatives and support their role in helping to ensure a safe site;
- Provide equality and opportunity for all
- Be able to certify that they have not engaged in the practice of blacklisting workers for any reason.

### **Responsible Sourcing**

This Council also supports the Get Britain Building campaign which is aimed at supporting and sustaining the construction industry in Great Britain. Consequently, we seek to maximise the building materials used on Council construction projects that are covered by BES6001 Responsible Sourcing of Construction Products Certificate or equivalent.

### **Community Benefits**

The Non Profit Distributing (NPD) programme, alternatively known as HUBCOs, must include local community benefits, in particular local jobs and apprenticeships, and help local SME's develop the capacity to take on those infrastructural projects. The Scottish Government should work with relevant bodies to produce strong and clear guidelines on Community Benefit Clauses for externally awarded contracts through HUBCOs and that those contracts uphold the working practices contained herein.

***South Lanarkshire Council looks forward to working with contractors to help support the aims set out in this Charter.***