

Report to Scrutiny Commission

Economic Development, Transport and Tourism
Date of Commission meeting: 22nd April 2021

Leicester Textiles Sector

Report of the Director of Neighbourhood & Environmental
Services/ Director of Tourism, Culture and Investment



Useful information

■ Ward(s) affected: All

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1. Purpose of report

- 1.1 To brief the Commission on the council's proactive work regarding concerns about modern day slavery, labour abuse, and exploitation in relation to Leicester's textiles sector and work to promote the economic vibrancy of the sector, since the last report presented to the Commission in September 2020.
- 1.2 To present to the Commission the Leicester Labour Market Partnership Annual Review Document (Appendix A) October 2019 – November 2020 including the suggested next steps relating to promoting Leicester's textile sector and work to ensure there is no place exploitation can hide in Leicester.
- 1.3 Furthermore, the report provides an opportunity to highlight key areas and programmes of work that the Council and partners are undertaking to address issues going forwards since the production of the Annual Review.
- 1.4 This report proactively seeks the Economic Development, Transport and Tourism Scrutiny Commission's input into the next steps regarding ensuring a thriving textile sector in Leicester that promotes good business practice and robustly deals with any concerns regarding exploitation.

2. Summary

- 2.1 Leicester City Council is fully committed to doing everything it can to tackle poor employment practice within, and promotion of Leicester's strong and vibrant textile sector. As a council we are committed to working with those partners who have enforcement powers, assisting local manufacturing businesses to develop and grow, and supporting our local people and communities who work within the sector. This work is being led through the creation of Leicester Labour Market Partnership, chaired by John Leach, Director, Neighbourhood & Environmental Services. The Portfolio Lead is Deputy City Mayor Councillor Adam Clarke. Work on business support and skills/ training for the textiles sector is being overseen by the Jobs and Skills portfolio lead Councillor Danny Myers.
- 2.2 The Leicester Labour Market Partnership includes representation from Leicester City Council, the Gangmasters and Labour Abuse Authority, the

Health and Safety Executive, Police, Citizens Advice Leicestershire, Crimestoppers, Department for Work and Pensions, Unseen, Hope for Justice, the Home Office, Her Majesty's Revenue and Customs and the Department for Business, Energy and Industrial Strategy (BEIS).

- 2.3 The Council's **strategic objectives** through working in partnership on this important agenda have been set out in the Leicester Labour Market Partnership Annual Review Document (Appendix A) October 2019 – November 2020 as follows: -
- a. **To promote and encourage compliance across the textile sector** operating in Leicester by addressing the issues around labour abuse, exploitation, and modern slavery,
 - b. **To ensure that communities and employees within the sector are fully aware of their rights and how to seek support** should they need it, and
 - c. **To ensure that the textile sector is fully supported to develop**, including supporting the development of manufacturing skills and processes to ensure a sustainable textiles and garments sector.
- 2.4 The programme of work undertaken within the period October 2019 to November 2020 has been captured in a detailed report entitled "Leicester Labour Market Partnership Annual Report"; as indicated the report can be found at Appendix A. This report illustrates the on-going commitment made to addressing concerns and opportunities in the textile sector by outlining actions and steps taken since October 2019 by applying a **strategic framework** that is **based on themes of Prevent, Protect, Prepare and Pursue**.
- 2.5 The report provides an opportunity to highlight key areas and programmes of work that the Council and partners are undertaking to address issues going forwards. Importantly it also highlights that to date a multi-agency operation established to target modern day slavery (MDS) in Leicester called Operation Tacit has not found MDS in the Leicester textile sector. Also, reports of outbreaks of COVID-19 in Leicester textile factories in the summer of 2020 have been shown not to be supported by public health epidemiology. The facts, as they stand have not supported the headlines that besieged the City last year.
- 2.6 This report proactively seeks the Economic Development, Transport and Tourism Scrutiny Commission's input into the next steps regarding ensuring a thriving textile sector in Leicester that promotes good business practice and robustly deals with any concerns regarding exploitation.

