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Implementing and monitoring Socially Responsible Public Procurement in the City of Copenhagen

Conference on Responsible
Public Procurement, Prague 2019



National strategies on SPP in Denmark

- Ratified ILO 94 in 1955
- Implemented by Circular on Labour Clauses in Public Contracts (2014)
- Imposes the use of labour clauses on all central authorities in accordance with ILO 94 and the Posting of Workers Directive
- Provisions on documentation and sanctions for non-compliance
- Main contractor's responsibility for the entire supply chain

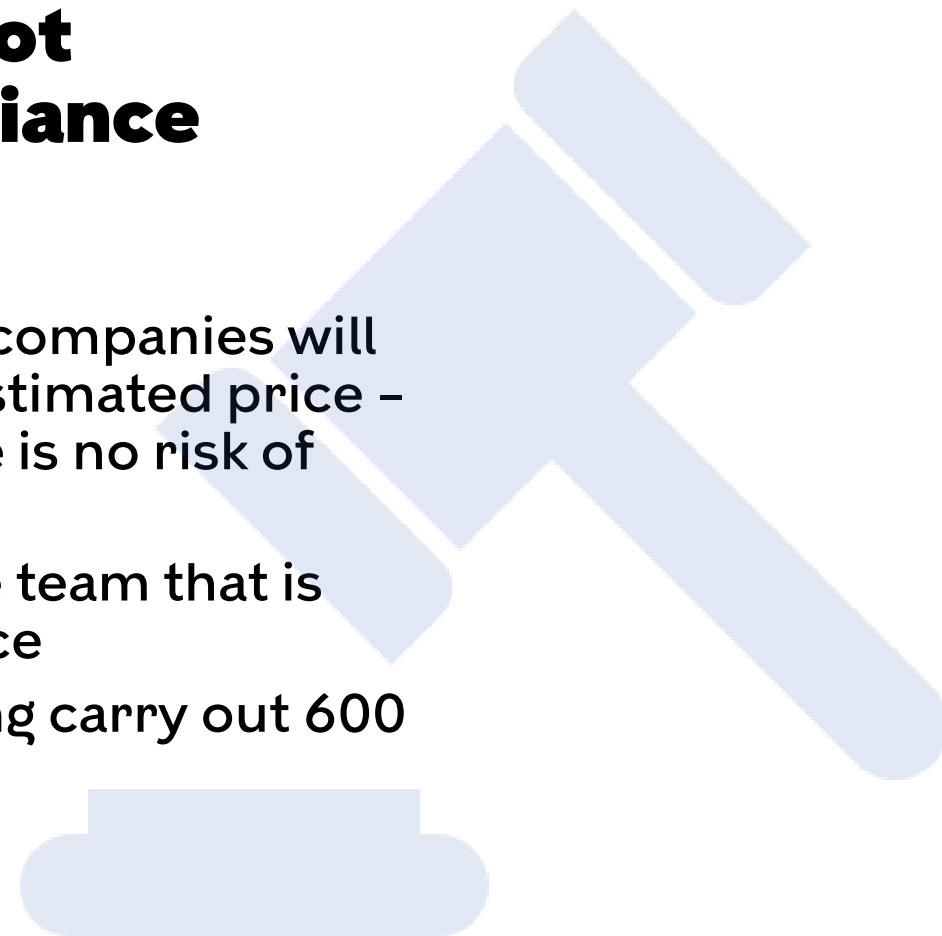
Implementation in the City of Copenhagen

- We include labour clauses in all contracts for construction and services irrespective of the amount of the contract
- Labour clauses ensure that remuneration and work conditions are no less favourable than those applicable to work of the same nature under a collective agreement (no minimum wage in Denmark) entered into by the most representative labour market parties in Denmark
- We also have requirements for establishing apprenticeships and internships

Labour clauses can be counter productive if not followed up with compliance checks



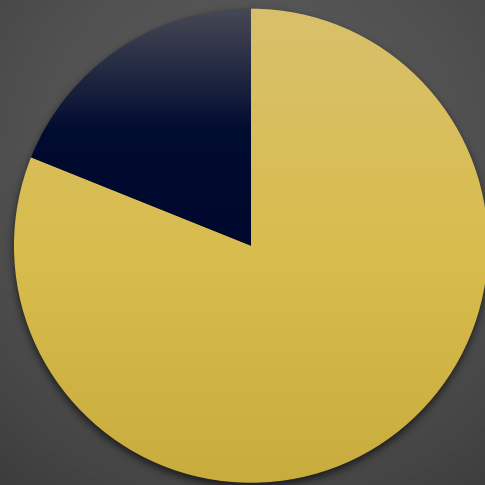
- Fair competition: The responsible companies will include the labour clause in their estimated price – making it attractive to cheat if there is no risk of sanctions
- City of Copenhagen has an inhouse team that is responsible for checking compliance
- Special taskforce on Social dumping carry out 600 compliance checks every year



