

Worker Exploitation – Meeting 1 Summary

Attendance:

Cllr Waddington (Chair), Cllrs Aldred, Bajaj, Chauhan, Haq, Singh Sangha.

Peter Chandler, Ed Brown, Julie Bryant – Leicester City Council

Nik Hammer, Chandrima Roy, Joseph Choonra – University of Leicester

Summary:

Nik Hammer introduced the issue and presented slides (attached).

Further information presented in addition to that on the slides included:

- Much of the information available is based on estimations, it gives a sense of the issue but does not give much of a sense of how to gain access to vulnerable/exploited workers.
- A key aim of this group is to expand on previous work done on the garment sector into looking at worker exploitation in other sectors.
- Worker exploitation is a spectrum, ranging from issues to do with a lack of awareness and oversight through to forced labour.
- If issues of worker exploitation go unchecked then they might be an indicator to employers that these practices can go unpunished and thus lead to further non-compliance.
- There are many issues with workers not having proper employment contracts, not being paid the minimum wage, or being forced to pay back some of their wages. These dimensions are interlinked in different ways depending on the sector or sub-sector.
- A member highlighted issues in the retail sector and the hospitality sector, particularly with workers from abroad. It was further suggested that some refugees were being forced into prostitution or drug dealing, and it was asked how these people could be protected. It was clarified that the purpose of the task group is to determine at the end of the process what the Council can do.
- Statistics were presented on non-compliance in the UK, for example in terms of those underpaid or those on minimum wage, and those without holiday pay. It was also noted that there is a gap in injuries reported by firms and injuries reported by workers.
- In terms of pay withheld, this has a knock-on effect on the local economy as it means that these workers are less able to spend money locally. They might also be more reliant on Council services due to a lack of money.
- According to the Trades Union Congress (TUC), 3.7million people worked in insecure jobs in 2022.
- The Trussell Trust has reported that there are 5.3million people facing hunger and hardship in households in which at least one person works.
- Non-compliance and insecure work is a particular issue in smaller businesses (those with below 25 workers per workplace), in terms of those without a proper payslip and those on temporary and part-time contracts. Asian and Black people are most at risk. The causal link to non-compliance is through business model and practices, for example, 30% of those on

zero-hour contracts, 20% of those on temporary contracts, and 10% of part time workers do not receive holiday entitlement.

- Agriculture and hospitality are sectors where many are on temporary and part-time contracts.
- Sub-sectors with a high risk of exploitation were presented based on news reports and research reports. This is not an exhaustive list, and it is to be noted that there are sub-sections within the sub-sections (for example, the different areas of hospitality). There has been difficulty in finding a way in to get access to workers in order to develop roots to help and support them.
- With regard to data on labour standards and violations there is a need for caution as the violations presented are only officially recorded violations and therefore there may be many more that go unreported. Additionally, the way the sectors are recorded on the database is not systematic, so it makes it difficult to compare with any other database. Therefore, this is quite a rough approximation. It is also important to note that larger companies get bigger fines as they have many branches around the country.
- It appeared as though there is an underrepresentation of violations in Leicester.
- With regard to the Care Sector, it was noted that under the health and social care visa route workers from overseas in the Care Sector need an employer sponsor and the earnings threshold is high. Therefore it has been seen that agencies and employers can exploit this dependency of workers. Whilst workers can change employers, they only have 60 days to do this, which makes it impractical and puts workers in a conflicting situation with immigration and right-to-work laws.
- The data was unhelpful in helping to work out how to support vulnerable workers. It is difficult for vulnerable and exploited workers to come forward as it makes them vulnerable to dismissal. It is also an issue that workers may be reluctant to come forward depending on their immigration status. It is difficult to support workers rights if there is a hard line on immigration, and it is difficult to work with stakeholders if they refuse to collaborate with enforcement agencies if their workers are at risk of being deported.
- Flow charts were presented showing starting points on potential solutions. It was noted that there is a complexity of supply chains and sectors. With lots of intermediaries before we get to contractors.
- One model shows a large brand at the top, with franchise-takers with a number of outlets. In this case, it is the franchise-taker that is the employer.
- Past enforcement had looked at where work was done with who the managers were. This was often very labour intensive as it raised the question of who was responsible (i.e. who was the employer).
- Many countries now shifted to strategic enforcement, looking at intermediaries.
- Resource constraints are an issue, if there are not enough labour inspectors, the chance of inspection is low, and if penalties are not high then businesses can build the risk of fines into their business models.
- Beyond strategic enforcement, difficulties in enforcement arise from the way industries are fragmented. Even if enforcement had more resources, they would still find it difficult to get intelligence on labour standard violations, so it would be useful to work with a range of stakeholders in civil society and trade unions at a local and sectoral level.
- A step towards this was the Leicester Market Partnership which tried to establish a dialogue with actors within various sectors. This could be a starting point for further action.

