



HM Government

United Kingdom Labour Market Enforcement Strategy 2022/23

Director of Labour Market Enforcement

Margaret Beels

March 2023



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Margaret Beels

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March 2023



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Foreword

I am pleased to present the Labour Market Enforcement Strategy for 2022/23, my first annual strategy since being appointed on 22 November 2021. This strategy is directed at the three enforcement bodies within my remit: the Employment Agency Standards Inspectorate (EAS), the Gangmasters and Labour Abuse Authority (GLAA) and the National Minimum Wage Team within Her Majesty's Revenue and Customs (HMRC NMW).

The Immigration Act 2016 requires the Director to submit a strategy each year before the end of March. In the time since my appointment, there has been limited time to undertake the full processes that normally would be undertaken before presenting my strategy to the Secretary of State for Business, Energy Innovation and Skills (BEIS) and the Home Secretary for their approval. I therefore am characterising this as an interim strategy. In April I will be commencing work on my strategy for 2023/24.

An early priority for me on arrival in office was to progress the publication of the last two strategies of my predecessor, Matthew Taylor CBE. Although they had been submitted to the Departments on time, the process for securing ministerial approval and publication had been delayed by factors such as the impact of the pandemic, by the protracted nature of the approval process and by the nine-month gap between my predecessor's departure and my own appointment. The DLME strategies for 2020/21 and 2021/22 were published on 13 December 2021.

The 2020/21 Strategy had a sectoral theme focusing on four high-risk sectors: Social Care, Seasonal Workers in Agriculture, Construction and Hand Car Washes, and contained 19 recommendations directed at the three enforcement bodies and their sponsoring departments. The 2021/22 Strategy contained 12 recommendations covering six themes: Risk Modelling, Sector Based Working, Managing Compliance Risk associated with Changes in the Labour Market, Managing Shared Challenges, Online Recruitment and Immigration and Labour Market Enforcement.

My assessment is that all the recommendations in the 2020/21 and 2021/22 Strategies remain relevant. I have reached this view having undertaken a series of stakeholder meetings between December 2021 and February 2022 meeting representatives from businesses, trade unions, NGOs, and recruitment companies as well as through discussions with the three enforcement bodies and their sponsoring departments. I have also taken into account the latest assessment of the scale and nature of non-compliance from my Office.

Accordingly, this interim strategy builds on the themes in the last two strategies focusing on those recommendations where current labour market developments amplify the need for action. This strategy does not make any new recommendations.

The Government's ambition to create a Single Enforcement Body (SEB), joining together the three enforcement bodies was confirmed in the Government's response to its consultation published in June 2021. While timescales for delivery of this ambition remain dependent on the availability of Parliamentary time, this strategy seeks to pave the way towards the SEB, building on the joint activities and discussions that have already taken place. I have reconvened the Director of Labour Market Enforcement Board, which includes senior representatives of the three bodies and the sponsoring departments. It will have oversight of the implementation of the agreed Recommendations from the last two Director's Strategies.

I would like to thank the many internal and external stakeholders who have welcomed me to my new role and have been generous in providing time and documentation to assist me in getting fully up to speed. I would particularly thank colleagues from the three enforcement bodies and the sponsor departments. I am looking forward to getting out and about more in the spring and summer of this year gathering views and insights to use in shaping my strategy for 2023/24. I am aiming to submit this to ministers in September 2022 in the hope that it can be approved in good time before the start of the 2023/24 business year.

Finally, I would like to thank the small ODLME team led by Tim Harrison for their extensive support in preparing this document: Steven Ayres, Mark Birch, Michael Flynn, Ellie-May Leigh, Alison Smith, and Joey Ward.



Margaret Beels OBE
Director of Labour Market Enforcement
Submitted to Government on 31 March 2022

Executive Summary

In the five years since the Office of the Director of Labour Market Enforcement was created significant changes to the economic landscape in the UK are posing some new and quite different challenges for labour market enforcement. Some of this has resulted from major events such as COVID-19 and, more recently, the crisis in Ukraine. Others stem from domestic policy change, including Brexit and a new immigration system geared away from low-skilled labour, and new rules around off payroll working arrangements. Running alongside all of this has been longer-term technological change and the impact it is having on the modern labour market with the growth of the gig economy and online recruitment.

Legislators and the enforcement bodies will not only need to keep pace and adapt quickly, but also to counter the threat from unscrupulous employers looking to exploit the regulatory gaps that such change brings.

This interim strategy – my first since my appointment in November 2021 – focuses squarely on the emerging threats posed by these shifting labour market dynamics. Many of these threats are known and already impacting on workers, while others are raised here as a precaution so that the enforcement bodies are ahead of the curve in understanding and, if necessary, tackling these threats. At the same time, this strategy also considers what has been learned over the last five years to reinforce the most effective strategic elements of labour market enforcement.

Work on a fuller strategy for 2023/24 will commence in spring 2022 to evidence better how these changes are manifesting themselves and to propose ways of handling them. My aim is to deliver this in autumn 2022 to align with business planning of the enforcement bodies and hence speedier implementation of its recommendations.

Central to that work and presented in this strategy are four key themes:

- **Improving the radar picture:** our understanding of the scale and nature of labour non-compliance remains partial. My Office is launching a major research study in spring 2022 that will help fill some of the overall picture, but the enforcement bodies themselves also need to have a better understanding of the extent of the threat of exploitation that workers are facing;
- **Improving focus and effectiveness:** in a tight public spending climate, the enforcement bodies will need a much sharper focus on prioritising their resources and to adopt a more systematic approach to understanding where their interventions work best;

- **Better joined-up thinking:** as well as delivering to their own remits, the enforcement bodies, working with other partners from law enforcement and elsewhere, need to take a more holistic approach to tackling issues across the labour market. Work led by ODLME's Strategic Coordination Group is already underway to coordinate activity better in three high-risk sectors: care, construction, and hand car washes;
- **Engagement and support:** the majority of employers want to get it right but also want to operate on a level playing field. What more can be done to build on initiatives that promote best practice? We also must ensure that workers have access to better information and support to enforce their rights.

This interim strategy focuses on what I believe to be the priority recommendations from the 2020/21 and 2021/22 Labour Market Enforcement (LME) Strategies published in December 2021. It highlights where I believe the enforcement bodies and sponsor departments should be focusing their efforts over the coming year. There are no new recommendations in this strategy.

This year I have also committed to leading a comprehensive review of Operation Tacit to capture lessons from the multi-agency response to non-compliance in the garment industry since 2020.

Finally, although the proposed Single Enforcement Body (SEB) did not feature in the Queen's speech setting the government's legislative programme for 2022/23, I remain hopeful that parliamentary time will be found as soon as possible to deliver on this manifesto commitment. If so, I again draw attention to previous ODLME recommendations that the government will wish to consider as part of the SEB's design. I very much hope that I will be fully involved in that SEB transition work.

Section 1: Introduction

This is the sixth Labour Market Enforcement Strategy, but the first under my tenure as Director of Labour Market Enforcement.

This document is very much an interim strategy, as the timing of my appointment in late 2021 left insufficient time for me to undertake a full strategy to be delivered before the start of the 2022/23 financial year.

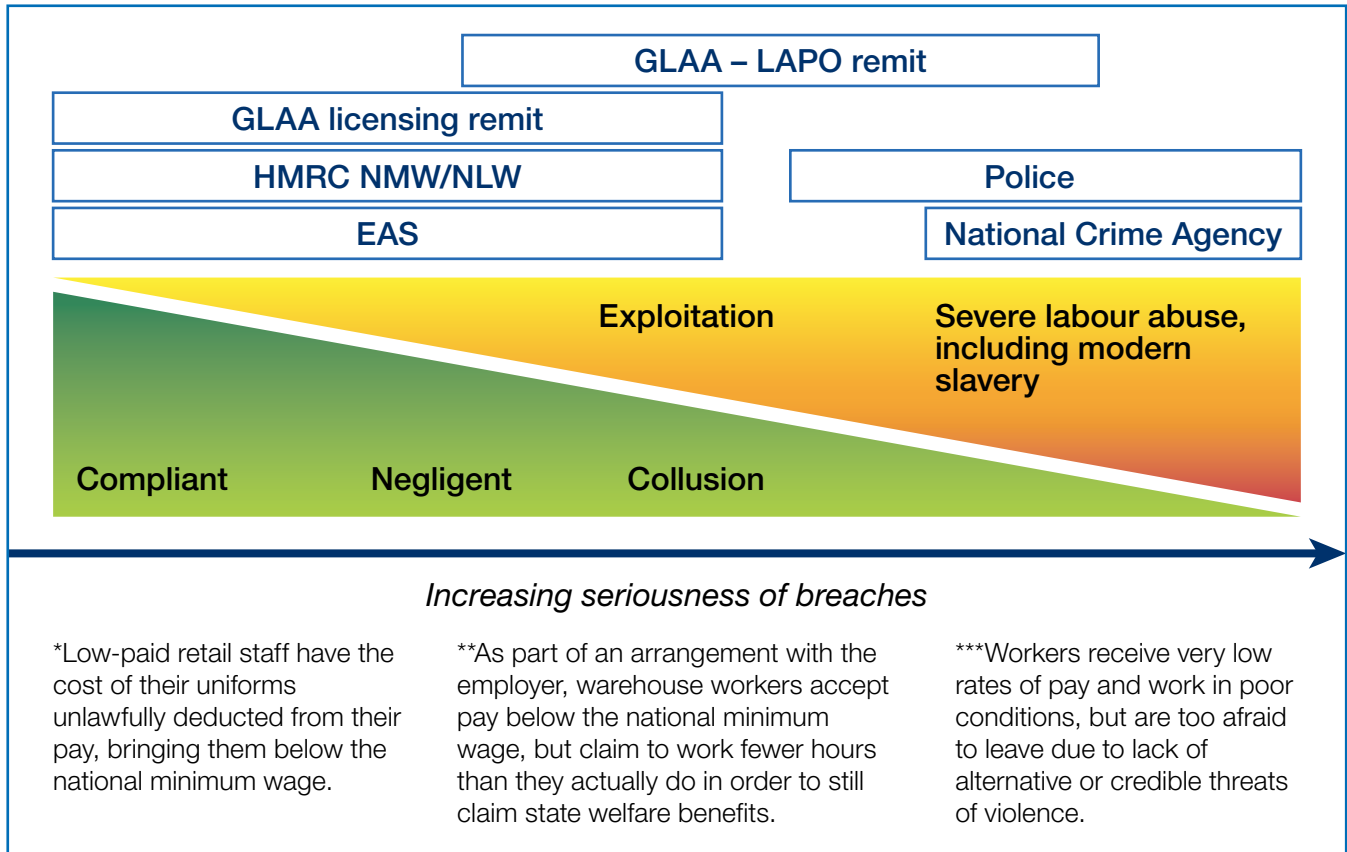
Instead, this strategy focuses on the key emerging non-compliance threats in the labour market and what I view as the priority recommendations from the last two LME Strategies (2020/21 and 2021/22).

