



Department
for Business
Innovation & Skills

EQUALITY DUTY

**Tackling Exploitation in the
Labour Market**

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Introduction

The Immigration Bill, introduced to parliament on 17 September 2015, included measures to enhance protections already in place which ensure that those entitled to work in the UK are paid at least the national minimum wage, benefit from other employment rights and are free from exploitation. The Bill establishes a new statutory Director of Labour Market Enforcement, responsible for providing a central hub of intelligence and facilitating the flexible allocation of resources across the different regulators.

The Government proposes to introduce amendments to the Immigration Bill during its passage that will create a new enforcement order backed up by a criminal offence and widen the remit, strengthen the powers and change the name of the Gangmasters Licensing Authority, to enable it to tackle serious exploitation.

In accordance with the public sector Equality Duty, this analysis considers how these proposals may affect those at risk of exploitation in the labour market, giving due regard to the needs of people with 'protected characteristics'.

As part of this review, the Department for Business, Innovation and Skills and the Home Office carried out a joint consultation on the proposed reforms, which closed on 7 December 2015. This analysis takes account of the evidence presented by stakeholders during that consultation.

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Scope of this Equality Analysis

Under the Equality Act 2010 the Department for Business, Innovation and Skills (BIS), as a public authority, is legally obligated to have due regard to equality issues when making policy decisions – the Public Sector Equality Duty – and in doing so:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- Advance equality of opportunity between people who share a protected characteristic and those who do not; and
- Foster good relations between people who share a protected characteristic and those who do not.

The protected characteristics consist of nine groups: age, race, gender, disability, religion or belief, sexual orientation, gender reassignment, pregnancy and maternity, marriage and civil partnership.

This Equality Analysis takes a summary view of the potential equality impacts of the proposed legislative measures regarding tackling exploitation in the labour market.

Description of the Policy

Outline of measures and policy rationale

The UK has in place a strong statutory framework to prevent violation of employment laws. However, anecdotal and operational evidence from the Gangmasters Licensing Authority (GLA) suggests there has been a change in the nature of non-compliance with labour market regulation over the last ten years, with a shift from abuses of employment regulation towards increasingly organised criminal activity engaged in labour market exploitation. In addition, as the number of people participating in the workforce continues to rise, it is even more important to ensure that workers employment rights are protected, and that, for example, they receive the National Minimum Wage and the National Living Wage when it is brought in. This will require greater flexibility to target enforcement activity appropriately. The Government has therefore developed a series of proposals to build on the effectiveness of the current regime:

- to establish a statutory Director of Labour Market Enforcement;
- to create a new enforcement order backed up by a criminal offence to tackle businesses which repeatedly or brazenly ignore the law;
- to increase intelligence and data sharing between the existing enforcement and other bodies; and
- to widen the remit, strengthen the powers and change the name of the Gangmasters Licensing Authority.

The proposals form part of the Immigration Bill (“the Bill”) introduced into the House of Commons on 17 September 2015 and subsequent amendments, and will achieve the ambition set out in the Prime Minister’s speech of 21 May 2015.¹ More detail on the policy proposals is given in the Tackling Exploitation in the Labour Market consultation and the Government’s Response:

<https://www.gov.uk/government/consultations/labour-market-exploitation-improving-enforcement>.

Creation of Labour Market Enforcement Director

We have considered how best to achieve improved enforcement outcomes with the minimum of cost and without unnecessarily diverting effort away from operational priorities, and in particular how to achieve a single set of priorities

¹ <https://www.gov.uk/government/speeches/pm-speech-on-immigration>

across enforcement bodies and more flexible allocation of resources. We believe that the key lies in effective, overarching leadership and co-ordination of the HMRC National Minimum Wage (NMW) team, the Employment Agency Standards Inspectorate (EASI) and the Gangmasters Licensing Authority (GLA), with the three bodies working to a common view of risk and priorities drawn from shared intelligence.

The Bill proposes the creation of a Labour Market Enforcement Director who will provide greater pooling of resources and a more targeted, coherent approach to enforcement across the whole labour market. The Director will develop a joint strategy and submit it to the BIS Secretary of State and the Home Secretary. It will set out, for the financial year ahead, the priorities for enforcement; the outcomes required from the enforcement bodies; and the budgets for the enforcement bodies, within the total envelope of available funding. Once approved by Ministers, the plan will be laid before Parliament and published. The Director will drive delivery of the plan and report back annually to the Secretaries of State. The Annual Report will be laid before Parliament and published.

