



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION**

**SUBJECT: CODE OF PRACTICE - ETHICAL EMPLOYMENT IN SUPPLY CHAINS**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151  
OFFICER**

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### **1. PURPOSE OF REPORT**

- 1.1 To provide Members with an overview of Welsh Government's Code of Practice for Ethical Employment in Supply Chains ('Code of Practice'), Appendix 1.
- 1.2 To advise Members of the intention of the Authority to sign up to the Code of Practice by 1<sup>st</sup> November 2017.

### **2. SUMMARY**

- 2.1 The Welsh public sector spends an estimated £6bn every year on goods, services and works involving international supply chains. A huge range of goods, works and services are purchased by every part of the public sector but the unifying factor is that people are involved in each stage of these supply chains. It is therefore vital that, at every stage, there are good employment practices for the millions of employees. Although slavery was outlawed many years ago, and is illegal throughout the world, it is an endemic problem in some industries and in some part of the world. Indeed, cases of people being held in conditions of modern slavery are being discovered within the UK. There is a need to ensure these practices cannot take place in Wales and in our public sector supply chains around the world.
- 2.2 The scope of the Code of Practice covers procurement, supplier selection, tendering, contract management and supplier management.

### **3. LINKS TO STRATEGY**

- 3.1 The Code of Practice contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:
  - A prosperous Wales
  - A healthier Wales
  - A more equal Wales
  - A Wales of cohesive communities
  - A Wales of vibrant culture and thriving Welsh language
  - A globally responsible Wales
- a. The report has links to the Strategic Equality Plan SEO 2 – Inclusive Engagement and Participation.

## **4. THE REPORT**

- 4.1 A Code of Practice on Ethical Employment in Supply Chains has been developed by 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. Evidence illustrates that unethical employment practices are taking place in supply chains throughout Wales and beyond.
- 4.2 The overall aim is to ensure that all public sector organisations are taking action to eradicate unlawful and unethical employment practices and to ensure all workers at every stage of the supply chain are treated fairly. The Code of Practice is designed to ensure that workers in public sector supply chains are employed ethically and in compliance with both the letter and spirit of UK, EU, and international laws. The Code of Practice covers the following employment issues:
- Modern Slavery and human rights abuses;
  - Blacklisting;
  - False self-employment;
  - Unfair use of umbrella schemes and zero hour contracts; and
  - Paying the Living Wage.
- 4.3 There is an expectation from Welsh Government that all Welsh public bodies whose functions are wholly or mainly Welsh devolved such as this Council should sign up to the Code of Practice. Third sector organisations in receipt of public funds, businesses based in Wales and businesses involved in Welsh public sector supply chains will also be expected or encouraged to sign up depending on their organisation type. Actions taken in relation to the Commitments contained within the Code of Practice should be appropriate and proportionate, in line with the size and influence of each organisation and the level of risk of labour exploitations within its supply chain. This is designed to minimise the impact on Small Medium Enterprises (SMEs).
- 4.4 To demonstrate that the Council is working towards complying with each of the Commitments stated in the Code of Practice an 'Action Plan' has been developed (as detailed in **Appendix 2** titled: Caerphilly CBC, Code of Practice Commitments 'Action Plan'). The 'Action Plan' details the Council's proposed approach and indicative timeline in order to implement each Commitment. In addition Welsh Government is developing a range of Toolkits to support the delivery of the Code of Practice and it is anticipated that the Council will utilise those resources.
- 4.5 In signing up to the Code of Practice the Council will agree to comply with the Commitments designed to eliminate modern slavery and support ethical employment practices.

## **5. WELL-BEING OF FUTURE GENERATIONS**

- 5.1 The overall aim of the Code of Practice maximises the Council's contribution to the Well-being Goals and is consistent with the five ways of working in terms of involvement, collaboration, long term, integration and prevention. The Council signing up to and implementing the Code of Practice clearly demonstrates our commitment to improving the social, economic, environmental and cultural well-being of the people of Wales. Ensuring workers in public sector supply chains in Wales are employed in a fair and ethical way.

## **6. EQUALITIES IMPLICATIONS**

- 6.1 An EIA has been completed in accordance with the Council's Strategic Equality Plan and supplementary guidance. No potential for unlawful discrimination and/ or low level or minor negative impact has been identified; therefore a full EIA has not been carried out.

## **7. FINANCIAL IMPLICATIONS**

7.1 There are no financial implications.

## **8. PERSONNEL IMPLICATIONS**

8.1 The implementation of the Code of Practice will be monitored in terms of the impact that it has on Council resources. It is anticipated that if a risk based approach to managing Contractors and Suppliers is undertaken that management of the Code of Practice can be met from within existing resources coupled with some additional staff training.

## **9. CONSULTATIONS**

9.1 This report has been sent to the Consultees listed below and all comments received are reflected in this report.

## **10. RECOMMENDATIONS**

10.1 Members to note the expectation of Welsh Government that all Welsh public bodies whose functions are wholly or mainly Welsh devolved such as this Council should sign up to the Code of Practice.

10.2 Members to note the intention for Officers to sign up to the Code of Practice by 1<sup>st</sup> November 2017.

## **11. REASONS FOR THE RECOMMENDATIONS**

11.1 To comply with Welsh Governments expectation that all Welsh public bodies whose functions are wholly or mainly Welsh devolved such as this Council should sign up to the Code of Practice for Ethical Employment in Supply Chains.

## **12. STATUTORY POWER**

12.1 Local Government Acts 1972 and 2003 and the Local Government Measure 2009.

Author: Elizabeth Lucas, Head of Procurement and Customer Services  
Consultees: Cllr C Gordon, Cabinet Member for Corporate Services  
Cllr D Poole, Leader of Council  
Nicole Scammell, Acting Director of Corporate Services & S151.  
Stephen Harris, Interim Head of Corporate Finance.  
Gail Williams, Interim Head of Legal Services and Monitoring officer.  
Lynne Donovan, Acting Head of Human Resources and Organisational Development.  
Paul Lewis, Acting Head of IT.  
Mark Williams, Interim Head of Property.  
Ian Evans, Contracts Manager, Procurement Services.  
Natasha Ford, Supplier Relationship Officer, Procurement Services.

Appendices:

Appendix 1: Welsh Government's Code of Practice for Ethical Employment in Supply Chains

Appendix 2: Caerphilly CBC, Code of Practice Commitments 'Action Plan'.