1.1 Role of the Director of Labour Market Enforcement

The Immigration Act 2016 provided for the appointment of a Director for Labour Market Enforcement, who is charged with bringing together a coherent assessment of the extent of labour market exploitation, identifying routes to tackle exploitation and harnessing the strength of the three main enforcement bodies: HMRC National Minimum Wage (HMRC NMW), the Gangmasters and Labour Abuse Authority (GLAA) and the Employment Agency Standards Inspectorate (EAS).

The role covers the whole spectrum of labour market enforcement offences from minor mistakes and negligence, all the way to severe labour exploitation and modern slavery. Figure 1.1 sets out how my remit, and that of the enforcement bodies, spans the compliance spectrum.

Figure 1.1: The spectrum of non-compliance



Under the legislation, the Director must:

- produce an annual labour market enforcement strategy, approved by BEIS and Home Office Secretaries of State, to set priorities for the three main enforcement bodies;
- develop the DLME Information Hub;
- produce an annual report setting out for Ministers how, collectively, the enforcement bodies performed relative to the Ministerially agreed strategy from the previous year.

1.2 Labour Market Enforcement

DLME operates within a complex landscape for the enforcement of workers’ rights.

Figure 1.2: Fragmentation of labour market enforcement system (DLME, 2019)

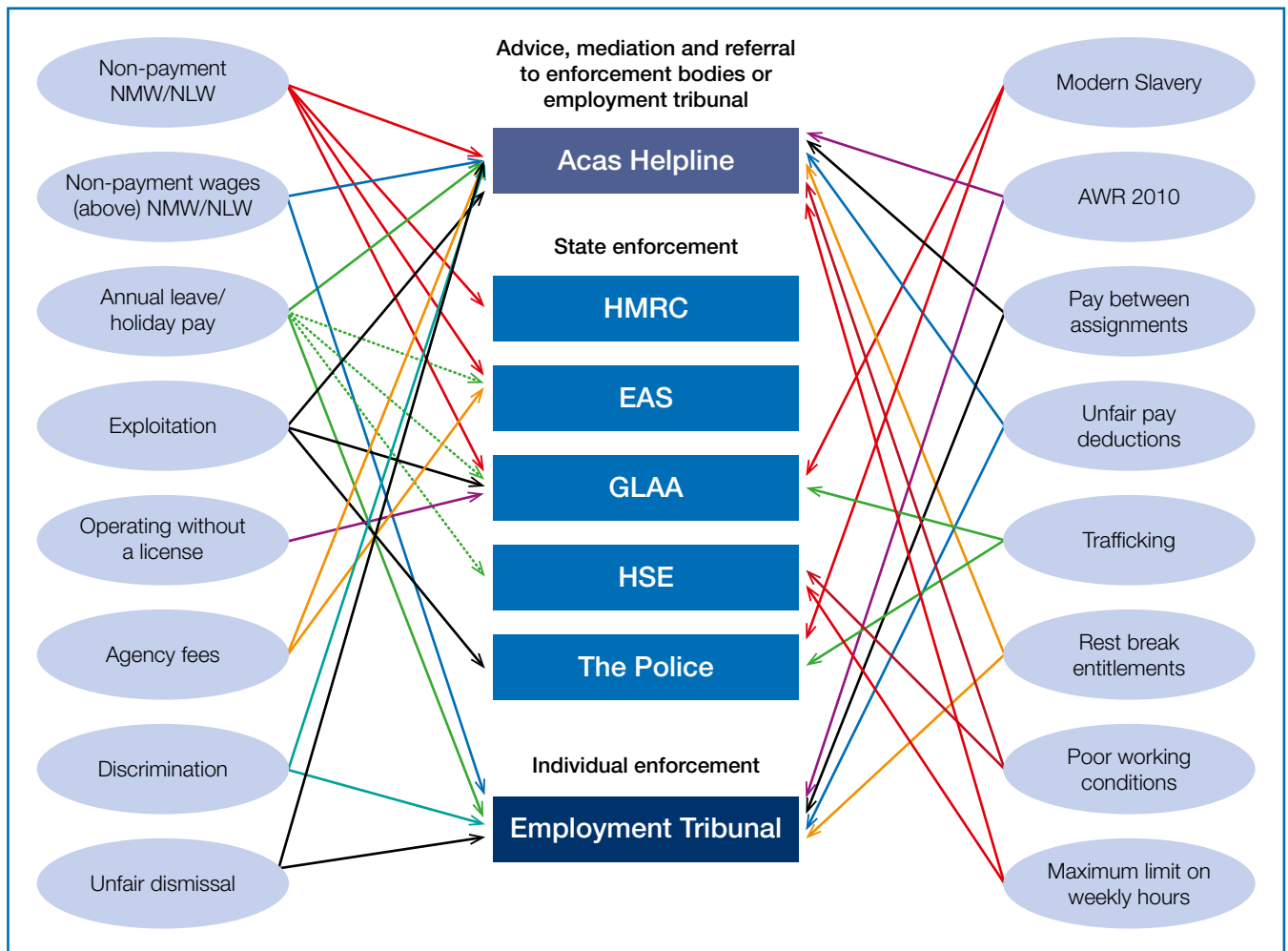


Figure 1.2 above emphasises just how complex the current system is for workers and correspondingly how difficult it can be for workers to get help and seek redress. Workers who need help or who wish to pursue complaints require extensive understanding of the respective remits of the bodies and routes to pursue their claims. The proposed Single Enforcement Body (SEB) is a step towards simplification, but the diagram also demonstrates the need in the immediate term for joined up thinking between enforcement bodies to help workers navigate the processes and make them more straightforward.

1.3 Timescales and methodology

The DLME Strategies for 2020/21 and 2021/22 were finally published in December 2021. I believe that the recommendations in these strategies remain relevant and have taken the view that adding additional recommendations in this Strategy for the enforcement bodies to implement at this time would detract from making progress with the previous strategies and would not be helpful.

This interim strategy covering 2022/23 paves the way for a full LME Strategy I aim to deliver in the autumn of 2022 which will cover 2023/24. This timing should align better with the business planning cycles of the three enforcement bodies allowing for speedier implementation, while still providing time for agreement and clearance of that strategy by ministers in the sponsor departments.

1.4 Structure of Strategy

The structure of the Strategy is as follows:

Section 2 sets out my current assessment of labour compliance in the labour market, highlights emerging risks and provides a short overview of the response of the enforcement bodies to counter these. More extensive supporting analysis and commentary is available in Annex A.

Section 3 presents the key themes I have identified where compliance and enforcement efforts should be prioritised in the near future and in doing so draws on recommendations from the two LME Strategies published in December 2021 (ODLME 2021a; ODLME 2021b). I am looking for demonstrable progress to be made regarding their implementation during the course of 2022.

Section 4 discusses briefly the proposed Single Enforcement Body (SEB) and again highlights recent recommendations that should be considered as and when the SEB is taken forward.

Section 5 presents my proposed workplan for 2022/23, though this will be subject to confirmation of ODLME funding for the next financial year.

Section 2: Labour market non-compliance and the enforcement response

2.1 Introduction

A key part of my remit is to set out an assessment of the scale and nature of non-compliance. In constructing this assessment, my Office has made use of both non-compliance and enforcement information from a wide range of sources including intelligence assessments, public data and performance reporting from the enforcement bodies. Given the hidden nature of non-compliance and challenges associated with collecting data, which have been exacerbated by the pandemic, this picture is inevitably incomplete. However, it provides essential context on the forces that are shaping the labour market and non-compliance within it.

The following section provides an overview of this assessment. It makes use of various tools including the ODLME sector risk model which provides more detailed information by sector and nature of harm and considers how the enforcement bodies are responding to current non-compliance risks. It also considers emerging threats, determined by recent and ongoing global and national factors, that are likely to be affecting the scale and nature of non-compliance, with key themes underpinning the enforcement response to these factors addressed in Section 3.

