

Area 4 Interim Asset Delivery (AD)

Scope

Annex 27

Environmental Management & Sustainability

CONTENTS AMENDMENT SHEET

Amend. No.	Revision No.	Amendments	Initials	Date
0	0	Tender Issue	LP	04/05/20

LIST OF CONTENTS

1.	SUSTAINABILITY	4
2.	ENVIRONMENTAL	4
2.1	General Requirements	4
2.2.	Environmental Management	6
2.3.	Environmental Expertise	8
2.4.	Environmental Management Plan	10
2.5.	Particular requirements on Subcontractor's	11
2.6.	Energy requirements	11
2.7.	Carbon Emissions	13
3.	SOCIAL SUSTAINABILITY	13
3.1.	General Requirements	13
3.2.	Employment Intelligence	13
3.3.	Customers and Communities Intelligence	14
3.4.	Inclusion Action Plan	15
3.5.	Apprenticeships	17
3.6.	Obligations	17
4.	ECONOMIC	21
4.1.	Project Bank Accounts	21
4.2.	Small Medium Enterprises	22

1. SUSTAINABILITY

- 1.1.1. Sustainable development offers opportunities for both the *Client* and the Contractor. It provides a way to assess long-term challenges and opportunities and identify and manage risk. For example, using resources efficiently reduces costs. Also a responsible attitude to local communities and the environment helps to maintain reputation and strong partnerships. Sustainable development drives continual improvement and looks for better ways of doing things.
- 1.1.2. The Contractor supports the *Client* to deliver the aims and ambitions set out in Highways England's Sustainable Development Strategy.
- 1.1.3. The Contractor will ensure that sustainable development is embedded into its business decision-making processes and is considered at all levels of operations.
- 1.1.4. All complaints or suggestions (either in written and verbal format) received by the Contractor linked to environmental, local community or social issues will be recorded electronically. The Contractor demonstrates a system is in place to record and manage complaints and suggestions and general queries for environmental/sustainability information. This information will be reported to the *Client* on a quarterly basis.
- 1.1.5. The Contractor participates in working groups with the aim of improving sustainable design and sustainable construction & maintenance.

2. ENVIRONMENTAL

2.1 General Requirements

- 2.1.1. The Contractor supports the *Client* to deliver the aims and ambitions set out in Highways England's Environment Strategy.
- 2.1.2. In providing its *service*, the Contractor will:
- (1) Ensure that protecting and enhancing the environment is embedded into its business decision-making processes and is considered at all levels of operations,
 - (2) Ensure the best practicable environmental outcomes across its activities, while working in the context of sustainable development and delivering value for money,

- (3) Consider the cumulative environmental impact of its activities across its network and identify holistic approaches to mitigate such impacts and improve environmental performance,
- (4) Where appropriate, work with others to develop solutions that can provide increased environmental benefits over those that it can achieve alone, where this delivers value for money,
- (5) Calculate and consider the carbon impact of road projects and factor carbon into decisions, and seek to minimise carbon emissions and other greenhouse gases from its operations,
- (6) Develop approaches to the construction, maintenance and operation of the *Client's* network that are consistent with the government's plans for a low carbon future,
- (7) Take opportunities to influence road users to reduce the greenhouse gas emissions from their journey choices.
- (8) The Contractor complies with statutory requirements and not in limitation thereof. The Contractor familiarises itself with the legislation which impacts upon its works and any approved codes of practice and guidance notes which are also applicable.

2.1.3. The Contractor ensures that all work delivered by them and their Subcontractors is covered by proportionate and appropriate environmental assessment in line with the *Client's* requirements and the Scope. Where potential adverse environmental effects are identified, the Contractor will consult with the *Client's* environment team and seek advice before proceeding.

