

SUPPLY CHAIN SUSTAINABILITY

SCHOOL

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People Matter Charter & Commitments

Labour Group lead: Helen Carter

supplychainschool.co.uk

Background

Construction accounts for 6.4%¹ of the UK's GDP and employs around 2.4 million² people. This focuses purely on the UK, but with materials being sourced from every corner of the globe, the affect the industry has on individuals all over the world is vast and sometimes hard to comprehend.

The industry is resource heavy, whether it's materials, plant or people. The excellence we have in the UK comes from bringing all these resources together to produce great examples of construction output, be it a new railway, new homes, or facilities for our healthcare or education.

Margins for any organisation in the supply chain are being squeezed, and there is a tendency to look at resources to squeeze costs down further and make projects more profitable. However, with every penny eliminated from cost base and diverted to the bottom line, there is growing recognition that there are increasing pressures on our most valuable resource, namely **people**.

It is estimated that the industry needs 157,000³ new entrants by 2021 in order to meet various construction pipelines. The industry reputation is poor, with examples of bad practice relating to wages, discrimination, bullying, late payments, and conditions like working in cold and wet conditions.

Unsurprisingly, it is a challenge to persuade the newer generations that this industry is attractive.

However, this reputation is a partial view and somewhat imbalanced. Whilst profits always remain tight, there has been significant progress to address issues relating to recruiting, managing and developing people up and down the supply chain.

¹ <https://tradingeconomics.com/united-kingdom/construction-output>

²

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employmentbyindustryemp13>

³ <https://www.constructionglobal.com/mission-critical/skills-shortage-uk-construction-industry>

Our Commitment

In 2018, the School brought several Partners together to identify what an organisation should have in place to treat people responsibly. As a result of this work, eight commitments were produced that signatories and their supply chain should be able to evidence if they truly believe “People Matter”.

These commitments apply to clients, principal contractors, labour agencies, subcontractors and suppliers – in effect, if people are employed and managed, then these commitments should be evidenced.



Implementation

The Charter is divided into:

- **Requirements** – these are applicable to all and should be able to be demonstrated from day one upon signing the charter
- **Intents** – these are commitments that will apply to the supply chain within varying degrees and should show continuous improvement with a view towards best practice. By signing the charter organisations will be supporting requirements and should be able to illustrate the direction of travel, plans and actions that will ultimately lead to successful implementation of these requirements.

The Charter

By signing this Charter, organisations agree to:

1. **Intent** - Evidence the implementation of Equality & Diversity / Fairness, Inclusion & Respect (EDI / FIR) objectives and practices that go beyond the Equality Act 2010 in order to deliver increased employee satisfaction and an improvement in workplace behaviour.
2. **Intent** - Evidence an employment, skills and training strategy with a monitored implementation plan.
3. **Intent** - Evidence the implementation of physical, mental and social wellbeing objectives and practices designed to support a healthy, resilient and independent workforce culture.
4. **Intent** - Evidence a plan towards paying the real living wage as defined by the living wage foundation
5. **Intent** - Evidence materials supply chain due diligence processes that ensures that basic human rights are being protected.
6. **Requirement** - Evidence that the organisation is complying with the legal requirement to ensure that all the permanent or temporary labour in your organisation have the right to work in this country
7. **Requirement** - Evidence processes are in operation and monitored to ensure that the organisation has the capacity & resilience to identify and report issues of labour exploitation
8. **Requirement** - Demonstrate that all payment mechanisms in place for employment comply with HMRC Legislation in relation to Tax, NI and pension contributions. As well as legal compliance, evidence that employees directly employed or through our supply chain are not subjected to hidden payments and have access to all benefits such as sick, holiday and paternity pay, and they are made aware of their entitlements.

Equality, diversity and inclusion

Evidence the implementation of equality & diversity/fairness, inclusion & respect objectives and practices that go beyond the Equality Act 2010, to deliver increased employee satisfaction and an improvement in workplace behaviour.

