



The Skien Model – Limiting subcontracting levels and effectively monitoring working conditions

Norway



Summary

In September 2014, Skien municipality introduced a 14-point plan to promote decent work and fight work-related crime, social dumping and the exploitation of workers across supply chains.ⁱ The plan includes specific contractual terms, setting stricter requirements for publicly tendered building and construction contracts and, where applicable, goods and services procurement contracts, which are perceived as especially sensitive to labour rights. 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.ⁱⁱ

Title of the practice in original language

Skien modellen

Name(s) of authorities/bodies/organisations involved

► Skien Kommune (a municipality and city in Telemark county, Norway).

Sectors

Construction and woodworking

Target groups

- Employers in the construction sector, and in goods and services procurement contracts, where appropriate (directly targeted);
- Workers involved in the construction sector (indirectly targeted).

Purpose of measure

Prevention




Aims and objectives

The Skien Model promotes decent work and fights work-related crime, social dumping, and the exploitation of workers across supply chains. The objective of the practice is to create a more responsible and transparent public procurement process, ensuring good working conditions and preventing labour exploitation.

Background context	<ul style="list-style-type: none"> ► Informal employment and work-related crime are challenging to quantify but they are estimated to have an economic impact of around 1.2 % of national GDP or approximately EUR 3 billion (NOK 28 billion);ⁱⁱⁱ ► To combat social dumping and the informal economy, Skien municipality developed a set of special contract provisions. These provisions tighten the requirements for announcing public tenders in building and construction contracts, as well as in contracts for the purchase of goods and services, where applicable;^{iv} ► The special contract provisions are called the Skien Model which was established through a city council resolution in 2014 and reviewed several times since. The latest version was adopted by the city council in February 2023. The model is now used by several municipalities and Telemark county municipality;^v ► Among other things, it is required that all work must be carried out by permanent employees of the contractors; no contractor chains are longer than two links; more than half of those involved in the project have a trade certificate; and that the companies must have apprentices.^{vi}
Key objectives of the measure	<p>General objective:</p> <ul style="list-style-type: none"> ► To advance fair labour practices and combat work-related crime, social exploitation, and worker abuse within supply chains. <p>Specific objectives:</p> <ul style="list-style-type: none"> ► To level the playing field for suppliers and create a supportive framework for compliant employers committed to quality employment and corporate social responsibility; ► To ensure good working conditions in tendering companies; ► To guarantee that workers receive wages and employment conditions in line with collective agreements or local standards; ► To require vocational qualifications for the majority of workers and encourage apprenticeship schemes; ► To maintain control and accountability by restricting the contracting chain to a maximum of two stages.
Main activities	<p>The Skien Model sets strict requirements for public tenders in building and construction contracts, to combat social dumping and the black economy. A summary of each of the 14 points is provided below:^{vii}</p>

	<ol style="list-style-type: none"> 1. Work must be done by the bidder's direct employees or subcontractors, with proof of employment status and vocational qualifications; 2. Written explanations are required for subcontractor agreements with sole proprietorships or contract labour; 3. Similar provisions must be included in subcontractor agreements, and contract labour must comply with the Working Environment Act; 4. Norwegian is the main language on construction sites, with at least one crew member fluent; 5. The contracting chain is limited to two stages; 6. Bidders and subcontractors must be approved apprenticeship providers; 7. The Central Office for Foreign Tax Affairs must be notified about any foreign contractors or employees working on site, as per section 6-10 of the Tax Administration Act and related regulations; 8. Continuous reporting on foreign labour use is required; 9. Wages can be deposited in Norwegian and non-Norwegian bank accounts (originally needed to be Norwegian accounts);^{viii} 10. Valid workers' compensation insurance is mandatory; 11. Daily penalties apply for illegal or non-compliant labour; 12. Employees must receive wages and conditions in line with collective agreements; 13. Compliance with ILO Convention No 94^{ix} is required; 14. Breaches can lead to contract invalidation and a two-year quarantine period.
Funding/organisational resources	<p>► Local government funding and municipal funding.</p>

