Executive response to EDTCE Scrutiny Commission on worker exploitation across the labour market

11 March 2026

Background

The council has for many years been working with partners to proactively address alleged concerns of non-compliance in Leicester's garment sector. Although the council is not an enforcement body, the City Mayor's priorities include a commitment to focus on sectors which may be blighted by low pay and poor conditions.

In response to alarmist media articles and allegations of modern slavery in the garment industry in the city, the government launched Operation Tacit, a major high-level enforcement programme undertaken by national enforcement bodies in Leicester from 2020 to 2023. The Director of Labour Market Enforcement has recently published her independent review of Operation Tacit. This review has found that allegations of widespread modern slavery and labour exploitation in the industry were unfounded.

During Operation Tacit, HMRC visited 318 garment manufacturing premises and interviewed workers. The operation found that the degree of non-compliance with the National Minimum Wage in the garment sector in Leicester was actually lower than in other manufacturing sectors. Forced or compulsory labour, as defined by the Modern Slavery Act 2015, was not found, with only one potential case being referred to the police.

Some key quotes from the Operation Tacit review:

"there remained a disconnect between the image portrayed by media and stakeholder groups and the intelligence received by enforcement bodies"

"The allegations of the most severe exploitation were not supported when activity got underway."

The EDTCE Scrutiny Commission formed a task force to examine worker exploitation across Leicester's labour markets. A member working group drawn from the EDTCE and Culture and Neighbourhoods scrutiny commissions oversaw the work from November 2024 to February 2025. This has set out to identify business sectors where labour exploitation may be more prevalent, based on evidence rather than assumption.

Professor Nik Hammer, Director of the Future of Work Cluster at the University of Leicester, has supported the work of the task force, and this was funded by the council's UK Shared Prosperity Fund programme.

The objectives of the review were to:

- gain an overview of sectors and practices of worker exploitation across the UK
- develop a picture of the enforcement landscape, in particular as it appears from the perspective of local authorities
- map key local stakeholders and their intelligence/systems
- on the basis of broad stakeholder consultation, establish where in Leicester worker exploitation is prevalent (eg. across sectors, business models, communities)
- recommend, specifically as regards the local authority's remit, avenues to improve a) monitoring, b) compliance, c) remedy for exploited workers.

The review was completed in April 2025, and the findings of the review and recommendations have been referred to the Executive for consideration. A summary of the task force recommendations is attached at the end of this response.

Executive response

The Executive would like to thank commission members for the thorough and comprehensive review of worker exploitation across Leicester's labour market. We also acknowledge and appreciate the work of the University of Leicester in undertaking the study.

We want to make sure that Leicester has the highest standards of employment; and that workers are properly paid, well-trained, and work in safe environments. We want to support our businesses to be the best they can, and to set an example that others can follow.

Worker exploitation is not exclusive to Leicester but is a national and indeed global issue. The issues are complex, and relate to the hidden economy and sometimes criminal activity. To tackle this, the scrutiny task force notes that local authorities do not have any formal role in labour market enforcement. Enforcement powers and resources rest exclusively with national regulators.

As the council is not an enforcement body, there are no quick fixes, and many aspects are out of the direct control of the local authority. Despite the lack of enforcement powers, Leicester City Council has, however, been taking a lead in this area, and this scrutiny task force is further evidence of Leicester's proactive approach in relation to this important issue.

National policy

Key to informing the council's role in addressing the issues of worker exploitation is new national policy in this space, including the pending Employment Rights Bill, which is designed to help more people to stay in work, support workers' productivity and improve living standards.

As part of this agenda, the government is establishing the Fair Work Agency (FWA), as an Executive Agency of the Department for Business and Trade (DBT). This will bring together existing state enforcement functions and, over time, take on enforcement of a wider range of employment rights. This will be a single place where workers and employers can turn for help, supporting compliant employers, and taking action against non-compliant ones.

The FWA is set to launch in 2026, after the Employment Rights Bill becomes law. Council officers have spoken to the Director of Labour Market Enforcement's team about the FWA and will track progress as this is established, with a view to developing an ongoing relationship.

It is also worth referencing the work of the Local Government Association (LGA) around modern slavery. While the scrutiny task force defines worker exploitation as covering a spectrum that goes far beyond pay and conditions, in some cases labour exploitation impacts individuals who may have been trafficked and/or are being exploited by people who wish to control their movements and actions to exploit them for their labour. Labour exploitation can be an element of criminal offences of forced labour or human trafficking which themselves constitute modern slavery.

Modern slavery intersects with many different council services and a number of different officers might come across it while going about their everyday activities. Recognising that councils have a key role in tackling modern slavery, the LGA publishes guidance and resources to support councils and partners in identifying, referring and supporting victims, community safety services, and ensuring that supply chains are free from modern slavery.

Local partnerships/Get LLR Working

The task force rightly recognises that partnerships are vital to address issues of worker exploitation, and that efforts should be made to build a collaborative approach with other agencies and stakeholders around this agenda. The report proposes an active role for the local authority in establishing a local partnership – a Fair Work Labour Market Partnership - with a focus on fostering joint work between agencies, local stakeholders and particularly community organisations that are engaged with people at risk of exploitation at work.

It recommends the approach followed by the previous Labour Market Partnership, which was launched by Leicester City Council in September 2019 to bring together key partners to proactively address concerns of non-compliance in Leicester's garment sector. This pilot initiative employed a full-time partnership coordinator with external grant funding. Although effective, this time-limited activity finished when funding came to an end.