New enforcement order and criminal offence

Enforcement bodies can impose civil penalties for minor breaches of labour law and there are criminal penalties for more serious offences, such as repeated and deliberate underpayment of NMW. The Government has also recently brought into force Modern Slavery offences to deal with the worst cases of exploitation. The problem is that these existing offences do not always offer an effective and efficient way for law enforcement to deal with unscrupulous employers whose offences against their workers fall somewhere in the middle.

These employers deliberately, persistently and brazenly commit breaches of labour law, and fail to take remedial action. Their pattern of exploitative behaviour, neither meets the offence threshold for Modern Slavery offences, nor can it be dealt with satisfactorily through repeated use of existing penalties or offences. We need to make it easier for law enforcement to deal with such offenders in a way that breaks the pattern and, in so doing, reduces the risk of serial offenders subjecting their workers to more serious forms of exploitation.

The Bill proposes the creation of a new enforcement regime under which enforcers would have the power to require a business that has already breached labour market legislation to enter into an undertaking to take steps to prevent further offending. If a business fails to comply with the undertaking or is convicted of a labour market offence, a magistrate's court will have the power to make a Labour Market Enforcement Order requiring the business to take specified practical steps necessary to avoid the commission of further labour market offences. Breach of the order would be an offence, punishable by imprisonment of up to 12 months following summary conviction or two years following conviction on indictment. This regime

provides a practical means of addressing breaches without going to court, backed up with the threat of prosecution for those who fail to comply.

Increasing data-sharing between enforcement bodies and other agencies

The Bill proposes that the Director lead an intelligence hub that forms a coherent view of the nature and extent of exploitation and non-compliance in the labour market, and uses this to formulate strategy. The intelligence hub will be drawn from HMRC, GLA, EAS, the Department for Business, Innovation and Skills (BIS) and the Home Office, retaining strong links to those bodies. Available data will be gathered from the labour market enforcement bodies and other sources, such as immigration enforcement, police, National Crime Agency (NCA), Health and Safety Executive (HSE), local authorities and the voluntary sector.

The intelligence hub will analyse information and develop a much richer picture than we have now of the nature, extent and impacts of exploitation in the labour market, and how it relates to day-to-day infringements. This crucial source of tactical intelligence will be used to inform operational planning and tasking decisions.

Reforming the Gangmasters Licensing Authority (GLA), widening its remit to tackle serious exploitation

Since its creation in 2006, the GLA has established itself as a world leader in licensing the activity of gangmasters in certain sectors and has uncovered many instances of labour market exploitation. However the activities of the GLA have been limited to investigation of licensing-related offences in the regulated sectors². This has necessarily limited its ability to tackle worker exploitation. The Government proposes to build on the GLA's strengths by transforming it into an organisation that is capable of preventing worker exploitation, especially in its most persistent and serious forms, wherever it occurs in the labour market.

The Bill proposes that the GLA moves from a narrow focus on licensing in specific sectors to a wider role of preventing and tackling serious worker exploitation using a broader range of tools. The new Authority should be able to:

- support delivery of the Director's coordinated plan to prevent labour market exploitation;
- have new tools and powers to tackle worker exploitation across the economy;

² The GLA regulates labour providers of 'gangmasters' in the Agriculture, Horticulture, Shellfish-gathering and Food processing and packaging sectors.

- investigate exploitation of all workers, whether employed through an agency, gangmaster or direct employer; and
- do the above with minimal structural changes so that the new body can focus on protecting workers from exploitation.

Assessment

The Labour Market Enforcement proposals are expected to deliver benefits to both the economy, by ensuring a level playing field for all employers, and individuals, by enforcing protection of workers from labour market exploitation. In terms of specific proposals:

