

**Highways England Company Limited**

**Area 3**

**Asset Delivery (AD)**

**Scope**

**Annex 27**

**Environmental Management &  
Sustainability**

## CONTENTS AMENDMENT SHEET

Amend. No.	Revision No.	Amendments	Initials	Date
0	0	Contract Issue	SOS	May 2021

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## 1 ENERGY EFFICIENCY DIRECTIVE & SUSTAINABILITY

### 1.1 General

- 1.1.1 The *Client's* ambition in developing and implementing affordable solutions is to ensure the safe and efficient operation and maintenance of the strategic road network.
- 1.1.2 The Contractor designs and delivers the *service* to support society and the wider national interest, supporting the *Client* to reduce energy consumption to achieve improved efficiency and sustainability.
- 1.1.3 The Contractor designs and delivers the *service* to support achievement of the *Client's* sustainable development strategy's carbon management ambition and where relevant comply with the requirements of Procurement Policy Note 7/14 entitled "Implementing Article 6 of the Energy Efficiency Directive" ("PPN 7/14") and any related supplementary Procurement Policy Notes (see link at Annex 03).
- 1.1.4 In complying with the requirements of Procurement Policy Note 7/14, the Contractor
- ensures that any new products purchased by it for use partly or wholly in Providing the Service comply with the standard for products in the directive including "2012/27/EU",
  - provides evidence to the *Service Manager* to demonstrate how any new products purchased by it for use partly or wholly in Providing the Service comply with the requirements of PPN 7/14,
  - 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 (see link at Annex 03),
  - 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 the directive,
  - ensures that Subcontractors provide evidence to the Contractor to demonstrate 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
  - includes requirements to the same effect in any subsubcontract (at any stage of remoteness from the Client).

## 2 ENVIRONMENTAL

### 2.1 Environmental Requirements

- 2.1.1 The Contractor designs and delivers the *service* to support society and the wider national interest, supporting the *Client* to minimise environmental impact to achieve an improved environment.
- 2.1.2 The Contractor designs and delivers the *service* to support improving environmental outcomes to help protect, manage and enhance the quality of the surrounding environment, with a focus on people and the built, natural and historic environment.
- 2.1.3 The Contractor ensures that the design and delivery of the *service* complies with
- the *Client's* environmental strategy,
  - the *Client's* sustainable development strategy,
  - GG 103 “Introduction and general requirements for sustainable development and design” and
  - LA 117 “Landscape design”
- (see links at Annex 03).
- 2.1.4 The Contractor ensures that the design supports the *Client's* design vision “we aim to put people at the heart of our work by designing an inclusive, resilient and sustainable road network; appreciated for its usefulness but also its elegance, reflecting in its design the beauty of the natural, built and historic environment through which it passes, and enhancing it where possible”.
- 2.1.5 The Contractor designs and delivers the *service* to comply with ‘The road to good design’ incorporating the ten principles of good design, grouped as connecting people, connecting places and connecting processes (see link at Annex 03).
- 2.1.6 The Contractor designs and delivers the *service* to support the *Client* to deliver no net loss of biodiversity, and from 2025 to deliver a net gain in biodiversity by 2040.
- 2.1.7 The Contractor ensures that the design and delivery of the *service* recognise the importance and value of biodiversity and ensure we mitigate our impacts

on wildlife and look for the opportunities provided by management and construction work to provide biodiversity enhancements.

- 2.1.8 The Contractor ensures that the design and delivery of the *service* complies with the biodiversity requirements within:
- LA 118 “Biodiversity design” and
  - the *Client’s* biodiversity plan
- (see links at Annex 03).
- 2.1.9 In Providing the Service the Contractor ensures that the *Client’s* responsibilities and opportunities within the Government Buying Standards are delivered (see link at Annex 03).
- 2.1.10 The Contractor ensures that protecting and enhancing the environment is embedded into its business processes and is considered at all levels of operations. In addition, giving consideration to the cumulative environmental impact of its activities across its network and identifying holistic approaches to mitigate such impacts and improve environmental performance.
- 2.1.11 In accordance with CHE Memorandum 453/19 (or any later revisions) the Contractor assesses the carbon emissions that have been generated in the delivery of the *services* during the period as agreed with the *Service Manager* using the *Client’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.
- 2.1.12 The Contractor assesses and provides to the *Service Manager* the percentage reduction in carbon per £m spend every quarter

## **2.2 Environmental Management**

- 2.2.1 Contractor's environmental management system:
- The Contractor operates an environmental management system which complies 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.