2.2 Estimated scale and nature of non-compliance

Previous LME Strategies have highlighted the challenges of accurately measuring the true scale of non-compliance, largely due to the hidden nature of violations and the difficulty in reaching and engaging with vulnerable workers at risk of exploitation (DLME, 2021a, 2021b). The analysis below therefore examines proxy data: the estimated level of minimum wage underpayment, National Referral Mechanism (NRM) referrals and data of the scale of “precarious work” in the UK.

To obtain a deeper and more complete understanding, my Office, in partnership with the Economic and Social Research Council (ESRC), is delivering a major ‘scale and nature’ research project to address this issue, which will aim to provide a robust and representative assessment of non-compliance. This research is expected to be underway in spring 2022 with reporting completed by late 2024. At this stage we will continue to make use of alternative sources to build up a picture of labour market non-compliance.

2.2.1 Minimum Wage Underpayment

Estimates of minimum wage underpayment are usually derived from the ONS’ Annual Survey of Hours and Earnings (ASHE). Due to the impact of the COVID-19 pandemic and the Coronavirus Job Retention Scheme (CJRS), these estimates have become less robust. The main reason for

this is that both the ASHE and the Labour Force Survey (LFS) – the primary sources of official statistics on employee pay – are not able to separate completely genuine cases of underpayment from reduced payments to furloughed workers.

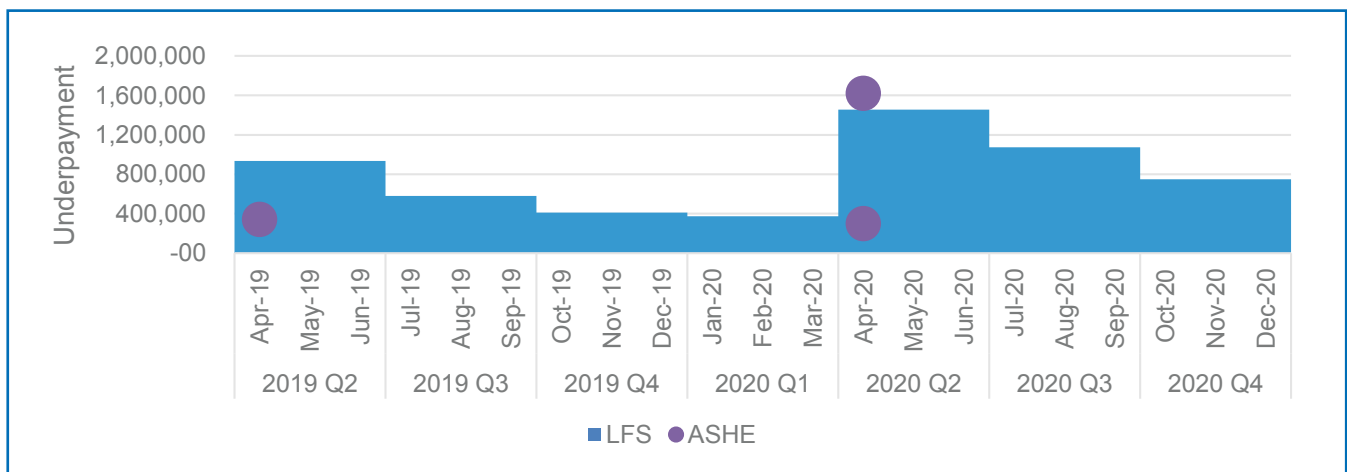
The Coronavirus Job Retention Scheme (CJRS) made grants to UK employers to cover up to 80% of the wages of employees and preserve employment relationships in cases where COVID-19 restrictions forced businesses to close or reduce their operations ('furlough'). Employers could choose to top these wages up. Where they did not, the derived hourly rate was artificially low and might appear to be below the statutory minimum wage. For example, a furloughed worker earning £10 per hour in February 2020 may have seen their pay reduced to 80% of pre-pandemic levels – lowering their earnings to £8 per hour or less than the National Living Wage (NLW). This should not be considered a true hourly rate, as these workers did not work any hours in the reference period (Low Pay Commission, 2020). Thus, including furloughed workers is likely to inflate estimates of underpayment, and excluding them is likely to miss a large and important cohort of low-paid workers.

This CJRS effect on estimated underpayment is observable in the data from the start of the scheme in April 2020 (Figure 4.1). According to ASHE:

- **Including furloughed workers**, estimated underpayment jumps from 345,000 in April 2019 to over 1.6 million in April 2020 – an almost fivefold increase.
- **Excluding furloughed workers**, estimated underpayment falls to 297,000 – a 14 per cent decrease.

The LFS (which surveys households) also shows a substantial increase in estimated underpayment in April 2020, followed by a fall in the second half of the year partially offsetting this effect.

Figure 2.1: ASHE and LFS underpayment of the NLW, UK, Q2 2019-Q4 2020



Source: Low Pay Commission (2021)

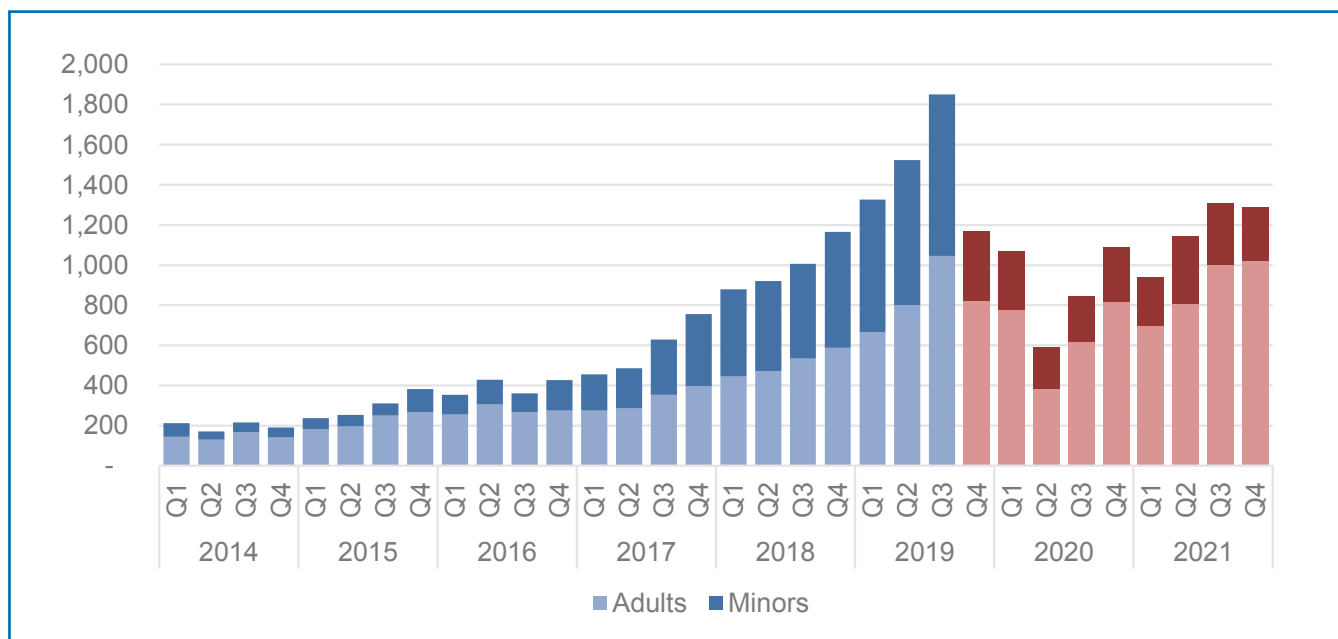
2.2.2 NRM referrals for Labour Exploitation and Modern Slavery

Referrals of potential victims of modern slavery under the National Referral Mechanism (NRM) fell during the early stages of the pandemic, with Q1 2020 representing the first quarter-on-quarter reduction since 2016 (Home Office, 2021). This was largely due to a reduction in referrals from Immigration Enforcement (IE) and UK Visas and Immigration (UKVI), correlating with a reduction in international travel due to border restrictions. It was also notable that, in the early stages of the pandemic, the number of referrals for children exceeded those for adults for the first time (MSPEC, 2021a).

Over the course of 2021, a record 12,727 potential victims of modern slavery were referred to the NRM, an increase of 20 per cent relative to 2020, reflecting a resumption of the longer-term trend of year-on-year increases.

In 2020/21 labour exploitation was the most commonly reported exploitation type among adult victims in the NRM (Home Office, 2021). Figure 2.2 shows the number of labour exploitation referrals for adults and minors since 2014. It should be noted that changes were made in October 2019 to how exploitation types for NRM referrals are recorded, therefore caution must be taken when comparing labour exploitation figures from before and after this change in reporting.¹

Figure 2.2: NRM Labour Exploitation Referrals for Adults & Minors



Source: Home Office NRM Statistics

Also of interest is a substantial increase in the number of Duty to Notify (DtN) reports – rising by 47 per cent from 2,175 in 2020 to 3,190 in 2021. The DtN process requires specific public authorities in England and Wales to notify the Home Office in cases where suspected adult victims of modern slavery have not consented to enter the NRM. Therefore, a spike in DtN reports raises concerns about the functioning of the system of support and questions about what deters people from entering it (MSPEC, 2022).

2.2.3 The Scale of Precarious Work in the UK

While it is important to note that precarity is not a proxy for non-compliance, it can provide some insight into the scale and nature of non-compliance.