2.1.4. All environmental/sustainability information passed onto the Contractor by the *Client* is made available to all Subcontractors employed by the Contractor on *Client* related projects. Subcontractors are subject to regular basic environmental/sustainability awareness raising and training,

- (1) The *Client* has the right to employ an Environmental Clerk of Works to oversee the Contractor's work where the circumstances require it.
- (2) Regulatory consents and other environmental consents and permissions are obtained as appropriate.
- (3) All environmental/planning consents are applied for by the relevant person/section to ensure that the environmental regulator has sufficient time to process the application and the application does not affect the relevant completion date.

- (4) The Contractor informs the *Client* of any environmental prosecutions by an environmental regulator and also report the number of category 1 and 2 pollution incidents (as defined by the Environment Agency) resulting from both direct and indirect Investment Programme work.
- (5) The Contractor will ensure waste management consignment notes and waste transfer notes are kept in line with the duty of care regulations and code of practice.
- (6) The Contractor will provide the volumes of waste reused, recycled, recovered and sent to landfill on sites to the *Client* on a quarterly basis.

2.2. Environmental Management

2.2.1. Contractor's environmental management system:

- (1) The Contractor operates an environmental management system which will comply with ISO 14001, 2015 or equivalent standard, before the end of the Mobilisation Period and will gain certification to ISO 14001 by a third-party accreditation body (accredited by UKAS or other body recognised by the *Client*) within one year of the end of the Mobilisation Period. This includes the operation of an environmental management system, and the development of a proactive culture of improving environmental and sustainability outcomes.
- (2) The Contractor provides details of its environmental management system, and these details will include a process for the identification and prioritisation of environmental and social impacts which prioritise the biggest risks from Contractor work. A summary report will be provided to the *Client* outlining highest identified risks and what mechanisms the Contractor has in place to mitigate them.
- (3) The Contractor develops their environmental management system with other Community Partners to provide consistency of approach and interoperability, ensuring activities such as construction environmental management is consistent.
- (4) The Contractor interfaces and aligns their environmental management system with the *Client's* environmental management systems, policies, procedures and requirements.
- (5) The environmental management system forms part of the Contractor's Quality Plan as defined in Annex 16.

2.2.2. Subcontractor's environmental management system:

- (1) The Contractor ensures that any Subcontractors which are working under his control or on sites where he is the principal contractor have

a formal Subcontractors Environmental Management System which fulfils the requirements set out above,

- (2) The Contractor submits a copy of the Subcontractor management system to the *Client* prior to commencement of the relevant Works or subsequent appointment of the Subcontractor. The *Client* has the right to approve this system or to suggest changes and amendments prior to approval of the system.

2.2.3. Action to rectify breaches:

- (1) If, in the opinion of the *Client*, the Contractor is Providing the Service in a manner which is not to its satisfaction or constitutes a breach of any of the requirements of:

- (a) any statutory legislation,
- (b) the Contractor's environmental management system, or
- (c) the Subcontractor environmental management system, or
- (d) the *Client's* environmental management system

the *Client* shall advise the Contractor accordingly by notice in writing.

- (2) Where the Contractor has been advised by the *Client* of a breach, the Contractor corrects the situation by the date specified by the *Client*.
- (3) The advice provided by the *Client* includes the *Client's* reasons for highlighting any breach and outline the steps required of the Contractor to rectify the said breach or failing in Providing the Service.

2.2.4. Environmental culture:

- (1) The Contractor:
 - (a) operates environmental awareness improvement schemes, and
 - (b) participates in world environment day and associated initiatives.

2.2.5. Environmental – exchange of information:

- (1) The *Client* provides information to the Contractor to enable the *service* to be performed in a manner compliant with the requirements outlined herein,
- (2) A copy of the *Client's* environmental policies, strategies, procedures and guidance notes are listed in Annex 3.

- (3) The Contractor provides information in a manner and form specified by the *Client*.