- The Contractor provides details of its environmental management system, and these details include a process for the identification and prioritisation of environmental and social impacts which prioritise the biggest risks from Contractor work. A summary report is provided to the *Client* outlining highest identified risks and what mechanisms the Contractor has in place to mitigate them.
- 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.
- The Contractor interfaces and aligns their environmental management system with the *Client's* environmental management systems, policies, procedures and requirements.
- 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:

- 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,
- 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:

- 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:
  - any statutory legislation,
  - the Contractor's environmental management system, or
  - the Subcontractor environmental management system, or
  - the *Client's* environmental management system

the *Client* advises the Contractor accordingly by notice in writing.

- Where the Contractor has been advised by the *Client* of a breach, the Contractor corrects the situation by the date specified by the *Client*.
- 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:

- The Contractor:
  - operates environmental awareness improvement schemes, and
  - participates in world environment day and associated initiatives.

#### 2.2.5 Environmental – exchange of information:

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

### 2.3 Environmental Expertise

#### 2.3.1 Environmental advice:

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



### 2.3.2 Environmental Inspections:

- The Contractor ensures that it carries out a formal weekly site environmental inspection (as a minimum) and documents the findings of these inspections,
- The Contractor ensures that competent persons carry out the inspections,
- The Contractor notifies the *Client* in advance of the date of the inspection. The Client is entitled to participate in the inspections,
- The Contractor provides the *Client* with a copy of the documentation produced by the Contractor following the inspections within one week following the inspection,
- 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:

- The *Client* has the right to investigate any incidents wherever they may occur,
- 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),
- 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 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
  - 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).
- 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,

- 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*,
- 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,
- 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,
- The Contractor implements applicable recommendations arising from incident investigations.

#### 2.3.4 Incident statistics:

- The Contractor, if requested by the *Client*, supplies 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:

- 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.
- The Contractor implements all recommendations from such audits agreed by the *Client* within a timescale mutually agreed between the *Client* and the Contractor. The Contractor includes all subcontracts rights of access for the *Client* as described herein.

## **2.4 Environmental Management Plan**

2.4.1 The Contractor complies with the second iteration environmental management plan (EMP) requirements of "DMRB LA 120 – environmental management plans".

2.4.2 Where the Contractor has been appointed principal contractor:

- the Contractor liaises with, and incorporates the requirements of the appropriate statutory consultees, local authorities, and the *Client*.
- the Contractor prepares an environmental management plan (the EMP) in line with “LA 120 – environmental management plan” and submits it to the *Service Manager* no later than 8 weeks before the *access date*.
- the Contractor prepares an environmental management plan (the EMP) in line with “LA 120 – environmental management plan” and submits it to the *Service Manager*,
- 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.
- The Contractor keeps a controlled copy of EMP available for inspection by the *Client* and his representatives (including the *Service Manager*) at all times,
- The *Service Manager* notifies the Contractor if at any time he considers that the EMP,
  - does not comply with the requirements of the 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.

2.4.3 A reason for the *Service Manager* not accepting the EMP is that

- it does not realistically reflect timing requirements e.g. sufficient time for archaeological, European Protected Licence or Historic England requirements,
- it does not allow the *Contractor* to Provide the Service, or
- it does not comply with or meet the requirements of the contract

2.4.4 The Contractor reviews and updates the EMP as necessary to ensure that it continues to deliver satisfactory progress of the contract with respect to environmental management and mitigation.

2.4.5 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 paragraph.
- 2.5.2 The Contractor does not
- appoint a Subcontractor or
  - allow a Subcontractor to appoint a Subsubcontractor (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.

## **3 AIR QUALITY STRATEGY**

### **3.1 Air Quality**

- 3.1.1 The *Client's* air quality strategy (see link at Annex 03) sets out how it ensures that all activity on the strategic road network is delivered in a way that not only minimises harm, but ultimately improves the environment including air quality. This helps support government to improve air quality in the UK and deliver nitrogen dioxide compliance at the roadside in the shortest time possible. The *Client* explores 'opportunities to promote the use of low emission vehicles by the Contractor to reduce harmful pollutants'.
- 3.1.2 The Contractor:
- ensures that any new vehicles purchased by it for use partly or wholly in Providing the Service comply with the minimum mandatory standards (detailed for central government departments) detailed in Government Buying Standards Transport 2017 (see link at Annex 03) and
  - when requested, works in collaboration with the *Client* to prepare reports to identify how the best practice standards detailed in the Government Buying Standards Transport 2017 can be achieved. Report findings help inform setting standards for future highways contracts and any subsequent action by the Contractor helps reduce emissions of harmful pollutants when Providing the Service.