3. Recommendations

- 3.1 It is recommended that members of the Commission note and comment on this work and identify any additional steps that can be taken to address the issues and opportunities within Leicester's textile sector.

4. Background

- 4.1 As outlined in the previous report (17th September 2020) to the Commission; Leicester City Council has been active under the leadership of the City Mayor, Sir Peter Soulsby in pursuing claims of exploitation and abuse within the textile sector in Leicester for many years. His enduring work is amplified by the Portfolio Holder for this work Deputy City Mayor, Councillor Adam Clarke who has been very active in this space since the inception of the Leicester Labour Market Partnership which is further discussed in this report. Not only is Councillor Clarke bearing down alongside the City Mayor on the matters of concern within the sector, Assistant City Mayor Councillor Danny Myers is also focussing on how to lift the economic vibrancy of the sector as portfolio holder for Jobs, Skills, Policy and Communications.
- 4.2 The will and commitment to successfully lift Leicester's textile sector up to be a place of best practice that not only address concerns regarding exploitation but is able to grow and flourish adding ethical currency into the local economy that positively sustains local people, their daily lives and those of their family is very clear. Members of the Commission will recall in terms of regulatory compliance this is despite the council not having the powers that are assigned to others as shown in table 1 below: -

Table 1: Agencies with the powers to deal with Modern Day Slavery Labour Abuse and Exploitation in the Textile Sector

Issue	Responsible Body
Labour Abuse/Modern Day Slavery	Gangmasters and Labour Abuse Authority
Non-payment of National Minimum Wage	Her Majesty's Revenue and Customs
Enforce legislation regulating the conduct of the employment agencies	Employment Agency Standards Inspectorate (EAS) - Part of the Department for Business, Energy, and Industrial Strategy (BEIS)
Health and Safety in Textile Factories	Health and Safety Executive
Serious and Organised Crime	National Crime Agency and the Police

- 4.3 In October 2017 Leicester's City Mayor hosted a meeting of over 60 representatives from national regulators, retailers, and sector bodies to discuss how ethical compliance can be maximised. As well as suggestions around the work of national regulators, this concluded that tackling non-compliance in the textiles supply chain also requires the reporting of actionable intelligence. Furthermore, Cllr Clarke attended the Environment

Audit Select Committee as part of its evidence gathering exercise late in 2018, outlining Leicester's experiences.

- 4.4 Building on the above, the first National Labour Market Enforcement Strategy (published May 2018) concluded that joint working between enforcement bodies (including the Health and Safety Executive (HSE)), the City Council, industry bodies, suppliers and end users can help change the perceived culture of impunity for this business area.
- 4.5 **The Leicester Labour Market Partnership established by Leicester City Council commenced its formal programme of work in October 2019.** This work is supported by a dedicated resource in the form of the Community Safety (Labour Market) Co-ordinator. The funding for this role was committed by the City Mayor following his meeting earlier in the year with Sir David Metcalf CBE, the now former Director of Labour Market Enforcement. This was a commitment through leadership to galvanise key agencies with responsibility and interest in this space into a cohesive partnership to work together on this agenda in the absence of a single enforcement body or other recognised responsible body.
- 4.6 The Leicester Labour Market Partnership includes representation from Leicester City Council, the Gangmasters and Labour Abuse Authority, the Health and Safety Executive, Police, Citizens Advice Leicestershire, Crimestoppers, Department for Work and Pensions, Unseen, Hope for Justice, the Home Office, Her Majesty's Revenue and Customs and the Department for Business, Energy and Industrial Strategy (BEIS).
- 4.7 **Leicester City Council working with partners through the Leicester Labour Market Partnership plays a significant leadership role in driving forward various streams of work and thereby galvanising partners work activity on this agenda to ensure that: -**
- employees and the general community are aware of their rights in relation to employment issues within the textile sector. This activity has been undertaken by bringing together both voluntary and public sector organisations; ensuring that individuals have clear information on how to spot signs and report modern slavery and labour abuse issues to relevant agencies.
 - employers within the textile sector are being supported wherever possible to put in place practises which safeguards employees in terms of health and safety within their factories. Furthermore, employers are being supported and assisted to better understand employment law. This activity has been undertaken through the development and establishment of a series of free webinars directed specifically at small and medium sized businesses within the textile sector.
 - whilst the council does not have enforcement powers in relation to working conditions in factories, those partner colleagues with enforcement powers have been supported through the provision of any key information that the council may hold on its various IT systems.