2.3. Environmental Expertise

2.3.1. Environmental advice:

- (1) The Contractor retains, as part of the management structure, access to competent environmental advisers. The minimum requirements for the Contractor's environmental adviser(s) will be:
 - (a) degree in relevant discipline,
 - (b) Associate Membership or higher of the Institute of Environmental Management and Assessment or similar relevant professional body,
 - (c) a minimum of three years related experience as an Environmental Adviser, and
 - (d) a good working knowledge of legislation, guidance and standards relevant to the proposed work.

2.3.2. Environmental Inspections:

- (1) The Contractor ensures that it carries out a formal weekly site environmental inspection (as a minimum) and documents the findings of these inspections,
- (2) The Contractor ensures that competent persons carry out the inspections,
- (3) The Contractor notifies the *Client* in advance of the date of the inspection. The Client is entitled to participate in the inspections,
- (4) The Contractor provides the *Client* with a copy of the documentation produced by the Contractor following the inspections within one week following the inspection,
- (5) The Contractor takes effective actions to ensure that the matters identified in the inspections are effectively addressed.

2.3.3. Environmental Incident investigation, reporting and follow-up:

- (1) The *Client* has the right to investigate any incidents wherever they may occur,
- (2) The Contractor provides the *Client* with unrestricted access at all reasonable times to the facilities, equipment, materials, employees and records of the Contractor and the Subcontractors for this purpose

(subject to any statutory or contractual obligation prohibiting this access),

- (3) The Contractor provides a copy all documents related to an incident to the *Service Manager*. Any document that would otherwise fail to be disclosed by the Contractor to the *Client* may be withheld by the Contractor provided the Contractor's legal advisor confirms to the *Service Manager* that the document is
 - (a) a confidential communication between the Contractor and its legal advisor for the purposes of seeking or giving legal advice that the legal advisors would normal expect to be given legal privilege in the normal course of its business with the Contractor or
 - (b) a confidential communication between the Contractor or its legal advisers and third party where the communication came into existence with the dominant purpose of being used in connection with contemplated, pending or actual litigation in adversarial proceedings (as opposed to investigations or fact finding inquiries).
- (4) On receipt of a notification of an incident the Contractor, in line with the *Client's* standards, determines if a formal investigation is required, and if necessary follows the notification, investigation and reporting procedures as set out therein,
- (5) Nothing prevents the Contractor from carrying out its own investigation of an incident, and in such cases, the Contractor provides a copy of its completed incident report to the *Client*,
- (6) Investigations by the Contractor are undertaken by a competent person who has been trained in effective accident/incident investigation. The investigation report provides information on the circumstances surrounding the accident/incident and any remedial measures to be taken in order to prevent a recurrence. Relevant photographs and statements are provided as an integral part of the investigation report,
- (7) Where the Contractor is compiling a draft incident report, the Contractor shall discuss the findings of a draft report with the *Client* prior to the production of the final draft of such a report,
- (8) The Contractor shall implement applicable recommendations arising from incident investigations.

2.3.4. Incident statistics:

- (1) The Contractor shall, if requested by the *Client*, supply detailed reports of accident and incident statistics to the *Client* in a format and at periods specified by the *Client*.

2.3.5. Environmental management audit:

- (1) The *Client* has unrestricted access at all reasonable times to the premises, Equipment and/or Materials, Employees and records of the Contractor and the Subcontractor(s) (subject only to any statutory or contractual obligation prohibiting the disclosure of any such records by the Contractor) to audit any or all of the Contractor's environmental management systems.
- (2) The Contractor shall implement all recommendations from such audits agreed by the *Client* within a timescale mutually agreed between the *Client* and the Contractor. The Contractor shall include in all subcontracts rights of access for the *Client* as described herein.