## **4 PEOPLE STRATEGY**

### **4.1 Equality Diversity And Inclusion**

The Contractor assists the *Client* in the achievement of its equality, diversity and inclusion (EDI) objectives. The *Client's* objective is to embed principles

of equality, diversity and inclusion into all areas of its business, driving real change in how it works with its customers and communities, its supply chain and its employees. The Contractor assists the *Client* in working collaboratively with its partners so that its workplaces are inclusive, and the strategic road network is accessible and integrated for both its users and communities affected by works to the strategic road network.

The Contractor prepares an Inclusion Action Plan in accordance with Appendix B and submits it to the *Service Manager* for acceptance within 8 weeks of the contract award to demonstrate how it develops an iterative approach to supporting the *Client* in meeting its EDI objectives through the life of the contract.

The Inclusion Action Plan names an individual from the Contractor to act as the EDI lead to

- be responsible for ensuring the implementation and on-going development of the Inclusion Action Plan,
- ensure quarterly reports and information are provided as required,
- facilitate continuous improvement reviews and
- act as a single point of contact on all matters concerning EDI.

A reason for the *Service Manager* not accepting the Inclusion Action Plan is that

- it does not demonstrate how the requirements will be passed down the supply chain,
- it does not meet or evidence how the Contractor
  - attracts, recruits and retains a greater diversity of new entrants to the sector,
  - ensures the working culture, practice and environment is inclusive,
  - considers and understand the diverse needs of customers and neighbouring communities,
  - holds itself and the supply chain to account in delivering the plan and
  - monitors and evidences year on year improvements, or
- it does not meet the aims of the equality duties contained within the Discrimination Acts and set out in section 1.13 of the Scope.

Following acceptance, the Contractor provides the *Service Manager* with a quarterly report of progress against the Inclusion Action Plan.

## 4.2 Employment and Skills

- 4.2.1 The Contractor ensures that the skills, resources and capabilities are in place, in its own organisation and through its supply chain, to deliver the service and performance required including:
- quantifying and delivering on any new employment opportunities that will be generated during the life of the contract and outlining how the Contractor and its supply chain will:
    - attract new people to apply, giving particular consideration to attracting under-represented groups that have not historically seen the sector as a career option
    - recruit new people into the sector
  - identifying and delivering on opportunities to develop and deploy new skills that will improve performance against the *Client's* key performance indicators and imperatives. This should include, but is not limited to, those new skill areas outlined in the Transport Infrastructure Efficiency Strategy (see Annex 03).
  - Identifying and delivering on opportunities to improve perceptions of careers within the Highways sector including through outreach, work placements/experience and apprenticeships to develop a new talent pool for the sector. This includes but is not limited to assisting the *Client* in delivering on its commitments in relation to the Transport Infrastructure Skills Strategy.
- 4.2.2 The Contractor prepares and submits the Employment and Skills Plan (ESP) in accordance with the template in Appendix A to the *Service Manager* for acceptance, 4 weeks prior to the end of Mobilisation Period.
- The Contractor appoints an individual as employment and skills lead to
- be responsible for ensuring the implementation, on-going development of the ESP,
  - ensure quarterly reports and information are provided as required,
  - facilitate continuous improvement reviews, and
  - act as a single point of contact on all matters concerning employment and skills for the service.
- 4.2.3 A reason for the *Service Manager* not accepting the Employment and Skills Plan is that it does not
- demonstrate how the Contractor complies with the contract,

- demonstrate how the requirements will be passed down the supply chain,
- clearly define outputs and how they will be measured
- meet or evidence how the Contractor
  - attracts, recruits and retains a greater diversity of new entrants to the sector,
  - holds itself and the supply chain to account in delivering the plan, or

monitors and evidences year on year improvement.

4.2.4 The Contractor submits to the *Service Manager* for acceptance an annual report of the *Contractor's* workforce planning and development data using the template in Appendix C.

