

## **DTI 'Strategy for Sustainable Construction'- consultation events**

# **SOCIAL RESPONSIBILITY IN CONSTRUCTION - EQUITY & RESPECT FOR PEOPLE**

### **1. SUMMARY**

Social Responsibility (SR) is about recognising and addressing the needs of all stakeholders affected by an organisation, not just customers and shareholders but employees, suppliers and the local communities in which it works. It is a wide ranging subject and is based on principles of transparency, fairness, inclusiveness, responsiveness, integrity and diversity. Issues include:

- Procurement & finance
- Supply chain
- Health & safety
- Symbiosis (sharing facilities)
- Durability and flexibility
- Employment practices
- Capacity building/training
- Interface with local economies
- Local nuisance
- Communication
- Accessibility and inclusivity
- Aesthetics, health and wellbeing
- Safety and security
- Community cohesion

The first five of these are generally handled separately, with the remainder taken under the generic heading of Equity and Respect for People (ERfP).

The benefit of a more socially responsible approach to construction for all sizes of company is in long term business success resulting from reduced risks, new business opportunities, cost savings (e.g. less community opposition; lower staff turnover; better supply chain working), better reputation and marketing opportunities and increased productivity from well trained and motivated staff.

Although many construction companies acknowledge the link between improved SR and better performance, it is rarely fully integrated into company strategy. Construction is seen to be lagging behind many other sectors. The disaggregated structure of the UK construction industry (self-employment, small companies, un-coordinated supply chains) is one reason for this. Another is that SR issues are generally unregulated. Although there are a number of (voluntary) initiatives to help companies address SR, there are few established metrics and the business case is generally unproven.

Client demand and procurement practices, in particular from large clients, including government, can be considered to be the main drivers for SR. Large construction companies are increasingly covering SR issues in their sustainability or CSR (corporate social responsibility) reports. Some have established supply chain initiatives to cover one or more SR issue. Increased scrutiny is likely to result in more SR issues being incorporated into management practices over time.

Construction faces skills and capacity shortages and thus needs to recruit from the widest possible pool. Traditionally most employees, particularly site operatives, are white males and are often not representative of the communities in which they operate. Changing employment practices, particularly to encourage equal opportunities and diversity, is therefore a major issue. The large number of small employers in construction makes these changes more difficult. The influx of white Eastern Europeans into the industry may solve the short term labour and skill shortages, but it does not necessarily increase the capacity of the local labour pool. Major developments such as Thames Gateway and the Olympics will bring this issue into sharper focus.

- **Understanding – emerging**  
Industry practitioners are clear on the apparent business benefits of some aspects of ERfP, but less clear on others. The business case is not proven.
- **Practice - emerging**  
Some industry practitioners are implementing best practice but others may not have a clear idea about the right approach for their organisation
- **Measurement – low**  
currently based only on numbers of companies committed to principles and using KPI benchmarks, or by numbers of organisations and individuals using schemes addressing some of the issues (eg training initiatives or Investors in People).
- **Controls – low**  
There are few controls associated with ERfP issues, for example while health and safety is tightly controlled inclusivity is less so. Planning and procurement requirements may enforce some aspects, e.g. Considerate Constructors Scheme.

#### DISCUSSION POINTS

- How well understood are the concepts of Social Responsibility and Equity and Respect for People? Do you understand the practical implications for your company and projects?
- Will a greater emphasis on SR and ERfP change the industry for the better? What sort of changes might result?
- Are the terms SR and ERfP sufficiently understood to warrant continued use in the context of sustainable construction?

## 2. VISIONS AND METRICS

### 2.1 Industry vision

#### 2.1.1 Published provisional/initial vision and metrics

As Social Responsibility is such a diverse issue there are few clearly expressed and well developed visions and targets in this area. Targets that are appropriate for large organisations may not be so for the majority of smaller companies. A lot of progress (for smaller companies in particular) is driven either by clients or by supply chain initiatives.

<b>Table 1 Visions and metrics</b>		
<b>Vision</b>	<b>Source of target</b>	<b>Associated metric</b>
Fair trade & Respect for People Commitment	Review of sustainable construction 2006	Number of commitments; DQI assessment; liP recognition Adoption of OGC Fair Payments Charter.
Sense of community; fully accessible facilities; Equity and Fair Trade integral.	London 2012 – Towards a One Planet Olympics	None given
<b>Other suggested visions &amp; metrics</b>		
Improved construction industry performance in SR compared to other industries.		Increased number of participants in benchmarking and awards schemes such as Business in the Community Corporate Responsibility Index; BITC Awards for Excellence; Acca Awards for Sustainability Reporting
Greater commitment to SR principles and improved awareness of the relevance of SR to construction companies		Increased number of companies with Corporate/Social Responsibility statements and policies

Improved relationships between construction companies and community stakeholders		Increased number of sites registered with Considerate Constructors scheme
Improved relationships between construction companies and employees		Increased number of employees covered by Investors in People recognition to 30% (from 15% in 2006) and RfP commitments

#### DISCUSSION POINTS

- What is your degree of confidence that the current vision(s) and proposed metrics are appropriate and, if fully implemented, will achieve significant beneficial change?
- What new visions could be adopted and what metrics would be appropriate?