2.4. Environmental Management Plan

2.4.1. Where the Contractor has been appointed principal contractor:

- (1) the Contractor prepares an environmental management plan (the EMP) in line with IAN 183/14 and submits it to the *Service Manager* no later than 6 weeks following the Contract Date
- (2) the Contractor prepares an environmental management plan (the EMP) in line with IAN 183/14 and submits it to the *Service Manager* as instructed by the *Service Manager* for Task Orders.
- (3) The Contractor reviews and updates the EMP as necessary:
 - as needed to support delivery of the improvements identified in the implementation plans and, in any case,
 - on each anniversary of the Contract Date.
 - as instructed in the Task Order.
- (4) The Contractor keeps a controlled copy of EMP available for inspection by the *Client* and his representatives (including the *Service Manager*) at all times.
- (5) The *Service Manager* notifies the Contractor if at any time he considers that the EMP
 - does not comply with the requirements of this contract or

- is not capable of delivering the improvements identified in the implementation plans.

Following such notification, the Contractor reviews the EMP and reports to the *Service Manager* setting out his proposed changes. If the *Service Manager* accepts the proposals, the EMP is changed.

2.4.2. Where the Contractor has not been appointed principal contractor the Contractor contributes to the preparation of the environmental management plan (the EMP) as requested the principal contractor.

2.5. Particular requirements on Subcontractor's

2.5.1. The Contractor ensures that all subcontracts (at any stage of remoteness from the *Client*) contain requirements similar to this paragraphs

2.5.2. The Contractor does not

- (1) appoint a Subcontractor or
- (2) allow a subcontractor to appoint a sub-subcontractor (at any stage of remoteness from the *Client*)

until the Contractor has demonstrated to the *Service Manager* that the subcontract (at any stage of remoteness from the *Client*) complies with paragraph 2.1.1.

2.6. Energy requirements

2.6.1. The Contractor complies with the requirements of Procurement Policy Note 07/14 entitled "Implementing Article 6 of the Energy Efficiency Directive ("PPN 7/14") and any related supplementary Procurement Policy Notes.",

- (a) in Providing the Services; and
- (b) ensures that any new products purchased by it for use partly or wholly in Providing the Service comply with the standard for products in Directive 2012/27/EU.
- (c) Demonstrates efficiency in resource use and maximisation of re-use and recycling of materials to support the *Client's* "circular economy" ambition as stated in the *Client's* Sustainable Development Strategy
- (d) ensures that any new products purchased by a Subcontractor for use partly or wholly in the performance of its obligations under its subcontract complies with the standard for products in Directive 2012/27/EU
- (e) ensures that Subcontractors demonstrate to the Contractor how any new products purchased by the Subcontractor for use partly or wholly in the performance of its obligations under a subcontract complies with the requirements of PPN 7/14 and
- (f) includes requirements to the same effect in any subsubcontract (at any stage of remoteness from the *Client*).

2.6.2. The Contractor demonstrates to the *Service Manager* how, through Providing the Services any new products purchased by the Contractor for use partially or wholly for the purpose of Providing the Services, complies with the requirements of Procurement Policy Note 07/14.

2.7. Carbon Emissions

- 2.7.1. The Contractor assesses the carbon emissions that have been generated in the delivery of the Services during the period using Highways England's Carbon Calculation Tool (CCT) and divides the total carbon emissions by the contract spend in the period to calculate the tonnes of carbon/£m spend.
- 2.7.2. The Contractor assess the percentage reduction in carbon per £m spend every quarter

3. SOCIAL SUSTAINABILITY

3.1. General Requirements

- 3.1.1. The Contractor complies with the requirements of the *Client's* ambition to embed the principles of equality, diversity and inclusion into all areas of the *Client's* business, driving real change in how the *Client* works with its customers and communities, its supply chain and its employees and the Equality Act 2010.
- 3.1.2. The Contractor ensures that no individual involved in or affected by the works or *services* provided is treated less favourably because of their connection with any particular characteristic of diversity.
- 3.1.3. The Contractor, working as part of the Community, produces an evidence based Inclusion Action Plan for the Community's contracts within 3 months of the establishment of the Community in Annex 11.
- 3.1.4. Where it is agreed by the Performance Manager and the Contractor that the above criteria do not apply, the Contractor works collaboratively with the Performance Manager to agree which of the 3 elements of the Social Sustainability requirements will apply.
- 3.1.5. The Inclusion Action Plan template is available in Annex 3.