Results from 2018

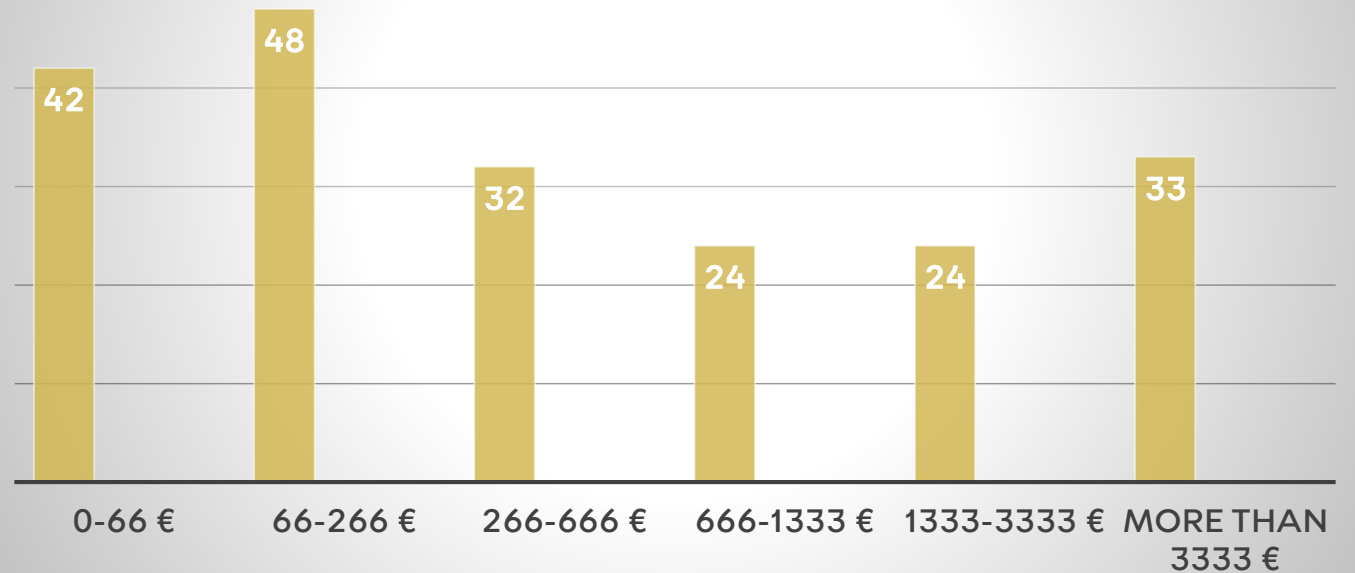
- **Most substantial case in 2019 concerned Czech workers**

Cases of social dumping in 2018



■ Underpayment ■ Compliance

Amounts underpaid





Building a new school

Tender and Contract



- Contract performance clauses will be published with procurement notice and appear in the final contract with exact requirements on documentation and deadlines, sanctions and the exact sums of penalties
- After the award of the contract the CSR-team will give a presentation to the supplier with all requirements and an overview of how the the Special Taskforce on Social Dumping work and what the supplier can expect from them





On site compliance checks and audit

- Risk based approach: focus on cases and where we judge the risk of social dumping to be the most immediate
- The taskforce goes to the building site every 2 month or more frequently if it is deemed appropriate
- We talk to the workers and ask them about salary and working hours
- If we think there is a risk we ask for documentation
- Actual salary is calculated against the relevant collective agreement

In cases of underpayment



- We hold mediation were the nature of the breach, the calculation and any irregularities are discussed and a plan to move forward is agreed
- The supplier is asked to reimburse the employee. Documentation is required
- A deadline is set and penalties will apply if it is not met
- The main supplier is responsible for all suppliers all the way through the supply chain so if a subcontractor does not comply penalties go to the main supplier
- When documentation of reimbursement is received, we close the case