The Contractor facilitates the *Service Manager*, in undertaking continuous improvement reviews of any and all information regarding the Contractor's progress in delivering against the provisions of employment and skills requirements including

- ensuring that its partners and subcontractors maintain and retain records relating to the Employment and Skills Plan and their compliance with the contract,
- granting or procuring the grant of access to any
  - premises used in the Contractor's Providing the Service whether the Contractor's own premises or otherwise or
  - equipment (including all computer hardware and software databases) used (whether exclusively or non-exclusively) in Providing the Works, wherever situated and whether the Contractor's own equipment or otherwise and
  - complying with the *Service Manager's* requests for access to senior personnel engaged in Providing the Service.

#### **4.3 Skills and Apprenticeships**

4.3.1 The *Client* is required to monitor and report to the Department for Transport on apprenticeships created and in place in the delivery of their programme. To support this the Contractor, submits, on a quarterly basis, the apprenticeship report as detailed in Appendix D. The due dates for this reporting will be confirmed by the *Service Manager*.

#### **4.4 Appendix A - Employment and Skills Plan**

The employment and skills plan is comprised of four sections:

- Section 1 - Workforce Planning and Development Data,

- Section 2 - Methodology,
- Section 3 - Statement of Outputs and
- Section 4 - Implementation Plan.

### **Section 1 – Workforce Planning and Development Data**

This section includes as a minimum, analysis and reports on workforce planning and development data for the Contractor's Scope. This analysis includes as a minimum

- an assessment of supply and demand of people capacity and capability needed to deliver the *service* including through the supply chain,
- a forecast of annual gaps in people capacity and capability for the duration of the *service*, with quarterly updates and identification of those gaps that are critical using the occupational descriptors (see link at **Annex 03**),
- a baseline workforce diversity profile,
- an assessment of market intelligence on supply of labour within the market and
- preferred employment and skills solutions to address capacity and skills gaps.

### **Section 2 - Methodology**

The section describes

- how the commitments in the Quality Statement will be delivered and built on
- how the Contractor community (trade contractors, Subcontractors, partners working on the contract) have been engaged in the development and their support secured for subsequent delivery of the plan, and
- how the target outputs as set out in the Employment and Skills Plan have been identified.

### **Section 3 – Statement of Outputs**

This section includes a statement of all outputs to be delivered as part of the plan. This includes:

- accreditation as a National Skills Academy for Construction,
- improvement in its inclusive recruitment capability verified by a recognised inclusive recruitment specialist,
- the greater of either
  - one apprenticeship for every £5M by which the Price for Work Done to Date is forecast to or actually changes (whichever is the greater) or
  - 2.5% of the Total Workforce forecast to be or actually engaged on the contract (whichever is greater).
- quantification of each of the outputs scheduled in table 1 below, influenced by the needs of the works and the context and how these will be delivered.



- In delivering on the apprenticeship targets, the Contractor assists the *Client* in its commitment to increasing the diversity of the sector's workforce and to contributing to achieving the "Transport Infrastructure Skills Strategy" ambition of
  - 20% of new entrants to engineering and technical apprenticeships to be female by 2020, achieving parity with the working population by 2030,
  - meeting the government's target for the number of Black, Asian and Minority Ethnic candidates undertaking apprenticeships and
  - identification and quantification of any additional outputs not schedule in table 1 and how these will be delivered.

TABLE 1: OUTPUT TYPE, PRIORITY & DEFINITION		
Output type	Priority Area	Definition
<b>Worklessness</b>		
Workless job start (26 weeks sustained)		A new job start, sustained for at least 26 weeks, where the candidate was previously workless prior to being employed.
Workless graduate job start		A graduate job start where the candidate was previously workless
<b>Apprenticeships</b>		
Apprenticeship start		A new employee of the <i>Contractor</i> and its subcontractors recruited as an apprentice into the workforce and enrolled on an approved Apprenticeship Standard relevant to the delivery of the <i>works</i> .
Existing apprenticeship		An existing member of staff who is enrolled onto an approved apprenticeship standard in order to up skill the workforce.
<b>Job Creation</b>		
Job start		A new job start for an individual recruited as a result of the contract. This could include a graduate job start (non workless).
<b>Educational/Career Support</b>		

Placement position		A position intended to enable an individual to learn, develop or enhance their knowledge and skills in an industry or job role by providing a short work experience placement.
Professional status attainment		Number of individuals supported to attain professional registration and status in agreed critical skills shortage disciplines at no cost to the individual. This includes registration at Technician, Incorporated and Chartered levels.
Sector skills qualifications attainment		Number of individuals supported to attain technical or occupational skills relevant to the delivery of the <i>works</i> at no cost the individual. This includes NVQs, Health and Safety qualifications and leadership qualifications.
School engagement		Education activities that enhance the reputation of the sector and support schools and school students by raising awareness of and interest in the educational and employment opportunities in the industry

The following output will assist the Contractor in achieving the objective

1. Shared training initiatives such as Shared Apprenticeship Schemes.

#### **Section 4 – Implementation Plan**

This section is an action plan detailing:

- the actions the Contractor plans to take to deliver on the objectives,
- the milestones are to complete these actions,
- when these milestones will be delivered, and
- what outputs and outcomes it expects to achieve.
- who is responsible for delivering each action.