This has enabled organisations such as the Health and Safety Executive to proactively assess and deal with individual textile factories where concern has been raised.

- 4.8 The programme of work has been captured in a detailed report entitled “Leicester Labour Market Partnership Annual Report”. The report can be found at Appendix A. The report highlights our achievements together with the timeline in terms of when areas of work were undertaken within the period October 2019 to November 2020.
- 4.9 Part way through the first year of the Partnership’s work as Members will know Leicester’s textiles sector became the focus of much negative national attention over the summer of 2020. Whilst it is clear from this report the city council had plans and had been previously undertaking work with partners to address the issues in the textile industry (as already said despite not having enforcement powers relating to exploitation in the workplace) this spotlight on Leicester provided added momentum to on-going work.
- 4.10 The spotlight led to the formation of a multi-agency operation subsumed into the work of the Leicester Labour Market Partnership, called Operation Tacit. Further detail on Operation Tacit is provided at section 5.2 of this report under a strand of work entitled “Pursue” but the important point to date is that out of 215 visits to date modern day slavery has not been discovered in Leicester’s textile factories.
- 4.11 Regulatory compliance work over the last year has also contradicted erroneous headlines that linked Leicester textile factories to widespread outbreaks of COVID-19 during the pandemic. To date, The Health and Safety Executive state that they have only found two reports where confirmed COVID-19 cases in Leicester were linked to textile factory and these were investigated. The HSE has confirmed only one of these reports was classified as an outbreak involving a few individuals working outside the manufacturing area and that COVID-19 controls did not require formal enforcement action. In addition to this feedback from Public Health remains: “There is no epidemiology that supports the assertion that “huge outbreaks of Covid-19 were discovered at clothing factories” in Leicester last summer.”
- 4.12 The key achievements through the work of the Leicester Labour Market Partnership include: -
- developed mechanisms and networks for improved and better intelligence and information sharing across key agencies.
 - developed and strengthened links with the voluntary and community sector organisations such as Hope for Justice, Citizens Advice LeicesterShire and Unseen to help workers reach out for help, where they may feel concerned to turn to statutory agencies.
 - hosted a summit with the TUC to support workers’ access to unions. This work is seeking to strengthen the voice of workers in the workplace.

- helped to raise the profile of campaigns aimed at encouraging people to report concerns about exploitation, for instance by supporting the CrimeStoppers campaign #EndGarmenSectorSlavery that included distribution of a CrimeStoppers leaflet and posters in various languages including English, Gujarati, Punjabi, and Hindi.
- improved reporting mechanisms both internally and in partnership with others, as well as developing and maintaining a public-facing city council webpage on modern-day slavery, which also includes details of how to report problems to us and our partners
- worked with more than 200 textiles businesses, providing free impartial business advice, enabling access to business grants, and delivering a series of ethical compliance workshops with local manufacturers. The City Council, working with Growth Hub partners at the LLEP and East Midlands Chamber, has helped textiles businesses to secure over £3m of investment/grants from the European Regional Development Fund, Regional Growth Fund and other programmes over recent years. Due diligence checks are undertaken to confirm whether there are any ethical issues/ concerns with target businesses, and no concerns have been identified with these companies.
- held meetings with suppliers and manufacturers in the city and visited sites wishing to highlight the good practice that exists in the city.
- Engaging with key brands/ retailers that source from Leicester, along with intermediary organisations that work with or represent the sector. This includes senior representatives from ASOS and boohoo. In particular, the Council has also engaged with the recent independent supply chain investigation undertaken by Alison Levitt QC for boohoo, submitting evidence to the review and outlining the work that the Council has been doing in response to the issues.
- fully engaged with the Apparel and General Merchandising Public Private Protocol, which brings together retailers, enforcement agencies, lobbying and campaigning organisations with a mission to “work together to eradicate slavery and exploitation in the Apparel and General Merchandise supply chain on the UK”.
- participated in Operation Tacit, supporting coordinated factory visits with government agencies across the city to check them for any evidence of modern-day slavery and exploitation.

