

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE

6th NOVEMBER 2018

REPORT OF THE CHIEF EXECUTIVE

CODE OF PRACTICE – ETHICAL EMPLOYMENT IN SUPPLY CHAINS

1. Purpose of Report

- 1.1 To update Members on the Authority's position in relation to the Code of Practice – Ethical Employment in Supply Chains.

2. Connection to Corporate Improvement Plan / Other Corporate Priority

- 2.1 The report links to the following priorities in the Corporate Plan:

- Supporting a successful economy – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.
- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

- 3.1 The Code of Practice - Ethical Employment in Supply Chains has been established by the Welsh Government to support the development of more ethical supply chains to deliver contracts for the Welsh public sector and third sector organisations in receipt of public funds.
- 3.2 The Code has 12 commitments covering various aspects of employment. They are designed to ensure that workers in public sector supply chains are employed ethically and in compliance with relevant laws.
- 3.3 The Welsh Government intends that all public sector organisations should sign up to the Code, although there is no legal requirement to do so.

4. Current Situation/proposal

- 4.1 The Authority has not yet signed up to the Code and would need corporate commitment to do so. The 12 commitments are summarised below with an indication of what the Authority has put in place to ensure compliance and what further steps are required.

1. Produce a written policy on ethical employment within the organisation and our supply chains. Once produced, the Authority will communicate the policy throughout the organisation and will review it annually and monitor its effectiveness. Appoint an Anti-Slavery and Ethical Employment Champion.

We do not currently have a policy on ethical employment. This will need to be written and communicated. It will then be subject to annual review. The Council has not appointed a separate Anti- Slavery and Ethical Employment Champion; these are covered within the portfolio of the Deputy Leader.

2. Produce a written policy on Whistle-blowing to empower staff to raise suspicions of unlawful and unethical employment practices.

The Authority already has a Whistle-blowing Policy which was reviewed and approved by Cabinet in March 2018. This has been communicated with staff via Bridgenders and there will continue to be annual updates. All employees of the Council can raise their concerns under this policy, as well as contractors working for the Council (e.g. agency staff, builders etc.) and the voluntary sector. This policy also applies to suppliers of goods and services under a contract to the Council.

3. Ensure that those involved in buying/procurement and the recruitment and deployment of workers, receive training on modern slavery and ethical employment practices, and keep a record of those that have been trained.

Not all staff have received training on ethical employment practices. We have been advised that Welsh Government are developing an e-learning module although we are not aware of timescales for this. This will be rolled out to all staff involved in buying /procuring. There is corporate training available on modern slavery and this has been attended by officers from the procurement team.

4. Ensure that employment practices are considered as part of the procurement process – include a copy of the Authority’s Policy on ethical employment in procurement documentation and include appropriate questions on ethical employment in tenders and assess the responses provided. Incorporate, where appropriate, elements of the Code as conditions of contract and ask bidders to explain the impact that low costs may have on their workers each time an abnormally low tender is received.

Once the Authority adopts a written policy on ethical employment it will be incorporated into the conditions of contract. The Contract Procedure Rules contains requirements in relation to Modern Slavery and this is included as part of the Pre Qualification Questionnaire.

Tenders with abnormally low bids are challenged in line with the Public Contract Regulations 2015.

5. Ensure that the way in which the Authority works with its suppliers does not contribute to the use of illegal or unethical employment practices within the supply chain. Ensure that undue cost and time pressures are not applied to

any of our suppliers and ensure that our suppliers are paid within 30 days of receipt.

This is already a condition of contract and we have internal systems in place to ensure compliance. On average over 97% of supplier invoices are paid within the 30 day period.

6. Expect suppliers to sign up to the Code to help ensure that ethical employment practices are carried out throughout the supply chain.

We will raise awareness of the Code and encourage our suppliers to do the same where possible.

7. Assess expenditure to identify and address issues of modern slavery, human rights abuse and unethical employment practice. The Authority will be required to carry out regular reviews of expenditure and undertake a risk assessment to identify where there is risk. Investigate any supplier that is identified as high risk and work with suppliers to rectify any issues. Monitor the employment practices of high risk suppliers.

Pro-active assessment is not currently carried out. It is felt that further guidance is required from Welsh Government in relation to this commitment. If concerns are identified we will work with suppliers to rectify any issues of illegal or unethical employment practices.

8. Ensure that false self-employment is not undertaken and that umbrella schemes and zero hour contracts are not used unfairly or as a means to avoid payment of tax and national insurance and the relevant minimum wage, unduly disadvantage workers in terms of pay and employment rights, job security and career opportunities and avoid health and safety responsibilities.

All new suppliers are subject to employment status checks before they are paid through finance or payroll. This ensures the Authority is deducting the correct tax and national insurance contributions. This is partly covered by the IR35 legislation.

Contracts contain requirements for compliance with Health and Safety legislation.

9. Ensure that workers are free to join a Trade Union or collective agreement and to undertake any related activity and raise workers concerns without risk of discrimination. The Authority will not make use of blacklists/prohibited lists, ensure that suppliers do not make use of blacklists/prohibited lists, not contract with any supplier that has made use of blacklist/prohibited list and expect suppliers to ensure that Trade Union representatives can access members and contracted workers.

The Authority allows workers to join Trade Unions or collective agreements without discriminating against them. The Council does not use blacklists or prohibited lists. This is considered as part of the Pre Qualification Questionnaire that is submitted by suppliers.

10. Consider paying all staff the Living Wage Foundation's Living Wage as a minimum and encourage suppliers to do the same. The Authority will consider becoming an accredited Living Wage Employer, encourage suppliers based overseas to pay a fair wage to all staff, and to ensure that staff working in the UK are paid at least the minimum wage.

This Authority has not committed to adopting the The Living Wage Foundation's Living Wage which is currently £8.75 (new rates will be announced on 5th November). From April 2019 all employees will be paid a minimum of £9.00 per hour which is significantly above the statutory Nation Living Wage of £7.83. The Authority ensures suppliers are complying with their legal obligations to pay National Minimum Wage / National Living Wage.

11. Produce an annual written statement outlining the steps taken during the financial year, and plans for future actions, to ensure that slavery and human trafficking are not taking place in any part of our organisation and its supply chain. The Authority will ensure that the statement is signed off at Senior Management board/ level and publish the statement on its website. If this is not possible, the Authority will provide a copy to anyone within 30 days of a request being made. (All organisations signing up to this Code are expected to produce and publish this annual written statement).

Currently the Authority does not produce an annual statement.

12. Ensure all those undertaking work on an outsourced contract are treated fairly and equally. Ensure that public sector staff who are transferred as part of a public service which is outsourced to a third party retain their terms and conditions of employment. Ensure that other staff working on an outsourced public service are employed on terms and conditions that are comparable to the transferred public sector staff.

The Authority adheres to the Two Tier Code and the relevant TUPE regulations when outsourcing staff. On an annual basis a letter will be sent reminding of the obligations under the Code and establishing whether there is any non-compliance.

5. Effect upon Policy Framework and Procedure Rules

- 5.1 There is no impact on the Policy Framework and Procedure Rules.

6. Equality Impact Assessment

- 6.1 There are no equality matters relevant to this report.

7. Well-being Future Generations (Wales) Act 2015 Assessment

- 7.1 The wellbeing goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of the wellbeing goals / objectives as a result of this report.

8. Financial Implications

- 8.1 The implementation of the Code of Practice – Ethical Employment in Supply Chains may require additional resource but this is not quantifiable at this stage.

9. Recommendation.

- 9.1 The Committee is recommended to note the contents of this report

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October 2018

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Background documents:

None