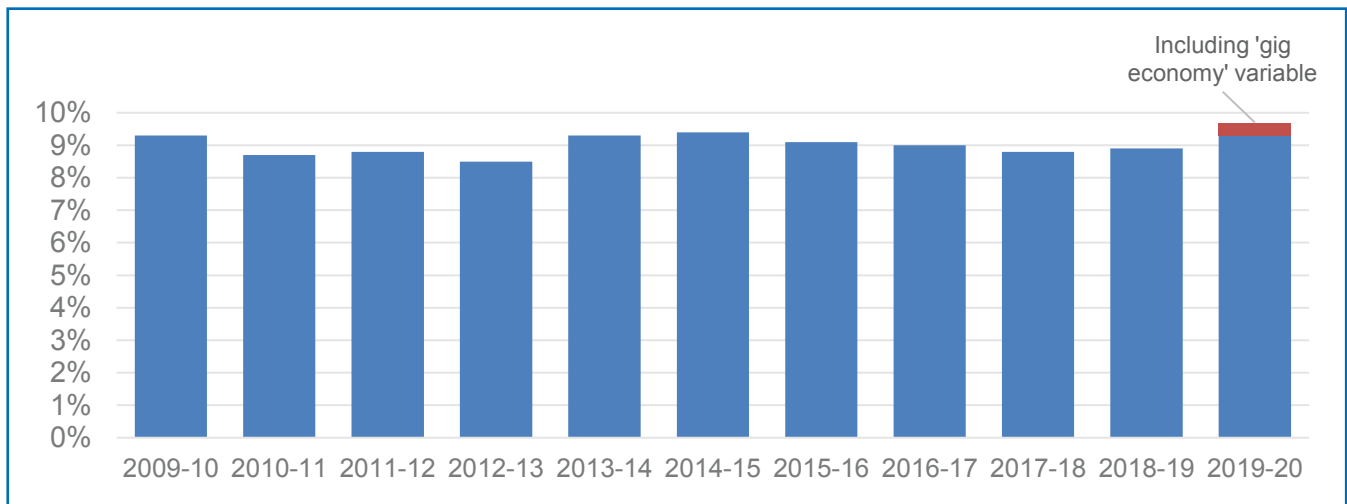
The concept of precarious work – defined by the International Labour Organization (ILO) as employment that offers compensation, hours, or security inferior to a “regular” job – is commonly referred to when considering labour market shifts in recent years. While a precarious job is not *necessarily* a non-compliant job, research suggests that those in precarious work may be at particular risk of non-compliance (see, e.g., Lewis et al., 2014; Scott et al., 2012; Scott, 2017).

¹ Changes have allowed for more detailed categorisation where multiple types of exploitation are present, particularly through the separation of criminal exploitation from labour exploitation. Thus from Q4 2019, certain victims who would previously have been considered in the labour exploitation category were now considered victims of criminal exploitation, including minors involved in so-called ‘county lines’. (NCA, 2022)

Research commissioned by this office aimed to establish the scale and nature of precarious work in the UK using the Understanding Society Survey (USS) (Posch et. al, 2021b). This study found that, between 2009 and 2018, there has been little variation in the scale of precarity, which has remained broadly around 9 in every 100 UK workers. However, a subsequent survey update has found a slight increase from 8.8 per cent in 2017-18 to 9.3 per cent in 2019-20.

This update also took advantage of new questions in the USS focused on “non-traditional” work. It asked specifically whether a person made any money in the past month using a website, platform, or app, such as carrying passengers, delivering food to people, providing a courier service, etc. When taking account of this ‘gig economy’ variable, the estimated scale of precarious work is increased further (9.7 per cent), in line with the known risks associated with work of this nature.

Figure 2.3: Precarious workers (per cent of UK workforce)



Source: Pósch, Scott, Cockbain and Bradford (2021)

2.3 ODLME Risk Model

The ODLME Risk Model is a central assessment of the risks and threats relating to industry sectors based on reporting, principally from the enforcement bodies, which is then aggregated to provide an overall picture. The Risk Model is used to inform the Strategy to capture data that demonstrates change in the overall risk scores.

The high-risk sectors are listed below in Table 2.1 in order of the impact of non-compliance, meaning the potential threat to the worker in that industry from the employer’s behaviour. The ODLME Risk Model collects wider information capturing the size of the industry as well as the scale of interventions in that industry. The impact of non-compliance illustrates some of the sectors at the top of the list are assessed to have a higher proportion of modern slavery or severe labour exploitation. Sectors towards the bottom of the list are where there is lower risk of modern slavery but there is still high deliberate and serious non-compliance.

The DLME Risk Model reports mainly on those industries with 2-digit Standard Industry Classification (SIC) codes. However, some subsectors are included due to their historical risk and threats, or specific occupations (e.g. modelling) or cross cutting threats (e.g. online job vacancies). This list does not show those sectors where the more prevalent non-compliant behaviour is lower harm, consisting of error or the incorrect implementation of legislation and regulations.

Box 2.1: Explanation of Risk Model Ratings

The impact of non-compliance is assessed using a range from A to E, to indicate the types of non-compliant behaviour. Higher levels of labour exploitation (modern slavery) are categorized as A, with the lowest levels of non-compliance due to error being scored as E. In between lie deliberate non-compliance (B), serious non-compliance (C) and low impact non-compliance (D).

Considering the respective remits of the three bodies, it is not always possible to assign a single threat categorization, such that:

- Sectors assessed as A report modern slavery as a minority proportion of non-compliant behaviour but the A score recognises the very high harm to the worker;
- Sectors scored as B have a smaller proportion of modern slavery behaviour, but heavily feature deliberate non-compliance.
- The B/C/D scores reflect where there is a wider scope of non-compliant behaviour and perspectives of the enforcement bodies vary due to their remit (e.g., GLAA will see higher harm behaviour where the principal risk for HMRC may be incorrect interpretation).

Table 2.1: Areas at highest risk of labour non-compliance

Sector / Occupation/ area of risk (the numbers reflect SIC Categories)	Impact of non-compliance
10 Manufacture of food products	A
81299 Cleaning services (other than disinfecting and extermination services) n.e.c. (Car washes)	A
52 Warehousing and support activities for transportation	A
01 Crop and animal production, hunting and related service activities	A
41 Construction of buildings	A
43 Specialised construction activities	A
14 Manufacture of wearing apparel	B
13 Manufacture of textiles	B
03110: Marine fishing	B
Models	B
IT/Online	B
Horticulture	B
38 Waste collection, treatment and disposal activities; materials recovery	B/C
32 Other manufacturing	B/C
56 Food and beverage service activities	B/C/D
47 Retail trade, except of motor vehicles and motorcycles	B/C/D
96020 Nail bars	B/C/D
49 Land transport and transport via pipelines	B/C/D
55 Accommodation	B/C/D
87 Residential care activities	B/C/D
56100 Restaurants and mobile food service activities	B/C/D

The high-risk sectors remain broadly the same as reported in previous strategies and are consistent with being high risk for stakeholders such as tax evasion and illegal working. There were no major changes to the ranking of high-risk sectors but the increase in online retail was highlighted as a risk of potential exploitation, through warehousing and delivery services. The GLAA assessed an increased risk from modern slavery due to the large increase in online retail during the pandemic. Demand for staff fulfilling these orders in warehouses has seen an associated increase in demand for delivery drivers for parcels and food. While these drivers are self-employed, there are risks that they are compelled to work to earn enough money and there are instances of subcontracting by drivers to employ their own network of drivers which could potentially result in exploitative practices.

The risk model findings are based on the collection of data from the financial year 2020/21 (hence until the end of March 2021). However, the intelligence and labour market picture has been highly dynamic since that point, so we note some changes that have occurred since the original data collection and which may influence future trends (see Section 2.5).

2.4 Enforcement Resource Deployment 2020/21 and 2021/22

2.4.1 Challenging environment: lower activity levels

As highlighted in the 2019/20 ODLME Annual Report (DLME, 2022), there is evidence that the overall level of enforcement activity reduced during the previous two financial years. The reduced activity throughout this period is the result of several factors, including as a direct result of the COVID-19 pandemic.

The coronavirus pandemic presented several challenges to the enforcement bodies' activities.

- Public health measures severely curtailed the use of in-person site visits for several months. Visits like these provide investigators with better information of the kind necessary to gather evidence for deliberate or severe non-compliance. This provides better insight into business activities and an opportunity to speak to workers on-site.
- The reduction in economic activity during this time, the shift to home working, and the number of staff placed on furlough will have reduced the visibility of many workers and will have contributed to fewer reports of non-compliance.
- Disruptions to business operations may have reduced businesses' ability to cooperate with investigations promptly, increasing the duration of investigations.
- That law enforcement agencies had to devote resources to enforcing public health measures may have reduced their capacity to investigate labour market abuses and led to a reduction in the number of intelligence reports coming to labour market enforcement bodies.

I would like to commend and thank the three labour market enforcement bodies for their diligence in seeking to overcome all these challenges.

According to figures published by BEIS (2022), in the financial year 2020/21, HMRC NMW closed around 600 (20%) fewer cases, and found around 250 fewer cases with arrears than the year before, the first year-on-year decrease in enforcement activity since 2012. While HMRC NMW have not yet reported all data for the 2021/22 financial year the number of closed cases will likely be similar to the 2020/21 outturn.

Some of the reduction in enforcement activity reflects diversion of resources to educational activity and lower overall staff numbers. The diversion in activity is partly reflected in the greater share of cases where arrears were assessed in whole or in part by self-correction, which has

increased steadily since 2017 despite the closure of the Social Care Compliance Scheme. Continued successful education schemes could prevent the need for some investigations altogether by preventing companies slipping into arrears.

