SUBMISSION FROM THE OLYMPIC DELIVERY AUTHORITY

1.0 Summary

This paper describes the Olympic Delivery Authority’s (ODA’s) broad approach to delivering a major regeneration project; its priority themes that included equality and inclusion, employment and skills and a commitment to the London Living Wage (LLW). It describes how the used its procurement processes to introduce the LLW; its work with its Contractors in implementing the LLW and some conclusions on the success of implementing the LLW on the Olympic Build programme.

2.0 Introduction

The Olympic Delivery Authority (ODA) is the public sector body responsible for the design and construction of the venues and infrastructure for the London 2012 Olympic and Paralympic Games. It was set up by statute in 2006 and is funded by its sponsoring government body – the Department for Culture, Media and Sport, the National Lottery and through the Greater London Assembly (GLA).

One of the principle drivers for the Olympic Park being located in East London was the acknowledgment that this part of the Capital has historically experienced high levels of deprivation; high levels of unemployment most disproportionate amongst black, Asian and minority ethnic communities, disabled people and women; poor housing and low education. The boroughs where the bulk of the Games will take place and home to the Olympic Park, are amongst the poorest boroughs in the UK – the London Boroughs of Newham, Hackney, Tower Hamlets, Waltham Forest and Greenwich.

The London 2012 Olympic and Paralympic Games and the significant public sector investment represented an opportunity to redress some of the notable imbalances by regenerating the physical, economic and social environment of East London.

3.0 Priority themes

Leading the largest regeneration project in Europe and creating the biggest Park in Europe for over 150 years, the ODA was committed to delivering the programme, on time, to quality and budget with added value through its priority themes.

The ODA’s vision, driven by Government, to use the Games as a catalyst for change, provided substantial drive and opportunities to not only impact on the physical space but also through its Delivery Partner (CLM) and Contractors, create the environment to improve the performance of the construction industry through application of what it called priority themes. The themes; health and safety; security; inclusive design; sustainability, equality and inclusion and employment and skills were areas that all contractors involved in the Olympic Build programme were expected to deliver on alongside building the major sporting facilities.
Diversity and equality were important in winning the London 2012 Bid to host the Olympic and Paralympic Games and the ODA has taken on its public sector duties and driven performance in this area to deliver two broad aspirations, improve the construction industry’s equality and inclusion practices and to ensure that everyone associated with the Games is treated in a fair way, this including adopting good employment practices and fair rates of pay.

4.0 Procurement Process

In 2007, the ODA pledged to work together with London Citizens to promote decent wage levels within ODA contracts to deliver the venues and infrastructure for the London 2012 Olympic Games and Paralympic Games. The ODA confirmed that it was committed to encouraging fair employment practices, including promoting wage levels, which supported the Mayor of London’s aspirations for the London Living Wage.

The ODA wanted its contractors to adopt the best employment practices including trade union recognition, absolute commitment to health and safety and sufficient wage levels; factors that it considered when deciding which contracts offered best value for money.

The ODA wanted the economic and social benefits of the regeneration of the area, and the design and build of the Olympic Park and venues, to have a positive effect on local communities and different parts of the UK. An example of how this has been achieved has been ensuring that our procurement process is transparent, fair and open to a wider range of diverse suppliers.

The priority themes were reflected in the procurement process in the Invitation to Tender (ITT) and the Pre-Qualification Questionnaire (PQQ) where the ODA articulated the importance of its priority themes and asked potential providers to describe their experience of fulfilling these areas.

When a contractor was appointed, a detailed contract was issued which specified the activities and deliverables to be achieved.

Legally the ODA could not make the LLW a blanket condition. However, in demonstrating to Government value for money in all its contracting, the ODA asked its contractors if they would be prepared to adopt fair employment measures including that included LLW.

The ODA adopted high-levels of collaboration in working with partner organisations to encourage the payment of the London Living wage, and the employment of women, black, Asian and minority ethnic people, and disabled people – groups that are traditionally in low-paid employment. This approach not only delivers the public sector duties to promote equality but will also created a positive legacy of good practice.

An important feature of this partnership has been the rigorous monitoring of performance and delivery against commitments. The ODA continues to work effectively in partnership with contractors to maintain a work environment that
actively respects and values diversity. It promotes supplier diversity supported by CompeteFor, the electronic gateway to business opportunities. It also worked to ensure that the workforce had union representation, and operated in healthy and safe environments.