3.2. Employment Intelligence

- 3.2.1. The Contractor working as part of the Community, gathers and analyses employment intelligence (i.e. data and analysis) on the whole of the workforce involved in delivering the contract, working on identifying opportunities to improve the inclusiveness of the working culture and the diversity of the workforce across pay quartiles and occupational groups. The dataset in the initial reporting period is used as a baseline. This data must be shared with the *Client* upon request.
- 3.2.2. Employment intelligence is:
- (1) data on levels of inclusion experienced, evidenced through cultural/engagement/behavioural surveys including Highways England's collaborative behavioural measurement.

- (2) data on changes in workforce profile (recruitment, promotion, exits).
 - (3) data on disaggregation of the above by protected characteristics e.g. age, gender, disability and race.
- 3.2.3. The Contractor working as part of the Community, condenses this intelligence with summary headline findings that are detailed in the Inclusion Action Plan.
- 3.2.4. The Contractor working as part of the Community, provides evidence to show that the Contractor has considered opportunities to contribute to the delivery of the Transport Infrastructure Skills Strategy, for example in relation to apprenticeships.

3.3. Customers and Communities Intelligence

- 3.3.1. The Contractor working as part of the Community, supports the *Service Manager* to gather intelligence on customers and local communities and identify opportunities to deliver:
- (1) a more socially sensitive *service* and
 - (2) be a better neighbour to local communities impacted by the *service* - particularly those who are vulnerable as a result of a protected characteristic.
- 3.3.2. Intelligence on customers and local communities (i.e. data and analysis) includes:
- (1) specific groups who will be impacted in adjacent local communities particularly those who have needs stemming from protected characteristics
 - (2) how they will be impacted
 - (3) opportunities to improve the accessibility and inclusiveness of the design or delivery.
- 3.3.3. The *Client's* Equality, Diversity and Inclusion Tool (EDIT) supports contracts with customer and local community aspects. EDIT is a sifting tool that comprises information on the demographic make-up of communities living within 5km of the strategic road network to help the *Client* to identify those aspects of the contract where equality, diversity and inclusion may need to be given greater consideration. The Contractor, where applicable, working as part of the Community, supports the completion of EDIT using their detailed knowledge of the area to inform decisions on where to focus attention. The current version of EDIT is available in Annex 3. Local authorities will also have local demographic data that can be analysed and used as customer and local community intelligence.

3.3.4. The Contractor working as part of the Community, will work with the *Client* to get to know the needs for customers and local communities, and ensure the front line designers and construction staff understand the difficulties that customers and local communities can sometime experience from bad design and temporary works. Examples would be briefings to design staff from Visually Impaired Groups, design reviews (not just covering compliance to Design Manual for Roads and Bridges and EDIT but also best practice established on previous projects), and the input of other vulnerable user groups.

3.3.5. The Contractor working as part of the Community supports the *Client* to:

(1) Gather and analyse good customer and communities intelligence by having direct contact with and from people in the communities affected by the work of the contract (where applicable). This will be done by taking into account local surveys, local meetings/exhibitions, correspondence from local communities, live communication and engagement plans and Non-Motorised User (NMU) reports.

(2) Build on-going relationships to develop a deeper understanding of the specific needs of people within the local communities who will be impacted by the work of the contract. This will be done (where applicable) by liaising with local accessibility officers, liaison with local representatives from national interest groups, detailed site specific reviews and liaison with local voluntary sector and other accessibility/minority groups.

3.3.6. Within 3 months of the establishment of the Community, the Contractor working as part of the Community, will have supported the *Service Manager* to:

(1) gather baseline intelligence

(2) analyse baseline intelligence to identify opportunities presented by the contract to contribute to attracting and retaining diverse talent, developing more inclusive cultures and responding more effectively to customer and local community needs

(3) determine where to focus intelligence gathering for the remainder of the contract.