- Industry partnerships often have little authority in enforcement and therefore rely on building critical mass. However, whilst this is a useful point for the exchange of information, it often is difficult to build more activity much beyond this.
- The model of private monitoring and public enforcement was looked at, whereby public agencies have the authority, but grassroots organisations have better access to problem areas for monitoring. Due to tensions between worker rights and immigration law, this model needs a formal agreement between private actors and public agencies so that there is trust in actions.
- It was noted that there had been a Charter Commitment between Unison and Salford City Council, whereby the Council had committed to be the employer of last resort, this could be explored in more detail as it allows the Council to get a grip on problem employers and support exploited workers and also get a grip on turnover and keep skills that had been developed.
- There is a duty for transparency in supply chains. Supply chains can be used to implement minimum standards in monitoring.
- Different groups are affected in different ways, so it might be useful to look at different sectors and different aspects in different depths.

Members were asked if they had any questions or observations. Key points included:

- Concern was raised that there needed to be strategies to increase jobs. When the population was struggling for jobs, they would be more likely to take jobs with less money than perhaps they should be earning. With regard to this it was suggested that it is important to think about what is done in terms of what council powers and resources might be, perhaps focussing in a particular area. In terms of what else could be done, linking with programmes to support job creation and connecting people to opportunities could be something recommended by the review.
- It was further noted that local jobs fairs are a good idea. In addition to this, there is a pending government white paper 'Get Britain Working'. This was aimed at bringing forward new arrangements for local plans to join up work, health and skills. There was also a new Connect to Work programme to help the economically inactive and those with health conditions, this could help to create incentives and opportunities and connect to opportunities.
- It was noted that exploited workers were often afraid of making complaints as they needed to feed families and pay rents. Therefore, consideration needs to be given to how people can make complaints. Perhaps through adverts in different languages.
- Issues were raised surrounding the creation of jobs for less-skilled people and people for whom English was not a first language as well as those arriving on student visas. Also, the issue of the risk of such people losing their jobs should they report exploitation.
- Further concern was raised that with increases in minimum wage and National Insurance, small businesses may need to reduce the number of jobs available, or the number of hours people can work. It was asked how the businesses could be helped as well as the people of the city.
- It was explained that a problem with the figures available is that they do not always reflect the reality of what is happening as published national data becomes more unreliable at the local level. Therefore, it is important to talk to people close to workers who also know the areas. For example, Councillors who know their Wards and organisations that support workers.

- It is not always possible or practical for vulnerable or exploited workers to raise complaints at employment tribunals.
- Key issues are how to access vulnerable workers, and language and skills are key issues within this. It is necessary to engage people who know the background to issues, speak the language of the workers in question and know their living conditions. It is often the case that people seek advice not just due to work problems, but also due to issues with rent or landlords. When support organisations are engaged to help deal with these issues it is often discovered that the root of the issue is worker exploitation.
- It is hoped to obtain more input and advice.
- It is important that Leicester does not become a place that allows business models to function that can only function if they pay below minimum wage.
- Factory owners are claiming to be squeezed by brands, however, some brands are saying that they would invest more if there wasn't such a risk of worker exploitation. Therefore it is important to support the most vulnerable people on the ground.
- The issue was raised that due to employers being associated with exploitation, rightly or wrongly, retailers have been reluctant to invest in the city due to a reputation. This was particularly an issue in the garment industry and between 4.5-5k jobs have been lost in the sector between 2020 and 2023 due to retailers such as Boohoo moving elsewhere. The fact that supply chains for large brands are making decisions between territories makes it difficult for cities to respond.

How to proceed:

- It is necessary to think about how we can reduce non-compliance.
- The next meeting will be the first evidence session which will aim to engage people with a national responsibility for enforcement. It will be necessary to ask about ways people complain etc.
- The third meeting will be the second evidence session to get the perspective from witnesses in trade unions and in civil society.
- It will be useful to look at how other authorities operate, such as the Charter Commitment at Salford.
- It will be useful to look at further possibilities in terms of the way people complain and report issues, taking language barriers into account.
- Job fairs can be considered to support workers in non-formal sectors where workers are in danger of exploitation. Effective engagement is likely to remain a challenge.
- Delivery riders could be a specific example to consider as their need for work causes issues on streets.
- It was enquired as to how many seasonal workers worked in Leicester.
- It was requested that case study of an example of reported exploitation, the process followed, and the result, be brought to the group.
- It suggested that the link between procurement and standards be looked into as an example of a potential local authority action.