- The existing labour market enforcement bodies will be brought together under a new Labour Market Enforcement Director with a specific remit to prevent labour market exploitation. This proposal is in response to an identified need for a single set of priorities across the enforcement bodies, combined with a single view of risk. This will enable more flexible and responsive allocation of resources, helping individual bodies respond to priorities more effectively. We conclude there are no adverse effects of this change on individuals.
- The new enforcement regime is intended to make it easier for law enforcement to deal with employers committing breaches of employment law. The proposal intends to reduce the risk of employers subjecting their workers to more serious forms of exploitation. Analysis is presented (pp. 11 onwards) on the composition of protected groups within those parts of the labour market where workers are at greater risk of exploitation. This analysis suggests there are likely to be some disproportionately positive impacts felt among individuals with protected characteristics as a result of implementing this policy.
- Requiring the new Director to act as a central intelligence hub for information about worker exploitation enables closer cooperation, with multiple enforcement bodies working together to tackle abuse. Enhancing joined up data-sharing is key to dealing with those who exploit their workforce. There are no adverse effects of this policy on individuals and there are most likely to be disproportionate positive impacts felt among protected groups as a result of this legislation.
- Reforming the Gangmasters Licensing Authority to prevent serious labour market exploitation is a policy change that will not have any adverse effects on individuals. As above, disproportionate positive impacts are likely to be experienced among groups of people with protected characteristics.

In sum, we believe that the Labour Market Enforcement proposals will most likely have a disproportionate positive impact on protected groups. Analysis of the composition of protected groups within those parts of the labour market where workers are at greater risk of exploitation suggests no significant negative impact, direct or indirect, on protected groups in relation to the proposals. We have also considered the 'Family Test' in relation to these proposals. Due to the fact that the

proposals are directed at non-compliant employers and businesses, we conclude that the labour market enforcement reforms fall out of scope for this test.

The evidence base

Summary of evidence

The Labour Market Enforcement proposals - which include the creation of a Labour Market Enforcement Director, a new enforcement order backed up by a criminal offence, creation of an intelligence hub with increased data sharing among enforcement bodies and reforming the Gangmasters Licensing Authority - aim to prevent serious exploitation and breaches of labour market law. They are designed to enhance the ability of state enforcement bodies to step in and enforce legislation in instances, for example, where it is believed that there is a higher risk of exploitation or vulnerability in the labour market.

Our analysis of the potential equality impacts of these proposals suggests that there would be **no direct or indirect, adverse equality impact** on any of the protected groups. There are most likely to be disproportionate positive impacts felt among people with protected characteristics as a result of implementing the labour market enforcement measures.

Who do these measures affect?

The labour market enforcement measures are intended to tackle non-compliance with labour market regulation across the spectrum. They will enhance the ability of the current framework to protect workers from all breaches of labour market standards ranging from non-payment of the National Minimum Wage to severe cases of forced labour³.

Evidence shows that there are common factors that underlie the risk of exploitation within the labour market, including being a low-paid, low-skilled worker, a migrant worker, an agency worker, or an individual experiencing isolated working conditions or living in on-site accommodation⁴.

³ Skrivankova, K. (2010) *Between Decent Work And Forced Labour: Examining The Continuum of Exploitation*, JRF. Available: <http://www.jrf.org.uk/sites/files/jrf/forced-labour-exploitation-full.pdf>

⁴ Geddes, A. (2013) *Forced Labour in the UK*, JRF, York, available: <http://www.jrf.org.uk/publications/forced-labour-uk>

TUC (2008) *Hard Work, Hidden Lives: Report of the Commission on Vulnerable Employment*, available: http://www.vulnerableworkers.org.uk/files/CoVE_full_report.pdf

Robinson, C. (2014) *Preventing Trafficking for Labour Exploitation*, FLEX, available: <https://www.ucatt.org.uk/files/publications/Flex%20WP001%20-%20Prevention.pdf>

BERR (2008) *Vulnerable worker enforcement forum: Final Report and Government Conclusions*, available: <http://webarchive.nationalarchives.gov.uk/20090609003228/http://www.berr.gov.uk/files/file47317.pdf>

A number of responses to the consultation on Tackling Exploitation in the Labour Market reported that migrant workers, low-paid, unskilled and agency workers were particularly at risk of exploitation in the labour market.

It is difficult to determine the number of workers in Great Britain at risk of labour market exploitation at any given time, although published data from the National Minimum Wage compliance and enforcement team shows that the number of complaints to the Pay and Work Rights Helpline (PWRH) has increased, from fewer than 2,000 in 2009 to over 3,400 in 2013, (pp. 53).