5. Report

- 5.1 As previously outlined, the work around this agenda is being progressed under the 4Ps, that is: -

- **PREVENT:** To support local businesses and employees to report issues; so that information, prevention, and enforcement activities are leading to proactive action and positive change.
- **PROTECT:** To support the sector, ensuring the development of thriving and sustainable businesses and employment opportunities.
- **PREPARE:** To test the perception that there are a number of Leicester businesses in the supply chain for the retail sector who act outside of the law, where they exploit workers and do not pay their legal duties.
- **PURSUE:** Where multiple non-compliance is identified, to undertake joint working between state enforcement bodies to seek to tackle this.

5.2 Outlined below is the ongoing activity, since the production of the Annual Review, that is being delivered against the 4Ps, further work will be identified as this work progresses.

PREVENT

- To continue to co-ordinate, promote and deliver community engagement and awareness raising initiatives, working closely with partner organisations across the public, private, and voluntary sectors.
- The city council continues to lead and take a proactive approach, resourcing campaigns; to bringing partners together to improve community engagement and awareness raising, by working with key agencies such as CrimeStoppers, Hope for Justice, Unseen, and the Gangmasters and Labour Abuse Authority (GLAA).
- This work, has ensured the development of key communication activity such as the CrimeStopper led campaign run in November 2020 and similarly the campaign led by the modern slavery hotline /Unseen this March to reach those individuals who may be victims or witnesses in relation to modern slavery and labour abuse; both these campaigns have been funded by Leicester City Council/ Safer Leicester Partnership.
- The Crimestoppers media page during the campaign had Total Impressions: 198,468 total impressions, 41,194 Total Reach and 6,530 Total Link Clicks: 6,530. In relation to the campaign led by unseen , as of the 23rd of March there were 350k views after landing page , 450k reach in terms of impressions. Furthermore, 11,250 households received leaflets in the LE5 area. The total evaluation of this work will be undertaken by the end of April.
- It is the intention of partners that further communication campaigns will be planned over the course of the next 12-months building on the key findings and evaluation outcomes of the above campaigns.

- Partners have also put in place a system to collect information on the numbers and groups that their organisations have come into contact with and supported. Officers' expectation that this data will be collated on a quarterly basis and reported to the Leicester Labour Partnership meetings.

PROTECT

- To encourage and lobby for initiatives that build dialogue and trust between retailers/brands and Leicester manufacturers. This could include licensing or auditing schemes delivered by sector organisations to give retailers/brands the confidence to invest and place orders with Leicester companies.
- To grow the skills development, training, and learning opportunities for textiles employers and employees.
- Leicester City Council is working with specialist training provider Fashion Enter Ltd to develop a new Fashion Technology Academy in Leicester. The two-year pilot will deliver apprenticeship and other accredited training programmes for workers in the textiles industry and wider community, and support businesses in the fashion and textiles sector.
- The Fashion Technology Academy will be based on the top floor of the Ethically Sourced Products' factory premises at Stonebridge Street, Leicester. It is scheduled to open in the summer, following refurbishment of the new premises, with delivery of an initial taster programme. This will offer a range of qualifications and courses in garment manufacturing, workers' rights, and business compliance. A programme of ESOL and employability courses is also being offered by the Council's Adult Learning service.
- **A presentation is to be provided to the Commission in order to hear directly from specialist training provider Fashion Enter Ltd.**
- To continue to deliver business support for textiles manufacturers, including further access to grants/ investment, business advice and webinar/ event programmes to support compliance and business growth.
- This ongoing programme of support for textiles businesses is delivered in partnership with the Growth Hub (Including LLEP, East Midlands Chamber) with part funding from the European Regional Development Fund. A further programme of webinars has started in March 2021, with topics including Ethical & Social Compliance, Health & Safety and HR Management.
- To support local manufacturers to establish an industry led representative trade body of Leicester textiles manufacturers, giving

the sector a voice, and helping to promote good business and good jobs.