Despite the difficult operational environment, the GLAA came near to meeting many of its enforcement targets for the 2020/21 year. It identified more potential victims of non-compliance than the previous year and made more referrals under the NRM and DtN schemes. However, public health measures reduced the number of prosecutions it was able to carry out, and the money recovered for victims fell from over £160,000 in 2019/20 to under £15,000 in 2020/21 (GLAA 2021b).

The GLAA's quarterly reports suggest the enforcement activities declined during the 2021/22 financial year (GLAA 2022). As of December 2021, GLAA had identified 4,287 potential victims of labour market offences, lower than the 4,858 at this point in the previous financial year (GLAA 2021c). The GLAA had conducted 194 investigations as of December 2021, meaning it is unlikely to reach its target of 420 investigations by the end of March 2022. GLAA additionally report an increase in more complex cases, leading to longer investigations and a lower throughput.

EAS was able to clear a similar number of complaints in the 2021/22 year as in the previous two years. However, as highlighted in the 2019/20 Annual Report, EAS has only recently been able to recruit to fill all vacancies, reducing its ability to investigate cases. It completed fewer investigations than in previous years and sent fewer warning letters to employment agencies.

A reduction in overall enforcement activity reduces the chance of existing non-compliant behaviour being spotted and addressed, which could lead to more worker harm. Moreover, a typical model of deliberately non-compliant behaviour suggests some businesses weigh up the financial benefit they expect to gain from avoiding labour laws against the likelihood and size of penalty they would face if caught. It is possible that a reduction in enforcement activity could reduce the deterrent effect of labour market enforcement and lead to increased non-compliance over time.

2.4.2 Working in line with previous Labour Market Enforcement Strategies

The delayed publication of the 2020/21 and 2021/22 Strategies meant neither the enforcement bodies nor the government had the usual opportunity to review and respond to the recommendations of my predecessor, Matthew Taylor. Nonetheless, over the course of normal activity throughout the year, and coordination between the bodies, enforcement bodies have made several changes to their activities that reflect the recommendations of earlier Strategies.

The enforcement bodies demonstrably increased activities in the sectors considered to be most at risk. These were the construction, food processing, agriculture, and hand car wash sectors. Driven mainly by increases in open cases in the construction sector, high risk sectors accounted for around 13 per cent of new opened cases in the 2021/22 financial year to date, compared with around 9 per cent in 2020/21. Comparable data are not yet available for GLAA and EAS.

In addition, the enforcement bodies demonstrated effective joint-working capabilities, exemplified by Operation Tacit, the largest labour market enforcement exercise to have taken place in the UK. The operation's aim was to investigate allegations of severe labour exploitation in the Leicester garment manufacturing industry. It has involved over 300 site visits often conducted jointly by the GLAA, HMRC NMW and the Health and Safety Executive (HSE), as well as coordination with Leicester City Council, business representatives and government departments. An effective evaluation of this exercise is necessary to ensure enforcement bodies can build on this success.

The GLAA has increased its activity in the care sector which, while not one of the five highest-risk sectors in the DLME risk model, is a sector of concern given its large size and limited opportunities for outside observation. It is working jointly with other enforcement bodies,

particularly with EAS which presents an opportunity to improve outcomes for workers by combining the expertise and remits of these enforcement bodies. HMRC NMW also view the sector as one to keep under close scrutiny.

2.4.3 Improving Compliance

Although each of the three enforcement bodies adopts a different approach to compliance and enforcement, I have been encouraged by the increased focus they all have taken to pursuing compliance and promote activity. For example:

- EAS provides a range of information, using different formats, to support both businesses working in the recruitment sector and work-seekers. EAS typically take an educative approach focusing on supporting employers to be compliant for all but the most severe non-compliance cases. One mechanism to do this is the use of enforcement letters and phone calls to educate agencies. EAS has collaborated with a range of partners to build its public profile particularly around promoting the Key Information Document for agency workers, producing guidance to help agencies be compliant with EAS legislation (BEIS and EAS, 2019).
- GLAA adopt a mixed approach of compliance and deterrence; licensing is largely compliance based for labour providers. This includes working with partners such as Crimestoppers to conduct targeted social media campaigns; producing leaflets and web content available in several languages; issuing GLAA briefs targeted at labour providers; targeting community engagement; issuing a quarterly partnership bulletin; and launching a qualification for students (GLAA, 2021a). GLAA also operates two stakeholder liaison groups.
- NMW enforcement legislation does not differentiate between deliberate and non-deliberate non-compliance (taking a deterrence-based approach). However, HMRC has successfully amplified promote activity in recent years, via: sending bulk letters and SMS texts to hard-to-reach groups and low paid workers; webinars to support employers; campaigns surrounding annual NMW uprating and targeting communications to apprentice stakeholders and flagging underpayment risks; and mass mailshots to workers in key sectors such as textiles, fast food takeaways and cleaning.
- BEIS NMW has recently reviewed the *Calculating the Minimum Wage* guidance, simplifying its format, adjusting the language, adding a checklist for employers, providing more explicit examples and, alongside the re-introduction of the National Minimum Wage Naming Scheme in December 2020, adding an educational bulletin to highlight and explain common reasons for the Minimum Wage underpayment covered in Naming rounds.

I feel that the labour market enforcement bodies can go further and look forward to seeing evaluation evidence to support any further shift in resourcing towards increased compliance interventions.

2.4.4 Sectoral Approach to Enforcement

The ODLME chairs a Strategic Co-ordination Group (SCG) which has representatives from the three enforcement bodies as well as from Home Office, BEIS, DWP and HSE. The SCG has continued its work during the pandemic and is currently working to develop more comprehensive **sectoral approaches** to tackle persistent areas of non-compliance. The need for a sectoral based approach has been highlighted in previous LME Strategies (for instance, see: 2020/21 Recommendation 12; 2021/22 Recommendation 2), though the delayed publication of the strategy and the pandemic have pushed back implementation.

The SCG has identified the following three sectors to focus the joint enforcement effort:

- Construction

- Hand Car Washes
- Social Care

The Sectoral Approach is a medium to long term plan to tackle these threats seeking a measurable and sustained impact on non-compliance in these sectors. This timeframe also provides a mechanism to test sector-based working and a programme of work to inform the SEB should this be taken forward.

Though the enforcement bodies already possess an understanding of non-compliance in these sectors, the sectoral approach provides an opportunity to *collectively* appraise existing intervention activity and understanding to refresh the baseline assessment.

The baseline assessment feeds into the establishment of objectives, and the variety of activity needed to achieve those objectives. This may include:

- Activity by individual enforcement bodies to feed into the collective work;
- Joint working with enforcement bodies, with SCG stakeholders and with other law enforcement partners; and
- Involvement of wider stakeholders including industry, third sector organisations and worker representative groups.

That final point is key here: the role of wider partners is essential, as all stakeholders bring different perspectives to the table and one of my main objectives is to enhance the worker voice in tackling non-compliance.

This sectoral approach will also include a strong element of robust evaluation to ensure that lessons are learned as highlighted under Theme 2. There will also be ongoing monitoring and reporting throughout to my quarterly Labour Market Enforcement Board.

I recognise that for the enforcement bodies these sectoral approaches add further calls on their finite resources in complex sectors and recognise the commitment they have already made to this venture.

2.4.4.1 Construction

Non-compliance in the construction sector has been an area of focus in previous strategies. One of the defining issues with this sector is its complexity:

1. The sector is one of the largest employers in the UK with multiple different occupations and activities. This impacts on identifying workers at risk and their employment status.
2. There is a large population of self-employed workers and subcontracting making it difficult to establish oversight of the labour supply chain. The site of economic activity will frequently be different to where employment records are kept restricting the correlation of workers and their records.
3. Construction activity will vary from small scale house renovation projects to large scale infrastructure or housing developments. This impacts on the visibility of workers, as well as the timeframes and ability to access sites for the enforcement bodies safely. All these different elements will have varying levels of non-compliance.

Within the risk model, despite the complexity, activity is captured under the generic banner of 'construction.' This is too broad to provide a sufficient understanding to prioritise enforcement bodies' activities effectively. The construction sectoral method however adopts a more granular approach, by focusing on smaller subsectors or elements of the overall industry such as demolition and public procurement projects. Obtaining the requisite intelligence may be a

challenge but assessing the scale and nature of non-compliance in these subsectors will provide a better method of prioritisation and monitoring which can be brought together to present the overall picture of the sector.

Furthermore, the approach should look to learn from existing initiatives such as the GLAA Construction Protocol. Protocol members can play a crucial role in assisting the enforcement bodies' understanding of employment practices and operating patterns in the subsectors and to promote compliance.

2.4.4.2 Hand Car Washes

Both HMRC NMW and GLAA have operated extensively in this sector, yet it is still assessed as being generally non-compliant for labour issues. Hand car washes are also a high-risk sector for other stakeholders, with illegal workers at risk of severe exploitation as well as environmental issues from the run-off of water and suspected links to wider criminality such as money laundering.

The breadth of these threats shows the degree to which joint working can assist understanding of the overall assessment of the sector and develop the objectives to improve the industry. It is also an industry that promote activity has sought to inform consumers of the risks to workers and recognise that unreasonably low prices may be an indicator of non-compliance.

Here too there is scope to build on other initiatives such as the Responsible Car Wash Scheme, an industry-led scheme to raise standards, and the Clewer initiative that seeks to provide useful information about hand car washes where the operations cause concern to the customers.

2.4.4.3 Social Care

The social care sector is a heavily regulated industry in terms of care quality, but for labour market compliance this remains a high priority sector for us, again due to the gaps in enforcement. My contention is that there will be a link between care sector workers being exploited and poor care quality for vulnerable people in our community.