Similarly, the Gangmasters Licensing Authority annual reports show an increase in the number of licenses revoked between 2013/14 and 2014/2015⁵. EAS resource was doubled in 2014/15 and has been increased again for the financial year 2015/16, bringing the number of EAS inspectors to nine. The additional resource is being used for targeted enforcement in high risk sectors and locations in order to protect the most vulnerable agency workers⁶.

Incidences of forced labour have been reported in the Care, Cleaning, Agriculture, Construction, Food Processing and Packaging and Hospitality industries. These sectors are often characterised by competitive pressure to reduce costs, including wage costs⁷. Lalani and Metcalf (2011)⁸ explain that industries where low-cost business models are more likely to be deployed can lead to work intensification and characteristics which the authors claim increase the risk of worker exploitation.

Lalani and Metcalf (2011) also report that isolated working conditions and on-site accommodation facilitate labour market exploitation, which can occur in the

MAC (2014) Migrants in Low-skilled Work, Migration Advisory Committee. Available:

<https://www.gov.uk/government/publications/migrants-in-low-skilled-work>

⁵ BIS (2014) Interim Government evidence for 2015 LPC. Available:

<https://www.gov.uk/government/publications/national-minimum-wage-interim-government-evidence-for-the-2015-low-pay-commission-report>

GLA (2015) Gangmasters Licensing Authority: Annual report and accounts, available;

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/444757/50616_HC_273_GLA_Annual_Report_web.pdf

GLA (2014) Gangmasters Licensing Authority: Annual report and accounts, available;

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/331163/ARA_2013-14_Web_Version_3_07_07_14.pdf

⁶ BIS (2015) *Tackling exploitation in the Labour Market: Government Consultation*, Department for Business, Innovation and Skills, available:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/471048/BIS-15-549-tackling-exploitation-in-the-labour-market.pdf

⁷ Anderson, B. and Rogaly, B. (2005) *Forced labour and migration to the UK*. London: Trades Union Congress

SOCA (2012) A baseline assessment on the nature and scale of human trafficking in 2011, available:

http://www.ecpat.org.uk/sites/default/files/npm_soca_assessment-ukhtc_baseline_v1.0_final.pdf

⁸ Lalani, M., Metcalf, H. (2011) *Forced Labour in The UK: The Business Angle*, JRF. Available:

<http://www.jrf.org.uk/publications/forced-labour-uk-business-angle>

Agriculture, Care and Construction sectors as well as among the domestic workforce.

The labour market enforcement measures are designed to enhance the effectiveness of existing labour market enforcement bodies in tackling non-compliance and protecting these vulnerable workers from exploitative practices.

How are protected groups affected by these measures?

This section examines the possible impact of the labour market enforcement measures in terms of the protected groups. This analysis investigates the composition of protected groups within areas of the labour market where evidence suggests workers are at greater risk of exploitation.

Our statistical information is sourced from Labour Force Survey (LFS) data from the Office for National Statistics (ONS).

The ONS Labour Force Survey (LFS) data underestimates the levels of agency workers. Care should be taken when using LFS data to make comparisons of the levels of agency workers with the rest of the population. We are working closely with the ONS to obtain more robust estimates of agency workers. It is not possible to be certain of how many agency workers there are in the UK. The Recruitment and Employment Confederation (REC) estimate the number of agency workers in the UK. Their most recent estimate suggests that on any given day in the 2014/15 financial year, 1.2m agency workers were engaged in the UK labour market⁹.

The Food and drink manufacturing sector (defined by Standard Industrial Classification codes 10, 11) has not been included in the analysis due to insufficient cases to produce reliable estimates.

Gender

Table 1.1 shows the gender composition of the labour market in sectors where exploitation is more commonly reported. The gender profile among the Care and Cleaning sectors differs substantially to the economy average. Recent LFS data suggests that there were over 1.35 million women working in the Care sector in 2014. These sectors have historically employed a greater proportion of female workers. The Construction sector employs a substantially greater proportion of Male employees (82%), over 1.4 million in 2014, compared with the economy average (51%).