	<p>Outcomes</p> <p>The Skien Model has been adopted by several other municipalities in Norway and is recognised for its effectiveness in ensuring good working conditions and preventing labour exploitation. The model also received an award from the 'Cooperation against the black economy' alliance.</p>
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<p>Achievement of objectives</p>	<ul style="list-style-type: none"> ▶ The Skien Model undergoes regular reviews to refine and improve it based on practical experience and to ensure compliance with national and EEA-laws after the transposition of the 2014 Procurement Directive.^x The municipality evaluates the model's impact on the market, workers, and the needs and policies of municipalities. The model is reviewed biennially to adapt to changes in markets and work-related crime, as well as to meet the municipality's requirements;^{xi} ▶ The Skien Model is now used by several municipalities and Telemark county municipality. The Office of the Auditor General has recommended this model to combat social dumping in public procurement.^{xii} By 2019, around 180 of 426 Norwegian municipalities had implemented various procurement models to ensure socially responsible public procurement, with the Skien model being the pioneer.^{xiii} Different municipalities either adopt the Skien model directly or adjust it to suit their specific needs. According to the Skien Kommune, it has been proven as a good tool in the fight to prevent social dumping and work-related crime;^{xiv} ▶ In 2014, the City of Skien won an award for developing the Skien Model from Samarbeid mot svart økonomi (Cooperation against the black economy), an alliance formed by government, business, and labour against the black market.^{xv}
<p>Lessons learnt and success factors</p>	<ul style="list-style-type: none"> ▶ Dialogue with social partners and stakeholders in the sector is key to set out procurement requirements in a realistic way, and ensure compliance and effective results;^{xvi} ▶ It is important to adopt a gradual approach to requirements. For example, regarding the Skien Model, the standards adopted in the building and construction sector build upon previous measures undertaken by the municipality, which have been escalated in this sector in light of perceived high risks of noncompliance;^{xvii} ▶ Monitoring and enforcing the model's requirements is an ongoing challenge. Digitalisation, real-time information, and systematic data collection are essential tools to address this issue.^{xviii}
<p>Transferability</p>	<p>The practice is transferrable to other Member States. The model's ability to fit specific needs and conditions in other Member States is crucial for successful transfer. The transferability factors that need to be considered include the legal framework and how a Member State's laws relate to public procurement and social responsibility, economic and market conditions, social and cultural attitudes towards labour rights and social responsibility, as well as the ability of local authorities to monitor and enforce the model's requirements.</p>

Further information

Contact

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Useful sources and resources

[The Skien Model pdf document:](#)

[The Municipality of Skien website – The Skien Model:](#)

ⁱ The Skien Model for quality of employment in the construction sector ([The Skien Model report.pdf](#)), in European Commission, (2020), Executive Agency for Small and Medium-sized Enterprises, Tepper, P., McLennan, A., Hirt, R., Defranceschi, P. et al., *Making socially responsible public procurement work – 71 good practice cases*, Publications Office, 2020. Available at: <https://data.europa.eu/doi/10.2826/844552>

ⁱⁱ The Skien Model. Available at: https://www.asi.is/wp-content/uploads/2024/09/skiensmodellen_engelsk_sideoppslag.pdf

ⁱⁱⁱ Eurofound, (2017), Norway: Strategies to tackle work-related crime. Available at <https://www.eurofound.europa.eu/en/resources/article/2017/norway-strategies-tackle-work-related-crime> in European Commission, (2020), op cit.

^{iv} Skien Kommune, (2024), The Skien Model, available since March 2024 on the Skien Kommune website. Available at: <https://www.skien.kommune.no/by-og-naeringsutvikling/skiensmodellen/>

^v Skien Kommune, (2024).

^{vi} Skien Kommune, (2024).

^{vii} The original Skien Model can be found here: https://www.asi.is/wp-content/uploads/2024/09/skiensmodellen_engelsk_sideoppslag.pdf

^{viii} See European Commission, (2020), for more details.

^{ix} https://normlex.ilo.org/dyn/nrmlx_en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C094

^x European Commission, (2020).

^{xi} European Commission, (2020).

^{xii} European Commission, (2020).

^{xii} European Commission, (2020).

^{xiii} European Commission, (2020).

^{xiv} Skien Kommune, (2024).

^{xv} The Skien Model, op cit.

^{xvi} European Commission, (2020).

^{xvii} European Commission, (2020).

^{xviii} European Commission, (2020).