The Implementation Plan details:

- how compliance is supported, managed and monitored throughout the Contractor and its supplier community (Contractors, suppliers throughout the tiers and partners working on the contract),

- how the effectiveness of the plan is evaluated, lessons learned, captured and shared to improve employment and skills practice by the Contractor for the contract and for future contracts,
- how the Contractor intends to build capability to deliver inclusive recruitment, and

In relation to improving inclusive recruitment capability the plan includes

- how the Contractor reviews attraction and recruitment policies and procedures to ensure the eradication of practices that are discriminatory, create unfair conditions of employment or create unequal rates of pay that cannot be justified,
- how the Contractor identifies and removes existing and potential barriers, as outlined in 'Recruiting for Success' (see link at Annex 03), which result in disproportionate impacts at different stages of the recruitment process (job design, role descriptions, job adverts, application, shortlisting, interview and hire) whether by the Contractor or its supply chain (including recruitment/labour agencies),
- how the Contractor engages in outreach activity and publicises vacancies to encourage applicants from a diverse range of groups. This includes how the Contractor analyses the local demographic and works with relevant partners to ensure that employment opportunities contribute as effectively as possible to local economic growth and that the workforce used to Provide the Service becomes increasingly reflective of the diverse communities served by the *service*,
- how the Contractor quantitatively and qualitatively monitors and reports on the effectiveness of its attraction, recruitment and promotion activity by protected characteristics,
- how the Contractor gains external verification from a recognised inclusive recruitment specialist of the inclusiveness of its recruitment practice, and
- how the Contractor reviews and supports each of its subcontractors to adopt and implement an inclusive attraction and recruitment policy and action plan in respect of its respective workforces engaged in the performance of the contract.
- how the Contractor collaborates with the *Client* and other suppliers to effectively share good practice, learn from experience and improve the Road Period efficiency and performance in attracting and recruiting a workforce that reflects the diverse communities to be served by the Roads Period.

#### 4.5 Appendix B – Inclusion Action Plan

##### Guidance for Suppliers

The *Client's* objective is to embed the principles of equality, diversity and inclusion into all areas of our business, driving real change in how we work with our customers and communities, our supply chain and our employees. We believe that in order to achieve our vision of being the world's leading road operator we must better understand and meet the different needs of our large and diverse customer base and factor these needs in to the *service*.

This requires us to work collaboratively with partners so that our workplaces are inclusive and the strategic road network is accessible and integrated for both our users and communities living alongside the network. We therefore require our suppliers to demonstrate how they develop an iterative approach in supporting the *Client* in meeting its equality, diversity and inclusion objective through the life of the contract. We also believe that to achieve outstanding performance we must attract, recruit, develop and retain talented people from all groups within the active labour force and then work to ensure an inclusive environment in which all can thrive. Highways England expects our suppliers to share the same values in terms of Equality, Diversity and Inclusion as well as supporting our wider vision.

The Inclusion Action Plan covers the key areas of Equality and Diversity, and Inclusion.

The total Action Plan does not exceed 20 pages and outlines how you ensure that EDI requirements are met within your organisation and cross your team selected to deliver this service paying particular attention to how you

- ensure the working culture, practice and environment enables everyone to perform to their full potential,
- consider the diverse needs of customers and neighbouring communities,
- hold yourselves and your supply chain to account in delivering the above,
- monitor and evidence year on year improvements and
- describe what success looks like for your organisation.