⁹ REC (2015) *The Recruitment and Employment Confederation's Industry Trends Survey 2014/15*, available: <https://www.rec.uk.com/news-and-policy/help-and-advice/research/latest-research/recruitment-industry-trends-2014-2015>

Table 1.1: Gender Composition of employment in sectors more commonly associated with exploitation in the labour market

Common labour market factors associated with exploitation, Great Britain	Number of employees†	Male	Female
<i>Construction sector (SIC* 41, 42, 43 and 71)</i>	<i>1,735,000</i>	<i>82%</i>	<i>18%</i>
<i>Hospitality, tourism and sport (SIC 55, 56, 79, 92 and 93)</i>	<i>1,941,000</i>	<i>47%</i>	<i>53%</i>
<i>Care (SIC 87 and 88)</i>	<i>1,694,000</i>	<i>20%</i>	<i>80%</i>
<i>Agriculture (SIC 01, 02, 03, 75)</i>	<i>210,000</i>	<i>53%</i>	<i>47%</i>
<i>Cleaning sector (SIC 81.2)</i>	<i>278,000</i>	<i>37%</i>	<i>63%</i>
<i>Working in low-skilled jobs**</i>	<i>3,047,000</i>	<i>54%</i>	<i>46%</i>
<i>Working for an agency††</i>	<i>768,000</i>	<i>57%</i>	<i>43%</i>
<i>Economy overall, Great Britain</i>	<i>25,572,000</i>	<i>51%</i>	<i>49%</i>

Source: ONS Labour Force Survey 2014

*Sectors are defined by ONS Standard Industrial Classification Codes.

** Low-skilled occupations are defined by ONS Standard Occupational Classification codes major group 9, 'elementary occupations.'

†Rounded to the nearest thousand. ††As defined in the Agency Workers Regulation 2010 "agency worker" means an individual who: (a) is supplied by a temporary work agency to work temporarily for and under the supervision and direction of a hirer; and (b) has a contract with the temporary work agency which is: (i) a contract of employment with the agency, or any other contract to perform work and services personally for the agency.

In some sectors, such as domiciliary social care, where travel to and from visits and time spent 'on-call' is common the calculation of 'working-time' is more complex. As a result, non-compliance with the NMW can be higher in these sectors compared to others.

Due to concerns with underpayment in the social care sector, HMRC carried out NMW investigations in the social care sector between 2011 and 2013 and found NMW underpayment in 52% of their investigations.

Findings presented here showing differences in gender profile in the Care, Cleaning and Construction sectors indicate that there may be disproportionate positive impacts felt among people with this protected characteristic as a result of implementing the labour market enforcement measures.

Disability

The definition of a disability used in the Labour Force Survey includes a 'DDA' and 'work-limiting' disability. 'DDA' is defined as, "a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities".

Table 1.2 shows a greater proportion of employees with a disability in the Cleaning (17%) and Care (14%) sectors, where incidences of labour market exploitation are more commonly reported, compared with employees across the economy as a whole (10%). Lower skilled occupations are typically held by a greater share of employees with a disability (12%) than across the economy as a whole in Great Britain (10%).

Table 1.2: Employment in sectors more commonly associated with exploitation in the labour market by disability status.

Common labour market factors associated with exploitation, Great Britain	Number of employees†	Disabled	Not disabled
<i>Construction sector (SIC* 41, 42, 43 and 71)</i>	1,735,000	8%	92%
<i>Hospitality, tourism and sport (SIC 55, 56, 79, 92 and 93)</i>	1,941,000	10%	90%
<i>Care (SIC 87 and 88)</i>	1,694,000	14%	86%
<i>Agriculture (SIC 01, 02, 03, 75)</i>	210,000	10%	90%
<i>Cleaning sector (SIC 81.2)</i>	278,000	17%	83%
<i>Working in low-skilled jobs**</i>	3,047,000	12%	88%
<i>Working for an agency††</i>	768,000	8%	92%
Economy overall, Great Britain	25,572,000	10%	90%

Source: ONS Labour Force Survey 2014

*Sectors are defined by ONS Standard Industrial Classification Codes.

** Low-skilled occupations are defined by ONS Standard Occupational Classification codes major group 9, 'elementary occupations.'

†Rounded to the nearest thousand. †† As defined in the Agency Workers Regulation 2010 "agency worker" means an individual who: (a) is supplied by a temporary work agency to work temporarily for and under the supervision and direction of a hirer; and (b) has a contract with the temporary work agency which is: (i) a contract of employment with the agency, or any other contract to perform work and services personally for the agency.

“Our evidence reveals a number of areas where firms [in the Cleaning sector] may not be taking reasonable steps to protect workers... A small number of workers reported that their employer had failed to consider reasonable adjustments following ill health.