Workforce culture

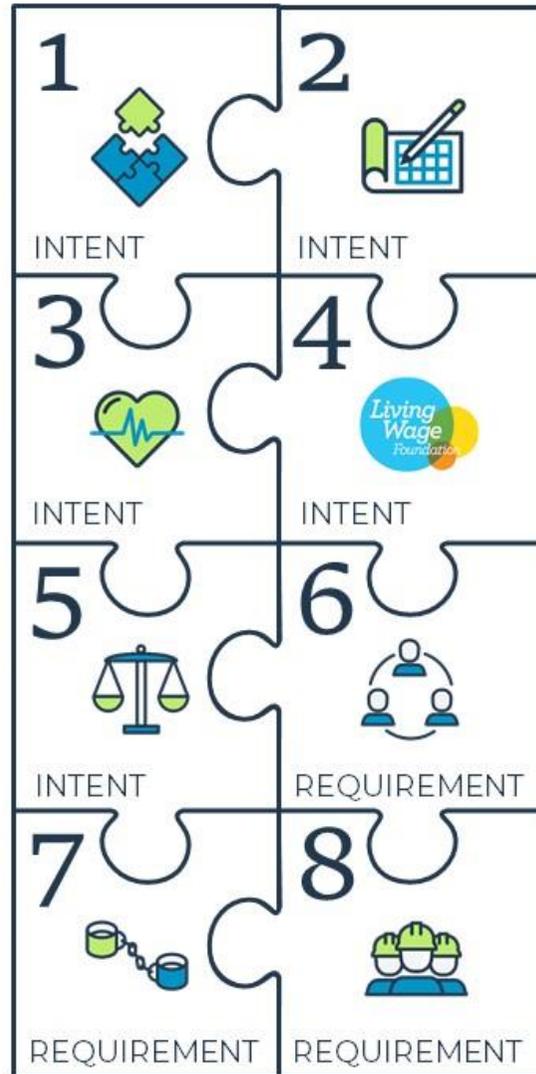
Evidence the implementation of physical, mental and social wellbeing objectives and practices designed to support a healthy, resilient and independent workforce culture.

Due Diligence

Evidence materials supply chain due diligence processes that ensure basic human rights are being protected.

Labour exploitation

Evidence processes are in operation and monitored to ensure that the organisation has the capacity and resilience to identify and report issues of labour exploitation



Skills and training

Evidence an employment, skills and training strategy with a monitored implementation plan.

Living Wage

Evidence a plan towards paying the real living wage as defined by the Living Wage Foundation.

Labour legal requirements

Evidence that the organisation is complying with legal requirements to ensure all permanent or temporary labour in your organisation has the right to work in this country.

Payments

Demonstrate that all payment mechanisms in place for employment comply with HMRC Legislation in relation to Tax, NI and pension contributions. As well as legal compliance, evidence that employees directly employed or through supply chain are not subjected to hidden payments and have access to all benefits such as sick, holiday and paternity pay, and are made aware of their entitlements.

Embed the Charter into business

The Charter requirements range from basic legal compliance, up to best practice standards. The School recognises that evidencing implementation and embedding these activities in everyday business can be a challenge the further you get down the supply chain.

However, this does not mean the Charter is impossible to implement, and so to support delivery, we commit to the following to aid organisations of any size or type. We will:

- Identify key stakeholders including clients, subcontractors and suppliers and encourage them to sign the Charter, regardless of where they sit within the supply chain.
- Develop and deliver a learning journey through the **Supply Chain Sustainability School** aimed at supporting key stakeholders through the Charter process. The purpose will be for learners to gain better understanding of the requirements and aid the development of processes and evidencing of compliance.
- Embed the requirements of the Charter in our procurement process, from tender to contract management.
- Create a collaborative space within the **Supply Chain Sustainability School** that evidences best practice and provides opportunities for organisations to showcase embedding these requirements.
- Monitor, measure and report on compliance with the Charter and make the results publically available via the **Supply Chain Sustainability School**.
- Continue to work collaboratively and work with other stakeholders outside the immediate vicinity of the Supply Chain Sustainability School Partnership to ensure the requirements remain relevant, effective and deliverable.

Leading change

The aim of this Charter is to address people issues, regardless of where they exist globally.

However, to deliver real step-change and embed better people practices, we will commit to a prioritised approach that will consider the risks and opportunities, leverage and ability to undertake more activity. This will allow support to be delivered where it is required and make the most impact over time.



The Signatories

By signing this Charter, we are evidencing our promise to embed the eight commitments contained in the Charter into our own organisation and supply chains.