### **Action Plan Structure**

The Action Plan includes

- current position/baseline - what does your baseline data say about where you are (this should provide some guidance as to the additional actions to be taken or actions to be dis/continued. The Equality Act's protected characteristic groups are: age, disability, gender, gender reassignment, pregnancy and maternity, race, religion/ belief and sexual orientation
- action/task – what you do to meet the requirements
- when does this happen – when do you take the action specified above
- person responsible – who is responsible for this action
- resource - you may also want to consider the resources needed to act over and above the responsible officer
- measure of success (outcome/Performance Indicators) – what does success look like? how do you know it has made a tangible difference? and the difference this activity has made

### **Inclusion Action Plan**

	Inclusion objective	Baseline position – how and what did you use to you get here?	Action/ task to meet requirements	When	Person responsible	Measure of success (MoS) – what difference has this made	
1	<b>Employment – outline the steps you will take to create a working environment and culture that enables everyone to perform to their potential</b>						
2	<b>Customer and communities – outline the steps you will take to genuinely consider the differing needs of customers and neighbouring communities when making decisions throughout the life of the project</b>						
3	<b>Governance and accountability - describe how you will hold yourselves and those in your supply chain to account in delivering the and monitoring the difference made in relation to the above</b>						

#### 4.6 Appendix C - Workforce Planning template and guidance

The workforce planning annual report consists of the following two sections

- progress in the previous 12 months
- plan for the next 12 months

### Progress and current position

- an assessment of the Contractor's performance against targets set for the last 12 months with supporting evidence and details explaining any variance from plan
- a workforce diversity profile showing change in the past 12 months and any variance from the plan
- a revised assessment of supply and demand people capacity and capability needed to deliver the works including through the supply chain, and
- a revised assessment of market intelligence on supply of labour within the market

### Plan for the next 12 months

- a revised forecast of annual gaps in people capacity and capability
- an update of preferred employment and skills solutions to address capacity and skills gaps
- a forecast of annual gaps in people capacity and capability for the duration of the works, with quarterly updates and identification of those gaps that are critical using the occupational descriptors (see link at Annex 03),
- a narrative explaining the changes that have been proposed and how they will deliver the intended results.

## 4.7 Appendix D - Reporting template and guidance for apprenticeships

The Contractor ensures that the *Service Manager* is able to identify all apprentices individually appointed under the requirements of the contract and provides a rolling three-month monitoring report to the *Service Manager* within five working days of the start of each calendar month detailing performance against the annual proposal in respect of each apprentice appointed or proposed to be appointed under the contract but who has not completed the apprenticeship, including:

- number of apprenticeships to be started that month,
- actual and planned start dates for existing and proposed apprenticeships,
- postcode of workplace,
- gender,
- ethnicity,
- level of apprenticeship (1 – 8) in accordance with the table below,
- apprenticeship framework or standard,
- occupation of apprenticeship (reported against the standard occupation classification (SOC) codes,
- category of apprenticeship,
- planned apprenticeship finish date,

- whether the apprentice is still engaged on Providing the Works and
- national insurance number.

The Contractor submits their return using the apprenticeship data collection form (see link at Annex 03).

## 5 ECONOMIC

### 5.1 Project Bank Account (PBA)

- 5.1.1 NEC Option Y(UK)1 is mandated for all contracts.
- 5.1.2 The Contractor ensures that any deeds associated with the Project Bank Account (PBA) are issued with sufficient time to allow the *Client* to apply original signatures to prevent any payment issues.
- 5.1.3 The Contractor ensures that
  - there is one original copy of deed for each party to the deed issued to the *Service Manager* for the attachment of the *Client's* original signatures and
  - each original copy of the deed has original signatures from the authorised signatories.

### 5.2 Adding a Supplier

- 5.2.1 The Contractor ensures that all its supply chain sign a Joining Deed to be paid via the PBA. For any Subcontractor or supplier 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 Subcontractor or supplier directly to improve their knowledge and understanding of the benefits of PBA's.

### 5.3 Project Bank Account Tracker

- 5.3.1 The Tracker is the tracker used for measuring and monitoring performance of the PBA. The Contractor completes and submits to the *Service Manager* monthly.
- 5.3.2 All variances from the previous month are explained and further information is submitted in response to any queries raised. The SME percentage is calculated from the full application value. Time in the PBA Tracker (and any associated performance indicator) is measured in calendar days.
- 5.3.3 The *Service Manager* monitors the time it takes the Contractor to pay its supply chain (including Subcontractors and subsubcontractors) through the PBA, following deposit of funds into the PBA.

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.

- 5.3.4 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 paid in a timely manner.

The *Client* may carry out audits to assess the full extent of how supply chain payments are made.

- 5.3.5 Where the Contractor transfers monies from other accounts into the PBA this is stated on the bank statement.