#### 2.1.2. Metrics

**Table 2 Assessment of current awareness and attainment**

Rating 0 – 5	Fair trade & Respect for People Commitment	Sense of community; fully accessible facilities; Equity and Fair Trade integral	Improved construction industry performance in SR compared to other industries	Greater commitment to SR principles and improved awareness of the relevance of SR to construction companies	Improved relationships between construction companies and community stakeholders	Improved relationships between construction companies and employees
1 Established principles / sound science	1	1	2	2	2	2
2 Widely understood across industry	2	2	1	1	2	2
3 (Technically) attainable with no risk and no skills shortage	4	4	3	3	4	4
4 Cost-effective	3	3	2	2	3	3
5 Compelling business case	2	2	2	2	2	3
6 Strong Market pull	2	4	2	2	2	2
7	2	0	2	2	2	2

Established metrics and performance data						
8 Degree of regulation	1	1	1	1	1	2

### 2.1.3 Current performance and interim targets

The Respect for People Benchmarking service (managed by Constructing Excellence) collects data on organisations' performance from those using the Respect for People toolkit. While this information relates to a limited number of organisations and is not readily accessible to non-members, it provides an indication of industry trends, mainly among larger companies. Case study evidence shows organisations using the tool kit can quantify and improve their RfP performance.

Currently 15% of direct construction employees are covered by Investors in People recognition (source: Respect for People KPIs 2005).

#### DISCUSSION

- How attainable are the targets?
- What needs to change to accelerate progress?
- Given the vision and present position, what would be a reasonably achievable intermediate target?
- Which, if any, of the policy, regulatory or industry initiatives you are aware of are likely to have the greatest impact in this area?

## 2.2 Published Government targets

### 2.2.1. UK Targets

**Government target:** Respect for People adopted by the industry as a core business value [Source: DTI Review of sustainable construction 2006]

**Metric:** Number of commitments, DQI assessment

**Industry vision:** Fairtrade and Respect for People commitment

**Progress:** none quoted

**Achievement date:** 2010

**Primary responsibility:** Government; CABE; H&S

**Mechanism for achievement:** Participatory processes; DQI

**Secondary responsibility:** DCLG; planners; peer pressure

### 2.2.2 Other published government / agency targets

#### **London 2012 – Towards a One Planet Olympics**

**One Planet living principle:** Equity and Fair Trade

**Strategy:** Create a sense of community. Provide accessible, inclusive and affordable facilities and services

**Games:** Fully-accessible facilities for all

- Equity and Fair Trade an integral element of Procurement and Management Systems
- Affordable ticketing and accommodation
- Commitment to ethical business transactions

**Legacy:** • High proportion of affordable housing

- Mixed-use development to create sense of community
- Opportunities for local employment and education
- 'Green' business hub

- Fairtrade community status achieved

### 3. MECHANISMS

#### 3.1 Policy and regulatory responsibility

##### 3.1.1 Current regulatory & policy drivers and associated Government lead initiatives

This issue is influenced by a variety of government policy drivers from different departments and agencies, largely led by DTI but also including sector skills councils (ConstructionSkills). The Strategic Forum has a RfP Code of Good Working Health & Safety Practices.

##### 3.1.2 Planned regulatory & policy drivers and associated Government lead initiatives

None evident.

#### 3.2 Industry and market drivers

Drivers for improving performance in social responsibility include:

- Requirements from clients or from planning authorities to adopt certain aspects (e.g. Considerate Constructors)
- Improved likelihood of winning work (in particular government procurement) due to ability to respond to SR requirements and proven track record
- Better performance from motivated employees
- Reduced risks: avoiding bad press and conflicts with pressure groups, e.g. high profile campaigns against the use of timber from non-sustainable sources.

There are a variety of industry driven initiatives covering areas of the SR agenda, many of which are pan-industry not just construction, including:

- The Clients Charter
- Respect for People. This was a key strand of the 2000 Strategy for Sustainable Construction and has been taken forward by the DTI and industry, including development of a tool kit and KPIs. It relates to the business case for recruiting and retaining people by treating them with respect, and to working with all stakeholders for the organisation (and its projects), incorporating opinions into decision making and managing impacts upon them. It is aimed at smaller companies and particularly focuses on employment issues including health safety and welfare, site conditions and facilities, and skills, training and certification
- Considerate Constructors Scheme
- Investors in People
- Business Excellence Model
- ISO 9000-2000
- Business in the Community Corporate Responsibility Index
- Sustainability reporting standards and indices such as GRI, London Benchmarking Club
- Responsibility NW- regional initiative for SMEs

#### DISCUSSION POINTS

- Which of the above government and/or industry initiatives etc are likely to have the greatest effect?
- Should they be rationalised? If so, how?
- How much future change is going to be driven by regulations / enforced policy compared with market / voluntary measures? i.e. Is there a role for Government to drive further progress? What should that role be?

## APPENDIX 1

Guidelines for scoring Table 2

1	2	3	4	5	6	7	8
<b>Principles</b> established and practice within reach of most companies	Widespread <b>understanding</b> of principles across most parts of the industry	Technically attainable with little or <b>no risk</b>	<b>Cost effective</b> to implement within present fiscal / regulatory regime	Compelling and well promoted <b>business case</b>	Strong <b>market pull</b> from both public sector and private sector	Published <b>metrics</b> on current performance / benchmarking	Highly regulated, clear signals of future policy / regs
SCORE 5							
SCORE 0							
Gaps in scientific / social / economic principles	Knowledge and understanding across most parts of the industry non-existent	Technical risks / serious skills shortages	Not presently cost effective in competitive market or using conventional business case justification	Little in the form of case studies and evidence of <b>business case</b>	Little market pull beyond regulatory minima	Little in the form of any current openly available data	Largely unregulated and reliant on voluntary action