The care sector is one where margins are reported to be tight. This creates a risk that cost cutting on the part of those providing the service might lead to poorly qualified staff being recruited. As well as putting those cared for at risk, workers may also face higher risks themselves. Care workers may therefore be at risk of exploitation from an unscrupulous employer, agency, or employment business. An additional risk for workers is through the implementation of personal care budgets, where vulnerable persons with ongoing health issues are becoming employers themselves and so require additional guidance to understand their responsibilities.

Furthermore, the sector has seen reduced enforcement body activity because of the health and safety restrictions affecting access to worksites to protect vulnerable residents or housebound clients from contracting COVID-19. There is therefore an element of catch-up needed now for the enforcement bodies which is being acted upon. In late 2021 GLAA expanded investigations into the care sector. Workers on student visas have been found to be working substantially in excess of their permitted hours and being exploited with very low pay, poor accommodation and without the required qualifications.

The sectoral approach in these sectors seeks to improve compliance through working with other regulators such as the Care Quality Commission (CQC), Ofqual, local authorities and their equivalents in the devolved administrations.

2.4.5 Review of Operation Tacit

The sectoral approach can also be informed by the learning from Operation Tacit, the joint enforcement response to the allegations of labour violations in the Leicester garment industry in the summer of 2020. While enforcement investigations continue under Operation Tacit, the outcomes found so far indicate that the level of exploitation does not corroborate the initial allegations of widespread severe exploitation.

Given the scale of that operation and the unprecedented involvement of so many law enforcement agencies and other stakeholders there is a prime opportunity now to reflect on what has been learned and how an exercise such as this can inform future collaborative enforcement efforts.

While the enforcement bodies and departments involved with Operation Tacit will have been considering the lessons they can learn, **I have undertaken to lead a more comprehensive review of Op Tacit** working closely with those who took part and drawing on ODLME expertise, its existing relationships with the enforcement bodies and my independent status.

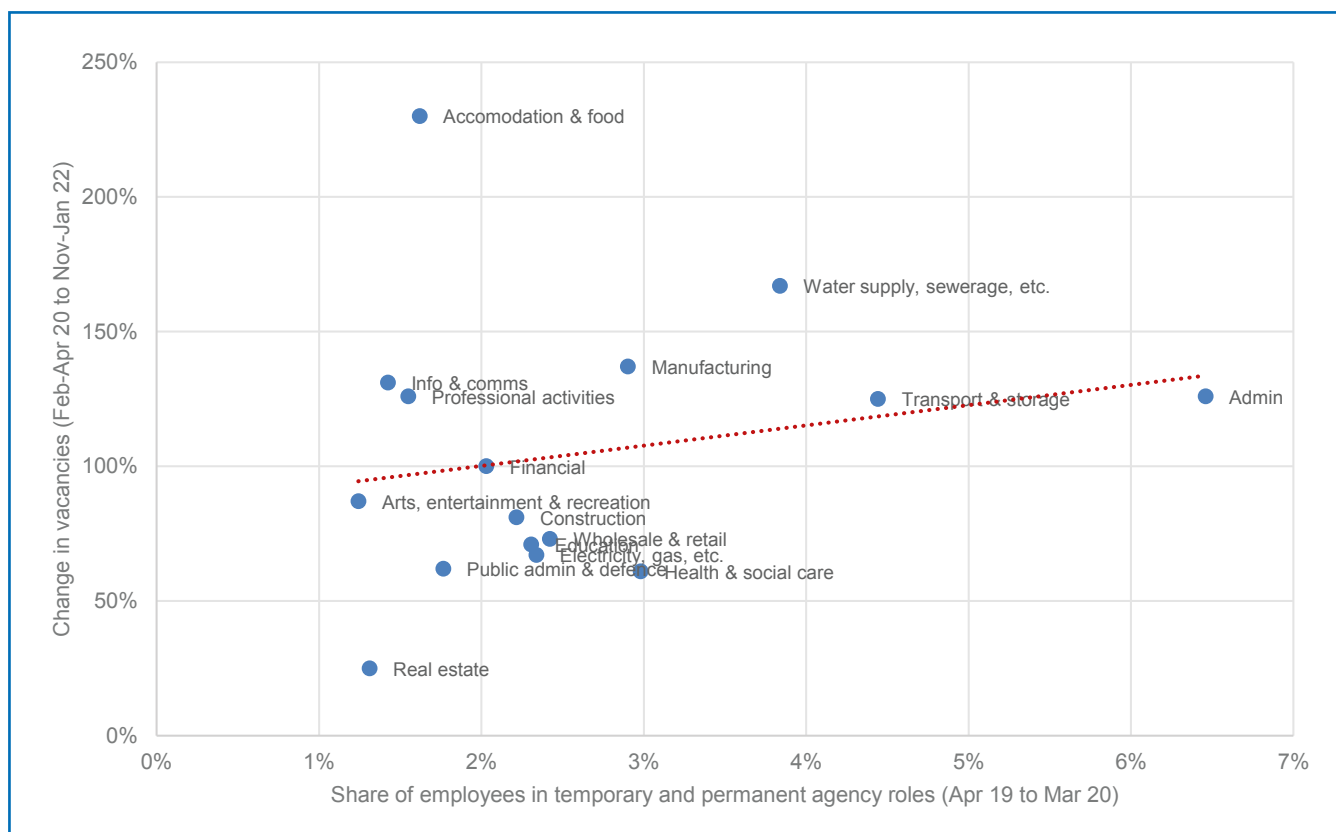
2.5 Emerging non-compliance threats

The UK economy and labour market are currently subject to a set of disruptive factors that have increased in recent years in both scale and severity. While the impacts of these factors are yet to be fully known and understood, I see it as a critical part of my role to remain vigilant to these changes and, where relevant to my remit, seek to work with the enforcement bodies to address these.

Building on the scale and nature discussion from the previous section, I set out below issues that may be – or may become – non-compliance risks.

2.5.1 Impact of labour shortage on compliance

Figure 2.4: Change in vacancies and pre-pandemic share of agency roles by sector



Source: ONS

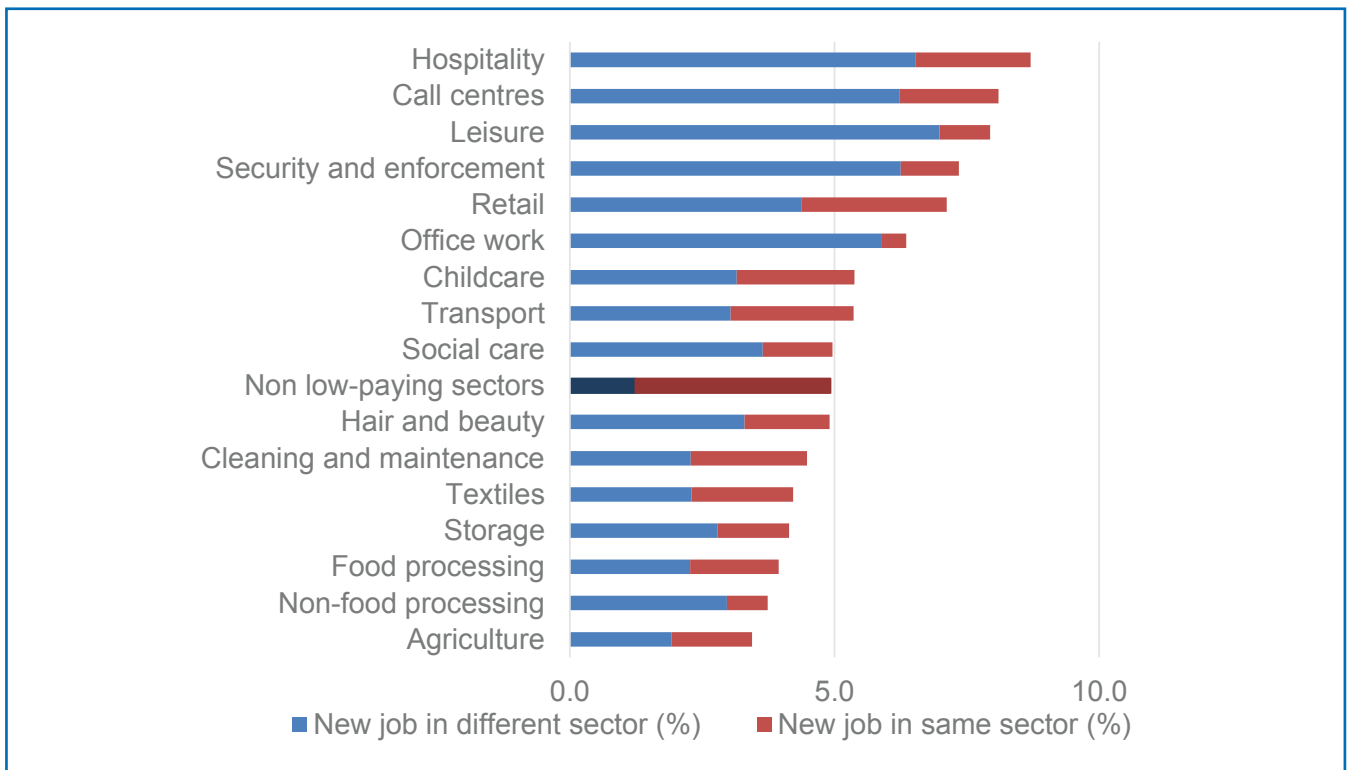
Since a pandemic-driven low in spring 2020, the number of UK job vacancies has surged to record highs, exceeding pre-pandemic levels by close to 60 per cent (ONS, 2022b). While robust labour demand is good news for workers as a whole, there are potential non-compliance risks that may be associated with the pressures that labour shortages exert on businesses. For instance, the Modern Slavery Policy and Evidence Centre (MSPEC) cites evidence revealing an increase in the risk of forced labour in supply chains that experienced demand spikes during the pandemic (MSPEC, 2021b). The International Labour Organization (ILO) has also outlined an expected global surge in firms using temporary employment in the economic recovery as a way to mitigate against volatile demand – resulting in “more precariousness” for many workers (ILO, 2022). The risk is most acute in certain sectors. Figure 2.4 above shows that the surge in vacancies has been strongest in sectors with a high share of agency roles before the pandemic, indicating a potential increase in precarious, temporary employment.