5.0 Implementing LLW on the Olympic Park and the Athletes Village

At its peak there were more than 12,000 people working on the construction of the Olympic Park and Athletes Village sites.

When appointed to work on the build programme individuals were asked at the point of enrolment the question on whether or not they were being paid the LLW, and this information would then be followed up through audits of the employment practices of the contractors.

In July 2011 the ODA recorded that 81.2 per cent of the workforce on the Olympic Park declared themselves as earning the LLW or above at their point of their enrolment. 8.4 per cent of the workforce stated that they were not paid the LLW, with the remaining 10.4 per cent preferring not to say.

Contractors and their supply chains are encouraged to pay the LLW by the ODA. The ODA’s and its Tier One contractors work closely with sub contractors that have been identified as not paying the LLW, to persuade them to do so.

5.1 Olympic Park

The regular rates of pay within construction, and the contractual requirement to comply with sector specific National Working Rule Agreements, for example those established by the Construction Industry Joint Council (CIJC), and the Joint Industry Board (JIB), have meant that, apart from some initial challenges; Tier One contractors and CLM have not typically encountered major difficulties in implementing LLW compliance within the construction supply chain on the Olympic Park.

Early strategic decisions to hold contractors to the letter of the contract, and insist on National Working Rule Agreement terms as a minimum, have also helped reduce the risk of lower pay in areas outside mainstream construction for example landscaping, site services, logistics and temporary structures.

As the largest employer of non-construction labour on the Park, G4S Security has negotiated rates of pay with the GMB union in line with the LLW. In other potentially vulnerable areas (for example venue security, catering and cleaning), Tier One contractors and CLM have normally been able to overcome the non-mandatory nature of the LLW provisions in the contract to persuade employers to abide by the LLW, and to implement LLW increases within a reasonable timeframe after their announcement by the Mayor of London.

This success is a result of the proactive efforts of the ODA and CLM to bring the importance of LLW compliance to contractors’ attention at the procurement stage. High levels of direct employment have also made it easier for Tier One contractors
and CLM to monitor who is employing whom, and on what terms. In addition, other aspects of the Park's industrial relations regime (monthly reporting and coordination, Tier One and Delivery Partner payroll audits, the Employee Concerns Helpline and a trade union presence on many larger projects) have helped engender an appreciation that practices which might go on unobserved, and therefore unchallenged, elsewhere will not be tolerated on the Olympic Park.

5.2 **Athletes Village**

Since the second quarter of 2010, ODA/CLM has supported the Village contractor, Lend Lease in efforts to tackle occasional instances of low pay on the Athletes Village. Although this task has been complicated by the more fragmented nature of Lend Lease's supply chain, Lend Lease's audits (adapted from the Park model) are continuing to confirm generally high levels of LLW compliance.

6.0 **Future LLW increases**

In recent years, construction sector earnings have tended to stagnate or decline, while the LLW has continued to increase. In 2011, with a further rise to £8.30, the LLW overtook the lowest minimum hourly rate payable under the CIJC Working Rule Agreement (£7.87) significantly for the first time. While this has not caused particular difficulties to this point, if this trend continues other major projects in London could struggle to enforce LLW compliance without stronger contractual provisions in place to support the policy.

7.0 **ODA - external support received in implementing LLW**

A supportive factor in applying the LLW was the relationship that the ODA developed with the East London Community Organisation (TELCO) part of Citizens UK who were leading the Living Wage Campaign. The ODA met regularly with TELCO and was transparent about its approach, monitoring and mechanics of implementing LLW. Having an external agency, advocate for the London Living Wage and align itself with the Games and its economic and social regeneration impact was a positive fillip to the ODA, who were regularly acknowledged for their innovative best practice in getting adopting the LLW.
8.0 Conclusion

All of the ODA’s own workforce (mostly office based) were paid the LLW. Where the ODA’s influence had a positive impact has been on the workforce working on-site, including non-construction trades like security, catering and cleaning. The ODA was committed to the London Living Wage as part of its overall drive to exhibit the best possible practice and influence change in the construction industry.

The ODA’s procurement process was more carrot than stick in terms of making sure that contractors were aware of important commitments and would be encouraged to implement and adhere to key priority theme objectives.

The regular and robust monitoring of implementation of LLW served to normalise its provision and whilst reinforcing its importance. The ODA promoted the LLW to its contractors and worked with them to help ensure its adoption.

Seen as part of a package of good employment practice, payment of the London Living Wage has been a positive feature of working on the Olympic Build programme.

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