3.3.7. Intelligence gathering is not a one off exercise and will be repeated at least every 6 months, providing useful insight into opportunities arising and/or the impact of work done.

3.4. Inclusion Action Plan

3.4.1. The Contractor, working as part of the Community, ensures the Inclusion Action Plan is accompanied by some contextual information including reference to the data collected.

3.4.2. The Contractor, working as part of the Community, outlines within the Inclusion Action Plan, how the social sustainability (Equality Diversity Inclusion) requirements are met within their organisation and across the team selected to deliver this *service* paying particular attention to how they will:

- (1) attract, recruit and retain a greater diversity of talent to meet the workforce needs of the scheme/project
- (2) ensure the working culture, practice and environment enables everyone to perform to their full potential
- (3) consider the diverse needs of customers and neighbouring communities when making decisions throughout the life of the project
- (4) hold themselves and their supply chain to account in delivering the above
- (5) monitor and evidence year on year improvements

3.4.3. The total Inclusion Action Plan length should not exceed 8 pages with the exception of any appendices. Key relevant policy documents should only be appended where these are essential to understand the plan.

3.4.4. The Contractor owns and working as part of the Community, regularly monitors the Inclusion Action Plan actions.

3.4.5. The Contractor, working as part of the Community, progresses and evolves the plan in the light of new intelligence gathered through 3.1 and 3.2.

3.4.6. The Inclusion Action Plan needs to include:

- (1) The objectives – what you want to achieve
- (2) Baseline position - where you are at the start of the contract
- (3) Action/task – what are you going to do towards meeting your objectives
- (4) When this will happen – when will you take the action specified above
- (5) Person responsible – who will be responsible for this action
- (6) Target position - what will success look like
- (7) Progress/actual outcome – to be completed on a quarterly basis to give Highways England's Contract Performance Manager summary information on the milestones reached or outcomes achieved for each objective.

3.4.7. The Contractor, working as part of the Community, supports the *Service Manager* to review the impact of the actions and ensures good practice is shared through relevant channels including the Supply Chain Portal Diversity Pages and Supplier Diversity Forum.

3.5. Apprenticeships

3.5.1. The Contractor appoints and delivers a number of new apprenticeships through this contract equating to the greater of:

- (1) one apprenticeship for every £5m of Price for the Services Provided to Date each financial year or
- (2) 2.5% of the total workforce on this contract in each financial year.

3.5.2. The Contractor ensures:

- (1) that the apprenticeships meet the approved apprenticeship standards, see <https://www.gov.uk/government/collections/apprenticeship-standards> and any later revisions; and
- (2) any alternative graduate scheme has been approved as apprenticeships by the Institute of Apprenticeships.

3.6. Obligations

3.6.1. The Contractor:

- (1) identifies the skills required to deliver the *service*
- (2) identifies the skills to be developed by apprentices to deliver the *service*
- (3) retains the apprentices during the period of the apprenticeships on Providing the Service unless agreed otherwise with the *Service Manager*,
- (4) takes reasonable steps to retain the apprentices once an apprentice has completed the apprenticeship on Providing the Services unless agreed otherwise with the *Service Manager*.

3.6.2. The Contractor, in the mobilisation period, and at the end of each Financial Year makes an annual report and proposal for acceptance by the *Service Manager*.

- (1) recording the skills required to deliver the *service* identified under paragraph 3.6.1 and how any shortfall in the Contractor's and subcontractors' (at any stage of remoteness from the *Client*) staff skills will be met,

(2) recording the skills to be developed by apprentices to deliver the works identified under section 3.6 and how that development will be met

- identifying the retention and training of existing apprentices and
- identifying the number and type of new apprenticeships to be commenced in the first or next Financial Year having regard to Transport Infrastructure Skills Strategy: building sustainable skills.