ONS data on online job adverts (ONS, 2022d) reveal that the job category with the largest increase in adverts relative to pre-pandemic levels is “transport, logistics and warehouse” (261 per cent increase). A 2019 study on the warehousing sector commissioned by this office found it to be at high risk of non-compliance due to widespread use of agencies, non-standard contracts, and business pressures. These pressures may be exacerbated by surges in demand and the sector’s “just-in-time” business model (Kik et al., 2019).

2.5.2 The end of the Coronavirus Job Retention Scheme (CJRS)

The CJRS was at the core of the government’s economic support package, offering grants to cover a proportion of the salaries of furloughed staff. Analysis suggests that the majority of furloughed workers were able to transition back into employment – 88 per cent of respondents who were furloughed in September were in work in October, with 8.5 per cent withdrawing from the labour force and just 3.4 per cent being unemployed (Resolution Foundation, 2021).

However, evidence from the ONS suggests that staff who were furloughed are almost twice as likely to be on zero-hour contracts (5 per cent as opposed to 2 per cent), and half as likely to have a flexi-time contract (7 per cent compared to 15 per cent). We cannot infer that the furlough scheme caused these differences – there are likely to be numerous pre-existing factors that affect the types of contracts held. However, it does imply layers of potential labour market disadvantage that link “non-standard” workers and furloughed status.

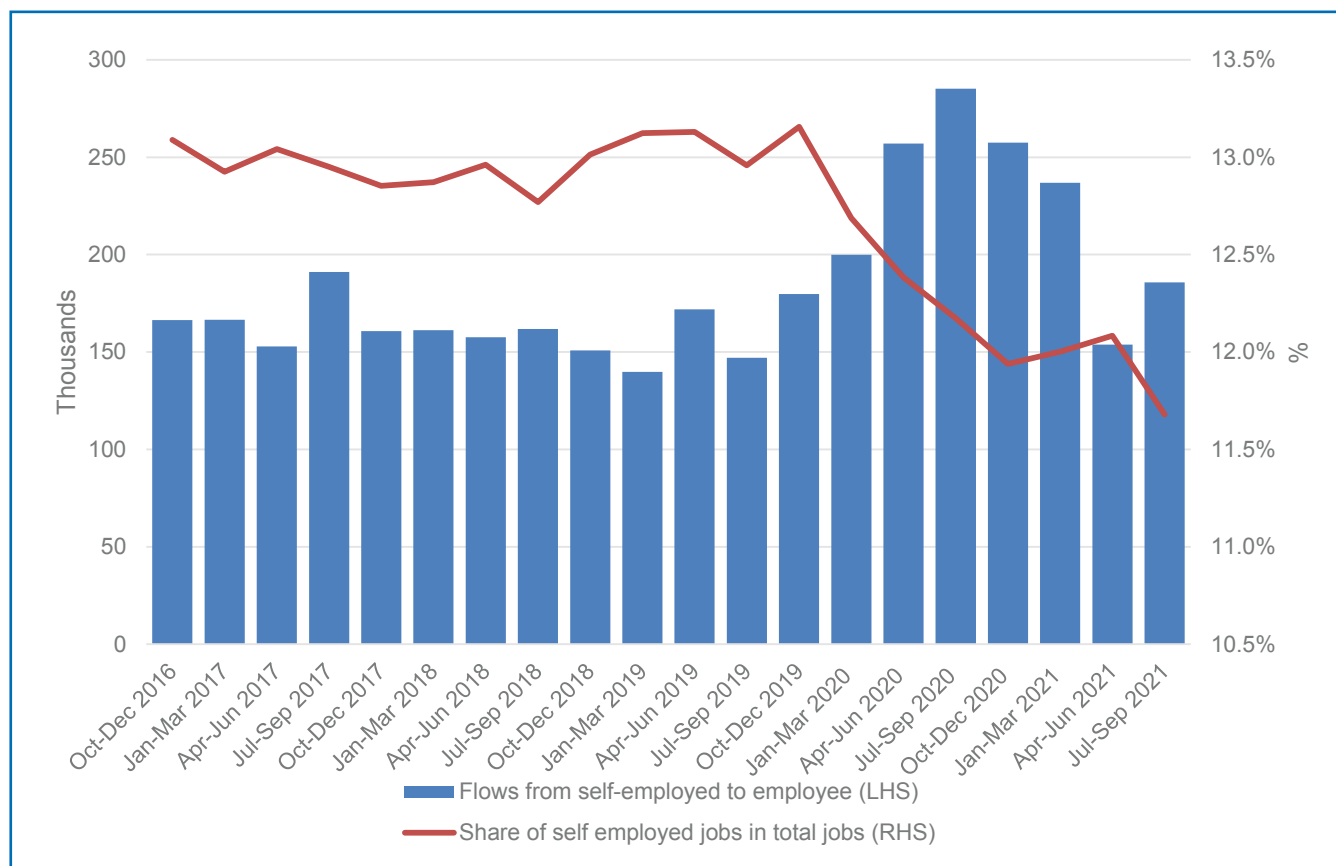
Figure 2.5: Destination of workers who were furloughed in 2020 by low-paying occupations

Source: Low Pay Commission (2021)

Workers who were furloughed and in low-paying occupations were also more likely to have moved to a different sector (Figure 2.5). This could potentially be good news, with workers moving to higher-paid, better and more compliant jobs. However, there is evidence to suggest that workers suffering from job displacement during recessions typically experience large and persistent earnings losses (see, for example, Jacobson et al. 1993, and Davis and von Wachter, 2011). While the worst of the effects of the pandemic have been avoided in terms of unemployment, there are indications that the substantial labour market upheaval has been most severe for the low paid, which may or may not have exacerbated pre-existing non-compliance risks.

2.5.3 Changes in IR35 rules and the share of self-employment

Figure 2.6: Flows from self-employed to employee compared with share of overall self-employment



Source: ONS

In 1975, 8 per cent of the workforce were self-employed; by 2019, this had increased to more than 14 per cent. However, since the start of the pandemic there has been a partial reversal of this trend, with the number of self-employed jobs, around 4 million, now at its lowest in 11 years (ONS, 2022c).

One of the factors that is likely to have contributed to this trend is changes to the off-payroll tax rules (often referred to as IR35), which came into effect, first in the public sector in April 2017, and then in the private sector in April 2021. This saw the responsibility for determining IR35 status shift from contractors to end-clients. While it is not possible to determine the exact impact of these changes on overall levels of self-employment, it is possible that many workers who would previously have classified themselves as self-employed have moved into payrolled employment, and now consider themselves employees and are identifying themselves as so in the Labour Force Survey (IES, 2022).

This effect may also be compounded by government support throughout the pandemic, such as the CJRS, which has influenced respondents' views on whether they are in fact self-employed or an employee (ONS, 2022a). In many cases, workers' self-reported employment status has changed even if their job has not.

These forces, revealed in self-employment trends, are likely to be shaping the labour market as we emerge from the pandemic. It follows that there may be implications for labour market non-compliance, with relevance to two key areas that are on my radar:

1. Increase in use of umbrella companies

In follow-up to a 2020 inquiry, the Economic Affairs' Finance Bill Sub-Committee warned in February 2022 that “the off-payroll working rules appear to have resulted in an increased use of umbrella companies”, a potential risk that was raised in the 2020/21 LME Strategy. While it is difficult to ascertain an accurate number of umbrella companies operating in the UK, in part due to a lack of a statutory definition, this growth is in line with the historic trend (UK Parliament, 2022). HMRC estimates put the number of individuals working through umbrella companies at 100,000 in 2007/08, rising to 500,000 in 2020/21 (HMT/HMRC, 2008; HMT/HMRC/BEIS, 2021), and the early indications are that IR35 changes may have accelerated this growth.

In a set of stakeholder engagement events I held in January 2022, the growth in the use of umbrella companies combined with their lack of regulation was identified as heightening the risk of unfair competition and worker exploitation. Specific issues raised included unfair deductions, the lack of clarity and transparency around employer-employee relationships and unclear routes to enable workers to enforce rights among other concerns. EAS are active in this space but lack the resources and the statutory tools to protect workers and ensure a level playing field between agencies.

Stakeholders repeatedly identified employment intermediaries, such as umbrellas, as a risk for workers. While umbrella companies provide benefits that some workers welcome, for workers at the lower end of the pay scale there are difficulties in establishing who is responsible for aspects of their terms and conditions. For workers seeking to resolve concerns there can be a ‘pass the buck’ mentality by entities in the labour supply chains.

Between November 2021 and February 2022, the Government opened a call for evidence on the role that umbrella companies play in the labour market, and how they interact with the tax and employment rights systems. As acknowledged in the call for evidence, there remains scope for, and evidence of, significant non-compliance in this area. The Government has committed to regulating umbrella companies which will be a welcome step towards achieving compliance provided EAS receives the necessary budget to enforce the regulation. Taking into consideration the outcomes of the current consultation, I will work closely with the relevant departments to seek to root out non-compliance in this area.