One worker reported that despite an occupational health assessment suggesting the worker met the definition of disability, the employer failed to discuss the reasonable adjustments needed,” (pp. 28).

EHRC (2014) *The Invisible Workforce: Employment Practices in the Cleaning Sector Findings Report*, Equality and Human Rights Commission. Available: http://www.equalityhumanrights.com/sites/default/files/publication_pdf/The%20Invisible%20Workforce%20Full%20Report%2008-08-14.pdf

Our findings show that there are no adverse effects of the labour market enforcement proposals on individuals with this protected characteristic. If implemented, evidence shows that there are most likely to be disproportionate positive impacts felt among employees as a result of greater protection, particularly in the Care and Cleaning sectors.

Age

As shown in Table 1.3, individuals employed in the Hospitality, tourism and sport sector (36%) are more than twice as likely to be aged 16-24 in comparison with the economy as a whole (14%). There were almost 700,000 employees reported in the Hospitality, Tourism and Sport sector aged 16-24 years in 2014.

Low-skilled or elementary occupations are generally more likely to be held by employees aged 16-24 (27%) compared to the economy overall in Great Britain (GB) (14%). Labour Force Survey data (2014) indicates that there are just over 3 million low-skilled jobs in the economy, over a quarter of which are held by individuals aged under 25.

On average, more Care and Cleaning sector employees (32% respectively) are aged over 50 years than the all-sector average (28%). There were more than 500,000 reported Care sector employees aged over 50 in Great Britain in 2014.

Table 1.3: Employment in sectors more commonly associated with exploitation in the labour market by age group

Common labour market factors associated with exploitation, Great Britain	Number of employees†	16-24 years	25-34 years	35-49 years	50+ years
<i>Construction sector (SIC* 41, 42, 43 and 71)</i>	1,735,000	11%	27%	35%	28%
<i>Hospitality, tourism and sport (SIC 55, 56, 79, 92 and 93)</i>	1,941,000	36%	26%	24%	14%
<i>Care (SIC 87 and 88)</i>	1,694,000	12%	21%	36%	32%
<i>Agriculture (SIC 01, 02, 03, 75)</i>	210,000	14%	27%	30%	29%
<i>Cleaning sector (SIC 81.2)</i>	278,000	11%	20%	37%	32%
<i>Working in low-skilled jobs**</i>	3,047,000	27%	21%	28%	25%
<i>Working for an agency††</i>	768,000	19%	25%	32%	24%
<i>Economy overall, Great Britain</i>	25,572,000	14%	24%	35%	28%

Source: ONS Labour Force Survey 2014

*Sectors are defined by ONS Standard Industrial Classification Codes.

** Low-skilled occupations are defined by ONS Standard Occupational Classification codes major group 9, 'elementary occupations.'

†Rounded to the nearest thousand. †† As defined in the Agency Workers Regulation 2010 "agency worker" means an individual who: (a) is supplied by a temporary work agency to work temporarily for and under the supervision and direction of a hirer; and (b) has a contract with the temporary work agency which is: (i) a contract of employment with the agency, or any other contract to perform work and services personally for the agency.

“There is evidence from the HMRC Minimum Wage Compliance Unit that employers within the hotel sector are failing to meet requirements and are using increasingly innovative and complex methods to avoid paying a fair wage,” (pp. 2)

Balch, A. (2014) Tackling exploitation and forced labour in the UK hotel sector, University of Liverpool and the Centre for the Study of International Slavery. Available:

<http://www.gla.gov.uk/PageFiles/1602/Tackling%20exploitation%20and%20forced%20labour%20in%20the%20UK%20hotel%20sector.pdf>

There are most likely to be some disproportionate positive impacts felt among younger and older individuals as a result of implementing labour market enforcement legislation to tackle non-compliance. These reforms intend to provide greater protection for workers at risk of exploitation.

Race

Table 1.4 shows that in 2014, 11% of employees across Great Britain identified with an ethnic minority group¹⁰. Among areas in the labour market where evidence suggests individuals are at greater risk of exploitation, Agency work (22%), Cleaning (20%) and Hospitality, tourism and sport (15%) sectors have a greater proportion of employees that identified with an ethnic minority group compared with the economy as a whole (11%).