- To seek views from partners on this annual review of the Leicester Labour Market Partnership in order to further develop the partnerships work, and to invite and ask partners to commit to offering additional support, intelligence, and resources to progress this.
- The attached annual report at appendix A outlines the work to date, this report was sent to a wide range of partners their views are being collated to help support the next steps and future work of the Leicester Labour Market Partnership.

PREPARE

- Update and share intelligence on the textiles manufacturing sector across Leicester and Leicestershire.
- Current data from the Office for National Statistics (ONS) estimates that there are around 600 textiles businesses in Leicester city, employing around 4200 people. The LLEP has also recently commissioned an update of sector-based economic research, including the textiles sector, which is due to report in June 2021.

PURSUE

- Continue to push hard for a single enforcement body that pulls together the enforcement powers of those key agencies that are currently regulating working conditions in factories. We are seeking a body which is able to respond quickly to the needs of workers and others who may be vulnerable to exploitation across a number of fields of concern, whether that is low pay, health and safety, modern day slavery or other exploitative practices.
 - There is no update on the single enforcement body, the consultation response has not yet been published and there are no firm timescales for a firm commitment on the make-up of any new body.
- **In July 2020 the Gangmaster and Labour Abuse Authority (GLAA) commenced Operation Tacit**, a multi-agency drive to ensure workers are being treated correctly and businesses are following regulations. The agencies involved in operation Tacit include Her Majesty's Revenues and Customs, the Health and Safety Executive, the National Crime Agency and others including as support Leicester City Council.
 - Through intelligence and information from partners in excess of 350 premises of interest have been identified.
 - Op Tacit partners have visited 215 factory premises which have been a mixture of engagement and enforcement visits. There is a hit rate of about 16% where issues have been discovered.

- The issues identified to date have not been in Modern Day Slavery but have been predominantly around HMRC National Minimum Wage risk, health, and safety issues, in the main linked to COVID-19 controls, inadequate welfare and some safety concerns.
- A number of premises have been identified where further enforcement visits are to take place which will last well into the summer of 2021, these are mixture of those identified through engagement visits and through information and intelligence available to the enforcement bodies.
- More information has been provided by brands, but this is confined to a very small number of brands with those that are well engaged have provided significant quantities of factories that they have concerns about.
- **A presentation is to be provided to the Commission in order to hear directly from the GLAA regarding their work in the City.**
- Continue to lobby for more powers for local government to be able to take direct action; allowing them to inspect and close factories that breached regulations. There is no update on the single enforcement body, the consultation response has not yet been published and there are no firm timescales for a firm commitment on the make-up of any new body.

6.0 Way Forward

- 6.1 The work of the Leicester Labour Market Partnership has produced a step change in work to support Leicester's textile sector. This has been in some respects assisted by the headlines the sector attracted in July 2020 that led to the development of Operation Tacit. The one area of work which required those with enforcement powers to come together on the ground in order to assess the concerns about regulatory compliance.
- 6.2 Section 5 of the LLMP Annual Review provides an overview of the proposed next steps utilising the 4 Ps approach.
- 6.3 The council now wants to build on the strategic framework it has developed with partners in order to develop a longer-term plan or strategy for the sector. This ambition is further set out in section 5.2 of the Annual Review. This longer term piece of work seeks to capitalize on the work to date, utilize feedback from partners and Scrutiny Commission and all the evidence made available (and that which continues to emerge) in order to address compliance concerns in the sector and build the economic vibrancy of Leicester's textile sector.
- 6.4 It is expected that the following will be taken into account during the formation of the strategy : -