3.6.3. The Contractor amends the annual proposal in response to any comments from the *Service Manager* and resubmits the annual proposal for acceptance by the *Service Manager*. Once the annual proposal has been accepted by the *Service Manager*, the Contractor complies with the annual proposal.

3.6.4. The Contractor ensures that the *Service Manager* is able to identify all apprentices individually appointed under the requirements of this contract and provides a quarterly monitoring report to the *Service Manager* within five (5) working days of the start of each calendar month detailing performance against the annual proposal in respect of each apprentice appointed under this contract including:

- (1) number of apprenticeship starts created in that month,
- (2) postcode of workplace,
- (3) gender (subject to the apprentices consent),
- (4) ethnicity (subject to the apprentices consent),
- (5) level of apprenticeship (1 – 8) in accordance with table 1 below,
- (6) category of apprenticeship,
- (7) planned apprenticeship finish date,
- (8) confirmation if the apprentice is still engaged on Providing the Services and
- (9) National Insurance number.

3.6.5. The Contractor provides a quarterly monitoring report to the *Service Manager* within five (5) working days of the end of the quarter detailing:

- (1) performance in respect of the following for each apprentice that was appointed and has completed the apprenticeship including
 - postcode of workplace,
 - gender (subject to the apprentices consent),

- ethnicity (subject to the apprentices consent),
 - level of apprenticeship (1 – 8) in accordance with table 1,
 - category of apprenticeship,
 - apprenticeship completion date,
 - confirmation if the apprentice is still engaged on Providing the Services and
 - National Insurance number.
- (2) the total number of apprentices that have been appointed in compliance with this contract and the total number of apprentices that are retained to Provide the Services,
- (3) the total number of apprentices that have been appointed in compliance with this contract but are no longer used to Provide the Services and
- (4) the total number of apprentices that have been appointed in compliance with this contract but are no longer employed by the Contractor or a subcontractor (at any stage of remoteness from the *Client*).

3.6.6. The Contractor:

- (1) makes available to the Contractor's and subcontractors' (at any stage of remoteness from the *Client*) staff information about the Government's apprenticeship programme and wider skills opportunities and
- (2) uses reasonable endeavours to provide work experience placements for 14 to 16 year olds, work experience placements for other ages, student sandwich/gap year placements and graduate placements in relation to this contract.

Apprenticeship type	National qualification level	National qualification equivalent	Higher education equivalent
	Entry	Entry level certificate	
	1	GCSE (grade D to G)	
Intermediate	2	GCSE (A* to C)	
Advanced	3	AS and A level NVQ level 3	
Higher	4	Certificate of Higher Education NVQ level 4	Certificate of Higher Education Higher National Certificate
	5	Higher National Diploma NVQ level 4	Higher National Diploma Foundation Degree
	6	NVQ level 4	Bachelor's Degree
	7	Postgraduate Diploma NVQ level 5	Master's Degree
	8	NVQ level 5	PhD