Table 1.4 Employment in sectors more commonly associated with exploitation in the labour market by ethnicity

<i>Common labour market factors associated with exploitation, Great Britain</i>	<i>Number of employees†</i>	<i>White</i>	<i>Mixed</i>	<i>Asian or Asian British</i>	<i>Black or Black British</i>	<i>Chinese or other ethnic groups</i>
<i>Construction sector (SIC* 41, 42, 43 and 71)</i>	<i>1,735,000</i>	<i>94%</i>	<i>***</i>	<i>4%</i>	<i>***</i>	<i>***</i>
<i>Hospitality, tourism and sport (SIC 55, 56, 79, 92 and 93)</i>	<i>1,941,000</i>	<i>85%</i>	<i>2%</i>	<i>7%</i>	<i>2%</i>	<i>4%</i>
<i>Care (SIC 87 and 88)</i>	<i>1,694,000</i>	<i>86%</i>	<i>***</i>	<i>6%</i>	<i>7%</i>	<i>1%</i>
<i>Agriculture (SIC 01, 02, 03, 75)</i>	<i>210,000</i>	<i>96%</i>	<i>***</i>	<i>***</i>	<i>***</i>	<i>***</i>
<i>Cleaning sector (SIC 81.2)</i>	<i>278,000</i>	<i>80%</i>	<i>***</i>	<i>***</i>	<i>9%</i>	<i>***</i>
<i>Working in low-skilled jobs**</i>	<i>3,047,000</i>	<i>86%</i>	<i>1%</i>	<i>6%</i>	<i>4%</i>	<i>3%</i>
<i>Working for an agency††</i>	<i>768,000</i>	<i>78%</i>	<i>***</i>	<i>9%</i>	<i>9%</i>	<i>***</i>
<i>Economy overall, Great Britain</i>	<i>25,572,000</i>	<i>89.1%</i>	<i>1%</i>	<i>5.5%</i>	<i>2.6%</i>	<i>1.8%</i>

Source: ONS Labour Force Survey 2014

*Sectors are defined by ONS Standard Industrial Classification Codes.

** Low-skilled occupations are defined by ONS Standard Occupational Classification codes major group 9, 'elementary occupations.'

*** Sample size too small for reliable estimate.

†Rounded to the nearest thousand. †† As defined in the Agency Workers Regulation 2010 "agency worker" means an individual who: (a) is supplied by a temporary work agency to work temporarily for and under the supervision and direction of a hirer; and (b) has a contract with the temporary work agency which is: (i) a contract of employment with the agency, or any other contract to perform work and services personally for the agency.

¹⁰ Ethnic minority group is defined as all other ethnic groups outside of White British.

Labour Force Survey data (2014) show non-UK born individuals in employment make up 15% of the GB workforce. The reliance on an international supply of labour is greatest in the Agency work (35%) and Cleaning (33%) sectors.

Similarly, employees in low-skilled or elementary occupations (24%) and Hospitality, tourism and sport (24%) sectors are more likely to be born outside the UK than the all-sector average. A number of consultation responses reported workers born outside of the UK as a group particularly at risk of exploitation in the labour market.

Table 1.5: Employment in sectors more commonly associated with exploitation in the labour market by country of birth

Common labour market factors associated with exploitation, Great Britain	Number of employees†	UK	EEA	Non-EEA
<i>Construction sector (SIC* 41, 42, 43 and 71)</i>	1,735,000	90%	4%	6%
<i>Hospitality, tourism and sport (SIC 55, 56, 79, 92 and 93)</i>	1,941,000	76%	10%	14%
<i>Care (SIC 87 and 88)</i>	1,694,000	84%	5%	12%
<i>Agriculture (SIC 01, 02, 03, 75)</i>	210,000	81%	***	***
<i>Cleaning sector (SIC 81.2)</i>	278,000	67%	13%	19%
<i>Working in low-skilled jobs**</i>	3,047,000	76%	12%	13%
<i>Working for an agency††</i>	768,000	65%	15%	20%
Economy overall, Great Britain	25,572,000	85%	6%	10%

Source: ONS Labour Force Survey 2014

*Sectors are defined by ONS Standard Industrial Classification Codes.

** Low-skilled occupations are defined by ONS Standard Occupational Classification codes major group 9, 'elementary occupations.'

