



THE SKIEN MODEL



SKIEN KOMMUNE



The City of Skien opposes social dumping and the black market economy, both of which undermine the community values our society is founded on.

In September 2014 the city council adopted specific contractual terms setting stricter requirements for publicly tendered building and construction contracts and, where applicable, goods and services procurement.

These specific contractual terms are known as the Skien Model and have now been adopted by several other local authorities in Norway and by the County of Telemark.

“We see it as a matter of urgency to put in place a tendering system that promotes the use of qualified labour and apprenticeship schemes while preventing social dumping and criminal behaviour. The public sector is a major sponsor of construction projects and a major purchaser of goods and services.

That’s why we’d like to see all local authorities in the region follow the example of the City of Skien and the County of Telemark. It’s a great opportunity for Telemark to lead the way.”

Nikolai Boye, NHO Telemark (Confederation of Norwegian Enterprise) // Arne Hagen, Fellesforbundet (Norwegian United Federation of Trade Unions)

In 2014 the City of Skien won an award for developing the Skien Model from Samarbeid mot svart økonomi, an alliance formed by government, business and labour against the black market.



An increasing number of Norwegian local authorities are adopting the Skien Model, which has proved an effective tool in the fight to stop social dumping and breaches of labour law. In a report on efforts to eliminate social dumping in public procurement, the Office of the Auditor General notes that many local authorities have room for improvement in this area and recommends following Skien's example.

The purpose of the Skien Model is to ensure that businesses bidding for public-sector contracts offer good working conditions.

All the work must be performed by permanent employees of the contractors, there must be no more than two stages in the contracting chain, more than half of the workers involved in the project must hold a vocational qualification, and the contractors must offer apprenticeships.

We are pleased that the Skien Model has encouraged more businesses to take on apprentices.

"I am proud of the work we have done to develop this model, and of the fact that we are inspiring other local authorities to adopt it."



Hedda Foss Five

Hedda Foss Five, Mayor of Skien



“The Skien Model is key to quality construction work and is a victory for the serious players in the construction industry.”

Arne Hagen, Fellesforbundet
(Norwegian United Federation
of Trade Unions)



The Skien Model

1. The work is to be carried out by the bidder and its direct employees, or by a subcontractor and its employees where applicable. The bidder must be able to prove its workers' employee status at all times. The bidder must show that the majority of its employees hold a relevant vocational qualification.
2. The contractor must provide a written explanation for any subcontractor agreements with sole proprietorships or any use of contract labour.
3. The bidder undertakes to ensure that similar provisions regarding direct employees, sole proprietorships, contract labour and documentation of qualifications are included in any subcontractor agreements. Contract labour must be hired in accordance with sections 14 12a and 14 13 of the Working Environment Act.
4. Norwegian is the main language of written and spoken communication on the city's construction sites. One or more members of each work crew must understand and be capable of making themselves clearly understood in Norwegian.
5. The client does not generally allow more than one stage in the contracting chain, but may agree to two stages (contractor and subcontractor) where good reason exists. There must never be more than two stages in the contracting chain.
6. The bidder and any subcontractors to be hired for the project must be approved and active apprenticeship providers. Where the size of the project warrants it, the client may require that apprentices are involved (applies only to Norwegian companies).
7. In accordance with section 6-10 of the Tax Administration Act and associated regulations, businesses awarding construction contracts are required to notify the Central Office for Foreign Tax Affairs of any foreign contractors or employees carrying out work on site.
8. The bidder is responsible for providing continuous reports on the use of foreign labour at all stages of the contract chain. This includes obtaining and providing the client with a copy of the tax notifications filed for individual foreign contractors or employees.

- 9.** Wages and other remuneration for all employees are to be deposited to an account at a Norwegian bank.
- 10.** Bidders must show that they hold valid workers compensation insurance for all employees and authorise the client to verify this information.
- 11.** The client may levy a daily penalty on bidders if they or any of their subcontractors use illegal or non-compliant labour and the situation is not rectified before a deadline set by the client in writing. The daily penalty will be effective from the deadline until such time as the situation is rectified. The daily penalty will be equivalent to one thousandth of the contract value but no less than NOK 1,000 per business day.
- 12.** Bidders must ensure that their direct employees and the employees of any subcontractors do not have lower wages or poorer employment conditions than those set out in the relevant nationwide collective bargaining agreement or that are otherwise normal for the location and occupation in question. See section 5 of the regulations on wages and employment conditions for public-sector contracts.

On request, bidders must provide documentation regarding the wages and employment conditions of their employees. All agreements entered into by bidders for the performance of work under this contract must include similar documentation.

If a bidder fails to comply with these obligations and the situation is not rectified before a set deadline, the client has the right to levy a daily penalty. The daily penalty will be effective from the deadline until such time as the situation is rectified and will be calculated as specified in section 11 above.

- 13.** Bidders must self-certify compliance with ILO Convention No 94 using the attached declaration.
- 14.** In the event of a confirmed breach of the above terms, and if the contractor fails to rectify the error before a set deadline, the client may rescind the contract with a two-year quarantine period.



“For the trades, a tendering system based on the Skien Model is a prerequisite for running a serious business directly employing qualified tradespeople, and for recruiting apprentices to become the next generation of skilled tradespeople.”

Per Ove Sivertsen, Byggmesterforbundet
Telemark (Telemark Master Builders
Association)



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