4. ECONOMIC

4.1. Project Bank Accounts

- 4.1.1. Use of Project Bank Accounts to pay the Contractor and the Contractor's supply chain are a Cabinet Office and contractual requirement with significant effects on sustainability through better supply chain cash flow.
- 4.1.2. The Contractor demonstrates that a Project Bank Account (PBA) is being operated effectively, with view only access enabled for Highways England and is being used to pay the supply chain promptly in accordance with the Highways England Fair Payment Charter.
- 4.1.3. The supply chain outside of PBA is paid in accordance with the Highways England Fair Payment Charter and the conditions of this contract.
- 4.1.4. If less than 5% of the Price for Services Provides to Date will be paid to subcontractors, the Contractor may propose to the *Service Manager* to not use a Project Bank Account. The proposal must include evidence that this condition will be met and detail how the supply chain will be paid in accordance with the Highways England Fair Payment Charter and the conditions of this contract.
- 4.1.5. Payment is defined as cleared funds being available to the Supplier.
- 4.1.6. Should the Contractor go into insolvency, the monies in the PBA account due for payment to the signed up supply chain is secure and can only be paid to them.
- 4.1.7. The Contractor completes and submits to the *Service Manager* on a monthly basis:
 - 4.1.7.1. A fully populated Project Bank Account (PBA) Tracker (with the 'Supplier Cumulative Totals' tab up to date – including the assignment of SME categories against each Tier 2/3)
 - 4.1.7.2. Detailed Bank statements and payment runs (required to reconcile payment dates and amount to the application breakdown in the PBA Tracker (for PBA supply chain and non-PBA supply chain). Any data relating to other clients should be redacted from your main account statement before submission) in .pdf format.
 - 4.1.7.3. All variances from the previous month are explained; and further information is submitted in response to any queries raised.
- 4.1.8. The SME percentage is calculated from the full application value.
- 4.1.9. Time in the PBA Tracker and Performance Indicator is measured in calendar days.

- 4.1.10. The *Client* monitors the time it takes the Contractor to pay its supply chain (including Tier 2 and Tier 3+) through the PBA, following deposit of funds into the PBA.
- 4.1.11. The related performance score is calculated when the majority of the funds have been deposited into the PBA by the Client that covers amount due to supply chain joined to the PBA.
- 4.1.12. The Contractor ensures that all its supply chain sign a joining deed to be paid via the PBA. For any Subcontractor or contractor that declines to join the PBA (having been offered the opportunity) written evidence needs to be provided to the *Service Manager* detailing the reasons why it does not want to sign up. The *Client* may at any time, contact that Tier 2 and 3 Contractor directly to improve their knowledge and understanding of the benefits of PBA's.
- 4.1.13. If any data/evidence is missing or still required (if not covered in the tracker) spot checks are undertaken directly by the *Client* with the supply chain (at various intervals) to verify that they are getting paid in a timely manner.
- 4.1.14. The *Client* may carry out audits to assess the full extent of how supply chain payments are made.
- 4.1.15. Where the Contractor transfers monies from the others accounts into the PBA this is stated on the bank statement.

4.2. Small Medium Enterprises

- 4.2.1. The *Client* has a target performance indicator to meet the Government target spending 25% budget through Small and Medium sized Enterprise (SME) through direct and indirect spend.
- 4.2.2. SME is the Contractor, a Subcontractor, or a subcontractor to a Subcontractor that
- is autonomous,
 - is a European Union enterprise not owned or controlled by a non-European Union parent company,
 - for a medium sized enterprise (medium class) employs fewer than 250 staff, has turnover no greater than 50 million Euros and does not have a balance sheet greater than 43 million Euros,
 - for a small sized enterprise (small class) employs fewer than 50 staff, has turnover no greater than 10 million Euros and does not have a balance sheet greater than 10 million Euros and
 - for a micro sized enterprise (micro class) employs fewer than 10 staff, has turnover no greater than 2 million Euros and does not have a balance sheet greater than 2 million Euros.

4.2.3. For each SME employed on this contract, the Contractor reports to the *Service Manager* each quarter from the *starting date* and at the end of the *service period*

- the name of the SME,
- the class of SME (medium, small or micro),
- the value of the proportion of this contract the SME will be undertaking,
- the monthly amounts paid to the SME in the quarter and
- the aggregated value paid to the SME since the *starting date*.

4.2.4. The Contractor acknowledges that the *Client* may

- publish the information supplied under 4.2.3, along with the names of the Contractor and this contract and
- pass the information supplied under this section 4.2 to any Government Department who may then publish it along with the names of the SMEs, the Contractor and this contract.

4.2.5. The Contractor ensures that any subcontract with an SME (at any stage of remoteness from the *Client*) contains

- a term allowing the *Client* to publish the information supplied under 4.2.3. and
- provisions to the same effect as this section 4.2.