- To develop the textile sector, ensuring that it is strong, thriving, and resilient in Leicester.
- To steer our work to ensure clear alignment to the national Labour Market Enforcement Strategy and the Modern Slavery Act 2015.
- To understand current and emerging threats within the garment sector supported by appropriate analysis and evidence, delivered through the action plan.
- To understand local capability, capacity, and resources available to respond to the needs of the sector.
- To identify cross-cutting themes and issues to ensure a collaborative approach.
- To support partners in addressing the issues identified.
- To identify and make the use of available resources to establish the best way forward in ensuring compliance and good practice is encouraged.
- To seek out funding streams to help the partnership to deliver against actions set.
- To continue to look ahead at emerging threats and seek ways to deal with these.
- To identify and share regional and national good practice.
- To promote public confidence and reporting.

6.5 It is proposed that the Leicester Labour Market Partnership develops the strategy during 2021. An action plan will also be developed alongside the strategy and monitoring to ensure actions are delivered will take place through the LLMP quarterly meetings. Reports will also be provided to the City Mayor and Executive and as appropriate Scrutiny Commission.

6.6 Views on the work to date and next steps are sought from the Economic Development, Transport and Tourism Scrutiny Commission.

5. Financial, legal, and other implications

5.1 Financial implications

The Council has set aside resources from the Economic Action Plan to fund the costs of the Community Safety (Labour Market) Co-ordinator. Funding for the pilot of the Fashion Technology Academy, referenced within the report, is from a

combination of the business rates pool and funds set aside from the Economic Action Plan.

Stuart McAvoy - Principal Accountant

5.2 Legal implications

No Commercial legal implications at this stage.

Dominic Taylor
Solicitor ex 3560

There are no identifiable legal implications arising from this information report. Our Regulatory functions will only become engaged in the event that Local authorities are granted new powers or indeed in the event our limited powers in this sphere are engaged

Feizal Hajat
Qualified Lawyer
Ex6881

5.3 Climate Change and Carbon Reduction implications

There are no significant climate change implications directly associated with this report. However, it is worth noting that the textiles industry within Leicester is a significant user of energy and source of carbon emissions and has various other environmental impacts. As such, where possible, the engagement and support work detailed could also consider opportunities to engage businesses on reducing their environmental impacts, for example through promotion of support and grants such as the existing Green BELLE energy efficiency grant available to local SMEs.

Aidan Davis, Sustainability Officer, Ext 37 2284

5.4 Equalities Implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

This report looks at the on-going commitment made to addressing concerns and opportunities in the textile sector since October 2019 by applying a strategic framework that is based on themes of Prevent, Protect, Prepare and Pursue. These

should help to address issues for both employers and employees based within the textile sector who will be from across a range of protected characteristics. Need to ensure equality considerations are taken into account as the work is progressed and any impacts are identified and addressed, and mitigating actions put in place.

Whilst the longer term plan/ strategy will be a high level overarching document, it is recommended that Equality Impact Assessment (EIAs) are carried out as appropriate on identified areas within the action plan, for example changes in policy/practice or service reviews, to ensure any impacts are identified and addressed, and mitigating actions put in place. The equality impact assessment is an iterative process that should be revisited throughout the decision-making process and updated to reflect any feedback/changes due to consultation/engagement as appropriate.

Sukhi Biring, Equalities Officer, 454 4175

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

Section 17 Crime & Disorder Act: implications with regards to the duty of local authorities to consider the impact of their decisions and actions on crime and disorder in the local area.

Daxa Pancholi,
Head of Community Safety,
Ext 37 0203

6. Background information and other papers:

7. Summary of appendices:

- Leicester Labour Market Partnership Annual Report – Appendix A

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

No

9. Is this a “key decision”?

No

10. If a key decision please explain reason