Local areas have been invited by the Department of Work and Pensions (DWP) to develop detailed plans that address the challenges related to labour force participation (employment, unemployment and economic inactivity) and progression in work. Leicester City Council has developed a local Get LLR (Leicester, Leicestershire, & Rutland) Working plan, working closely with Leicestershire County Council, Rutland County Council, DWP/ Jobcentre Plus and the Integrated Care Board.

We are strengthening local partnerships of agencies working in the labour market as part of this Get LLR Working agenda. This work will encourage further alignment of local authority functions around employment, skills and health support. Although this will be primarily focused on supporting people into employment, improved coordination between organisations that engage with local residents should be used to raise awareness of worker's rights and the breadth of support available, supported by the delivery of associated information campaigns. At the time of writing, government has not yet confirmed resources for the delivery of the Get LLR Working plan, but we continue to lobby for this.

Community voluntary sector organisations

The scrutiny report recognises and values the role of established and trusted community organisations in supporting workers. These community organisations are often most likely to engage with people at risk of exploitation at work. While exploitation at work might be the root problem, workers might find it easier to first open up about a range of other issues

– food poverty, housing, and so on. We agree that this can be an important avenue to establish trust, not only with individuals but the wider community.

The task force recommends closer joint working and alignment between programmes that deliver English Speakers of Other Languages (ESOL) courses, with work and employment advice by community organisations across the city. ESOL is viewed to be an effective entry point to establish trust with organisations that can also provide support on work and employment issues. The Get LLR Working agenda can be used to progress this closer joint working.

Sector focus

The council's Labour Market Partnership work with the garment sector demonstrated the impact that could be achieved in a specific sector if resources are available. Starting in 2019, this laid the foundation for subsequent intensive activity in Leicester by national enforcement bodies. In July 2020, the Government launched Operation Tacit on the back of media articles and allegations of modern slavery in the garment industry. Operation Tacit was a high-level response involving several national enforcement bodies from 2020 to 2023.

The Director of Labour Market Enforcement has recently published her independent review of Operation Tacit. The Director had provided helpful input into the work of the scrutiny task force, attending a special session with members of the commission. This review of Operation Tacit has found that allegations of widespread modern slavery and labour exploitation in the industry were unfounded.

During Operation Tacit, HMRC visited 318 garment manufacturing premises and interviewed workers. The operation found that the degree of non-compliance with the National Minimum Wage in the garment sector in Leicester was actually lower than in other manufacturing sectors. Forced or compulsory labour, as defined by the Modern Slavery Act 2015, was not found, with only one potential case being referred to the police.

Some key quotes from the Operation Tacit review are as follows:

"there remained a disconnect between the image portrayed by media and stakeholder groups and the intelligence received by enforcement bodies"

"The allegations of the most severe exploitation were not supported when activity got underway."

Following this work in the garment sector, the scrutiny task force set out to identify business sectors where labour exploitation may be more prevalent. Helpfully, this has identified two sectors where a "deep dive" approach to support workers would be more beneficial – social care, and the "online platform"/ gig economy. Adopting a similar approach for these other sectors will however require additional funding, and the council and community organisations need to continue exploring opportunities to attract external funding to support this area of work.

Commitments

We can make the following commitments:

- To reassert our manifesto pledge to doing all we can to support good jobs, ensuring that Leicester has the highest standards of employment; that workers are properly paid, well-trained, and work in safe environments.
- To continue to track the establishment of the Fair Work Agency that is set to launch in 2026. Once this has been established, and the national policy environment is clearer, we will review our approach.
- To continue to value the role of the community and voluntary sector in developing trusted relationship with local communities, and the potential role in helping to identify and tackle worker exploitation.
- To embed partnership working in the Get LLR Working agenda that seeks to coordinate labour market interventions by local authorities, community voluntary sector organisations, the Integrated Care Board, DWP, and other partners, and use this to raise awareness of worker's rights and the breadth of support available.
- To adopt the proposed focus for more detailed interventions in the social care and "online platform"/ gig economy sectors, with delivery subject to the availability of grant funding from government.
- To ensure that the council's social value charter continues to underpin procurement and commissioning processes to drive employment standards in supply chains.
- To explore opportunities for grants to support this work, both by the council and community organisations.
- The council can continue to lobby government for funding, resources and powers, and to help shape national policy.

Appendix: summary of EDTCE Scrutiny Task Force recommendations

1. Establish a local Fair Work Labour Market Partnership to provide leadership on the recommendations
2. To ensure that Leicester City Council has a relationship with the new Fair Work Agency that has been proposed in the government's Employment Rights Bill
3. Work with local partners to establish low-barrier and multi-issue 'fair work' points of support for workers at risk of exploitation.
4. Develop/support one 'fair work' point of support for online platform workers
5. Establish a partnership between Leicester City Council, trade unions, and social care providers to improve work and employment conditions for care workers
6. Align and expand ESOL provision with work and employment advice within community organisations and across the city
7. Develop information campaigns
8. Designate an Leicester City Council 'Fair Work' officer for coordination and support
9. Integrate the above local fair work recommendations with other local authority functions
10. Review procurement and commissioning processes within the local authority with a view to integrate and monitor work and employment standards in supply chain due diligence