†Rounded to the nearest thousand. †† As defined in the Agency Workers Regulation 2010 "agency worker" means an individual who: (a) is supplied by a temporary work agency to work temporarily for and under the supervision and direction of a hirer; and (b) has a contract with the temporary work agency which is: (i) a contract of employment with the agency, or any other contract to perform work and services personally for the agency.

“The Low Pay Commission estimates show that around 11.3% of migrant workers’ jobs were paid at or below the minimum wage, compared with 7.4% of jobs for UK-born workers,” (pp. 157).

MAC (2014) *Migrants in Low-skilled Work: The growth of EU and non-EU labour in low-skilled jobs and its impact on the UK*, Migration Advisory Committee. Available:

<https://www.gov.uk/government/publications/migrants-in-low-skilled-work>

We conclude that there are no adverse effects of these proposals on individuals with this protected characteristic. Analysis suggests employment of non-UK born individuals is greatest in the Agency work, cleaning, elementary occupations and Hospitality, tourism and sport sectors. Tackling instances of non-compliance within the labour market intends to protect workers at most risk of exploitation. We consider the impacts of the labour market enforcement measures in relation to this protected characteristic to be disproportionately positive.

Religion or belief

In Great Britain, the composition of religion or belief among areas of the economy more likely to report labour market exploitation is broadly comparable to the general population of employees. As per Table 1.6, employees in the Agriculture sector (67%) are more likely to be Christian than across the workforce more generally (55%). Employees in the Construction sector are slightly more likely to state ‘no religion’ compared with employees across the economy overall.

Table 1.6: Employment in sectors more commonly associated with exploitation in the labour market by religion or belief

Common labour market factors associated with exploitation, Great Britain	Number of employees†	No Religion	Christian	Buddhist	Hindu	Jewish	Muslim	Sikh	Any Other Religion
<i>Construction sector (SIC* 41, 42, 43 and 71)</i>	1,735,000	40%	56%	***	***	***	2%	***	***
<i>Hospitality, tourism and sport (SIC 55, 56, 79, 92 and 93)</i>	1,941,000	38%	52%	***	1%	***	5%	***	1%
<i>Care (SIC 87 and 88)</i>	1,694,000	35%	58%	***	***	***	3%	***	2%
<i>Agriculture (SIC 01, 02, 03, 75)</i>	210,000	32%	64%	***	***	***	***	***	***
<i>Cleaning sector (SIC 81.2)</i>	278,000	31%	58%	***	***	***	***	***	***
<i>Working in low-skilled jobs**</i>	3,047,000	35%	56%	1%	2%	***	5%	***	1%
<i>Working for an agency††</i>	768,000	32%	56%	***	***	***	6%	***	***
Economy overall, Great Britain	25,572,000	37%	55%	0%	2%	0%	3%	1%	2%

Source: ONS Labour Force Survey 2014. *Sectors are defined by ONS Standard Industrial Classification Codes. ** Low-skilled occupations are defined by ONS Standard Occupational Classification codes major group 9, 'elementary occupations.' *** Sample size too small for reliable estimate.

†Rounded to the nearest thousand. †† As defined in the Agency Workers Regulation 2010 "agency worker" means an individual who: (a) is supplied by a temporary work agency to work temporarily for and under the supervision and direction of a hirer; and (b) has a contract with the temporary work agency which is: (i) a contract of employment with the agency, or any other contract to perform work and services personally for the agency.

The Labour Market Enforcement proposals preventing serious labour market exploitation is a policy change that will not have any adverse effects on individuals with this protected characteristic. The composition of religion or belief among areas of the economy more likely to report labour market exploitation is broadly comparable to the general population of employees.

Other protected characteristics

The Labour Force Survey is the main source of data used in this document, since it is the only comprehensive survey providing data sufficient to undertake equality analysis of the Labour Market Enforcement measures. The Labour Force Survey does not provide data enabling us to analyse the labour market by sexual orientation, gender reassignment, pregnancy and maternity, however, and BIS has no other source for this.

Our earlier assessment of the equality impacts of this policy for the protected groups we do have data for suggests that there would be **no direct, adverse equality impact** on the other protected groups.

Indeed, our analysis of the proposals suggests that there will be significant benefits from these measures across society, including disproportionate positive impacts on all protected groups.

Family test

We have considered the 'Impact on Families test.' Due to the fact that the proposals are directed at non-compliant employers and businesses, we conclude that the labour market enforcement reforms fall out of scope for this test.

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