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# **Labour Market: Worker Exploitation**

Economic Development, Transport and Climate  
Emergency Scrutiny Commission

Date of meeting: 20<sup>th</sup> March 2024

Lead director: Mike Dalzell

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## Useful information

- Ward(s) affected: All
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- Report version number: 1

### 1. Purpose of Report

- 1.1 This report on Leicester's labour market focuses on worker exploitation in sectors other than the textiles sector.

### 2. Summary

- 2.1 Following proactive work to address concerns of non-compliance in Leicester's garment sector, the City Mayor's Strategic Plan includes a commitment to expand the remit of the Labour Market Partnership to tackle any other sectors which may be blighted by low pay and poor conditions.

### 3. Recommendations

- 3.1 Members are invited to comment on the report and the proposed approach.

### 4. Report/ Supporting Information

- 4.1 The Leicester Labour Market Partnership was launched in September 2019 to bring together key partners to look at ways to proactively address concerns of non-compliance in Leicester's garment sector. Although enforcement powers and resources rest exclusively with national regulators rather than local authorities, Leicester City Council established and funded a Community Safety (Labour Market) Coordinator post as a pilot initiative to progress this area of work. The Council funded this post for an initial three-year period from March 2020 to March 2023.
- 4.2 The Leicester Labour Market Partnership had a three-pronged approach – Enforcement, Engagement with communities and partners, and Economic regeneration of the textile sector. This work established Leicester City Council as one of the leading local authorities that have worked proactively to drive local changes to improve working conditions for residents.
- 4.3 The Leicester Labour Market Partnership subsequently helped to align the work of local agencies with Operation Tacit (Op Tacit) - a period of enhanced enforcement activity by national agencies which commenced in July 2020 following widespread media reporting of allegations of modern slavery in the Leicester garment industry.
- 4.4 The operation, led by The Gangmasters and Labour Abuse Authority (GLAA), involved close working with labour market enforcement bodies, police, the National Crime Agency (NCA), and the Health and Safety Executive (HSE) in partnership with Leicester City Council and community and workers' groups. Op Tacit has been one of

the largest multi-agency labour enforcement operations of its kind with significant resources contributed by the partners involved.

- 4.5 The national Director of Labour Market Enforcement has since undertaken an independent review of Op Tacit. Cllr Clarke and several Council officers were interviewed as part of this review in mid 2022, and we understand this review was completed some time ago. Despite a commitment to publish the findings in 2023 this has not yet happened.
- 4.6 A picture of local labour markets, focal points of exploitation, and enforcement is hampered by two key aspects. First, official statistics might be too crude to support focused actionable measures while, second, enforcement powers rest at the national level. As such an evidence base will be important to inform any role for the Council in responding to these issues with partners.
- 4.7 Local university partners have been invited to support work to research and assess the scale and extent of labour exploitation in different sectors in Leicester. This work could then inform options for how the council might respond. The scope of this work would have a likely impact on a range of Council service areas, including for example Community Safety, as well as engagement with external partners so could provide a solid foundation for future work in this area.
- 4.8 The proposed objectives for this work are as follows:
- To conduct a literature review of relevant policies at the national and local level that relate to labour exploitation in specific economic sectors.
  - To gather and assess any data or intelligence relating to the existence of labour exploitation by economic sector, and specifically in Leicester.
  - To map and engage with the various potential stakeholders, confirming their roles and the potential engagement, compliance and enforcement approaches to be used to tackle labour exploitation.
  - To inform future sector and location-focused multi-agency enforcement interventions, and in particular the potential role of the City Council (noting current and anticipated resource constraints)
- 4.9 Professor Nik Hammer, Director of the Future of Work Cluster at the University of Leicester, has suggested how this work might be progressed. In order to establish a robust picture of labour market exploitation in Leicester, Professor Hammer proposes the following tasks:
- a) scope the literature regarding sectors and practices of labour market exploitation;
  - b) map relevant local stakeholders;
  - c) develop a systematic picture that emerges from a review of administrative data and local stakeholder experiences.
- 4.10 Coordination amongst local stakeholders (e.g. local government and agency representatives, trade unions, community groups) could be harnessed to build an evidence base on sections of the local labour market as well as to coordinate feasible interventions.

4.11 Key dimensions for any research could be established in consultation with stakeholders. The review could for example have a specific focus on business sectors where labour exploitation is likely to be more prevalent (e.g. social care, nail bars, car washes, etc).

## **6. Financial, legal, equalities, climate emergency and other implications**

### 6.1 Financial implications

There are no financial implications arising from the recommendations in this report.

Stuart McAvoy – Head of Finance

### 6.2 Legal implications

The Modern Slavery Act 2015 is the key legislation relating to the modern slavery and sets out the relevant criminal offences, prevention orders, the role of the Independent Anti-Slavery Commissioner and the obligations on organisations. The Act is supported by various regulations and statutory guidance. The Council is under a duty under Section 52 of the Act to notify the Home Office when they come across potential victims of modern slavery. It is also under duties to safeguard child and vulnerable adults who may be involved in modern slavery.

*Mannah Begum, Principal Solicitor (Commercial and Contracts Legal) Ext: 1423*

### 6.3 Equalities implications

This paper on Leicester's labour market focuses on worker exploitation in sectors other than the textiles sector and proposed approaches going forward.

As the number of people participating in the workforce continues to rise, it is important to ensure that workers employment rights are protected, and that, for example, they receive the National Minimum Wage and the National Living Wage. Exploitation can happen to anyone, whether they are from the UK or abroad. Offenders often target people with vulnerabilities, whether that's down to their personal circumstances, their employment status, their language abilities or something else that isolates them from other people.

Initiatives that aim to deliver benefits by enforcing protection of workers from labour market exploitation should lead to positive impacts for people from across many protected characteristics. It is important to ensure that communities and employees are fully aware of their rights and how to seek support should they need it. Engagement with stakeholders and communities should be accessible.

Equalities Officer, Surinder Singh, Ext 37 4148

### 6.4 Climate Emergency implications

There are no significant climate emergency implications directly associated with this report. In general, as project delivery generally contributes to the council's carbon emissions, any impacts of delivering this work could be managed through measures such as encouraging and enabling low carbon travel by staff, using buildings and materials efficiently and following sustainable procurement guidance, as relevant and applicable.

Aidan Davis, Sustainability Officer, Ext 37 2284

6.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None

**7. Background information and other papers:**

N/A

**8. Summary of appendices:**

N/A

**9. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?**

No

**10. Is this a "key decision"? If so, why?**

No