2. Perceived employment status and associated rights

As outlined above and highlighted by the ONS, some of the fall in self-employment comes from the increase in the number of people who have changed to classifying themselves as an employee, even though they have not changed jobs (ONS, 2022a). The truly self-employed have access to far fewer employment rights, therefore a shift in how workers perceive their employment status should be accompanied by increased awareness of the rights they are entitled to.² This in turn has implications for approaches to promoting compliance. The ONS makes clear that more needs to be done to understand those who are classified as self-employed as well as those that are reclassifying themselves as employees, and I am keen to support this effort and drive appropriate policy responses where they are deemed necessary and within my remit.

2.5.4 Migration Policy and Trends

Earlier LME Strategies raised concerns about how immigration policy and system design changes would impact on non-compliance in the labour market (ODLME, 2021b). In particular, they indicated how the change in availability of migrant workers might impact on behaviours both of employers and migrants seeking work in low-paid, precarious sectors where migrants are disproportionately found.

² It should be noted that employment status for tax and employment status for rights are separate in law – hence a perceived shift in employment status would need to be mirrored by a shift in their actual status for the purposes of employment rights.

Recent data suggests that the payrolled employment of EU nationals has fallen since mid-2019 (-6 per cent from June 2019 to June 2021), while that of non-EU nationals rose sharply (+9 per cent) and overall payrolled employment stayed broadly level. Within this overall picture there have been differences between sectors. Payrolled employment for EU nationals fell disproportionately in accommodation and food services, while it rose for both EU and non-EU nationals in construction (continuing a long-term trend). In transportation and storage – one of the key high growth sectors in terms of employment (see above) – the share of both EU and non-EU nationals has risen as UK nationals have fallen (ONS, 2022b).

Overall, the picture is one where new immigration rules – exemplified by the requirement for EU workers to have or acquire settled status and lack of entry routes for low-skilled sectors – are interacting with considerable labour market churn. This appears to be affecting both the profile of workers in certain sectors – in terms of nationality and immigration status – which may in turn have implications for the non-compliance risks they face according to some reports (see, for example FLEX, 2019).

It has been difficult to get an accurate picture of migrant worker changes and how these may impact (or not) on particular low-paid sectors of most interest to ODLME. There were eventually over six million applicants for the EU Settlement Scheme (compared with initial estimates of 3.5 million eligible applicants) and the industries reporting shortages have large proportions of EU workers, so the increased number of applications under the settlement scheme does not appear to correlate with the labour shortages.

HMRC NMW are still encountering groups of employees who have not applied to the EU Settlement Scheme by the deadline of 30 June 2021. Although some groups are still eligible to apply after this deadline, this again shows that despite the increased number of applications this is still an undercount of the actual EU worker population seeking employment in the UK.

2.5.5 Ukraine Crisis

The Russian invasion of Ukraine in February 2022 has sparked a huge humanitarian crisis and the priority of the UK Government, and its international partners, will be around how to address this.

At the time of writing, with the conflict still in its early days, the implications for the UK economy and labour market are already unfolding, both directly and indirectly.

A priority concern must be the potential vulnerability of Ukrainian workers coming to the UK in potentially desperate circumstances with little or no understanding of their rights, poor language skills and limited access to support. GLAA has already publicly voiced it is alert to the issue, and I am sure all three bodies will be vigilant.

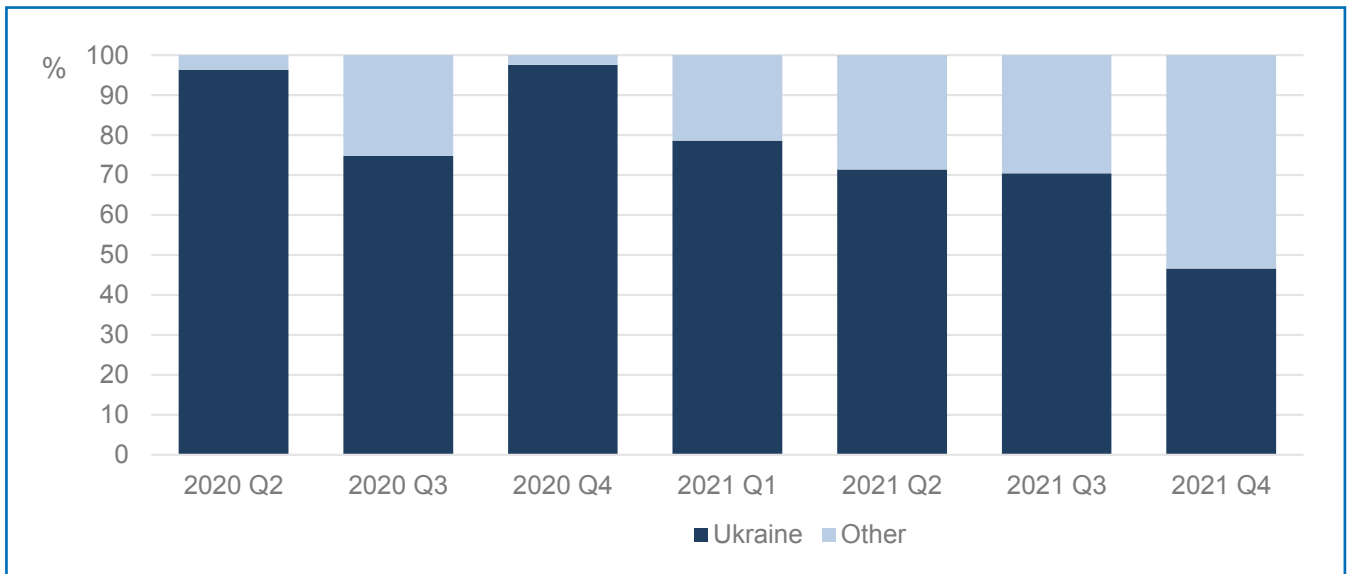
A further potential impact is via labour supply, particularly for seasonal workers. Between 2020 Q2 and 2021 Q4, Ukrainian nationals accounted for over 71 per cent of Seasonal Worker visas issued (Home Office, 2022), so any fall in applications may impact labour shortages in the edible horticulture sector which the Seasonal Worker Visa (SWV) Scheme is designed to fill (Figure 2.7). This is relevant to the risk of labour non-compliance for three main reasons.

Firstly, where any shortages of Ukrainian workers cannot be filled by other nationalities, pressures on remaining workers, and thus respect of their rights, may be affected.

Secondly, Focus on Labour Exploitation (FLEX) has identified a number of compliance risks, including risk of unfree recruitment, work and life under duress and impossibility of leaving the employer (FLEX, 2022). Members of the Home Office's independent Vulnerability Advisory Group have also written to the Home Secretary and the Minister for Safe and Legal Migration to express

concerns about the immigration status of existing Ukrainian visa-holders under the SWV.³ A review of the Seasonal Workers Pilot carried out by DEFRA and Home Office concluded that there were “some clear areas for improvement, particularly with concern to migrant welfare”.

Figure 2.7: Share of total Seasonal Worker Visas issued by nationality, 2020 Q2 to 2021 Q4 (%)



Source: Home Office Managed Migration Statistics

Thirdly, given the shortage of Ukrainian workers, there may also be risks associated with the need for SWV operators to recruit from further afield, including from countries where there are less established links with recruiters or labour inspectorates. It may be more difficult to ensure that workers are not being exploited before they arrive (e.g., being charged recruitment fees or overcharged for transport costs) such that they arrive with significant debts. There is also an increased need to educate these workers regarding their rights.

How the SWV deals with these pre-existing improvements as well as adapting to any worker shortfalls associated with the Ukraine conflict must be kept under review as a matter of priority.

More broadly Russia is one of the world’s largest producers and exporters of oil and gas, and both Russia and Ukraine are also important producers of various agricultural products such as wheat. Supply shortages in these commodities will add inflationary pressures and will negatively impact the real wages of workers and result in cost-of-living pressures, especially for low-income households. This will create additional vulnerability to exploitation for low-income workers. In the medium-term, consumer and business confidence will be affected and potentially impacting on aggregate demand for labour.

2.5.6 Online Recruitment

Previous Strategies have highlighted the work of JobsAware (formerly SaferJobs) tackling online jobs fraud.

The scale of these frauds has increased during the pandemic, and workers have continued to lose money. The threats to the jobseeker include:

- Paying for training or security checks: Fraudsters charge workers for bogus online courses or require fees for non-existent security checks which workers require for legitimate work.

³ Signatories to the letter included representatives of Focus on Labour Exploitation (FLEX), Immigration Law Practitioners’ Association (ILPA), Joint Council for the Welfare of Immigrants, Trade Unions Congress, Rights of Women and Migrant Voice.

- Fake jobs: The vacancy may not even exist but is used by the fraudsters to obtain personal data through the application process. This personal data could be used for wider fraud. Again, if the applicant is ‘successful’ then the job seeker is required to pay for pre-employment checks, training, or uniforms.
- Premium-rate phone scams: Job candidates are invited to interviews but incur large bills waiting for the interview to start.

The pandemic has increased awareness of the options available to employers to recruit workers remotely, options which can be exploited by the fraudsters.

A recent, high-profile example has been the incident of ‘jobfishing’ reported by the BBC (BBC News, 2021). This example reported a sustained model of financial exploitation and sophistication where workers who considered themselves to be applying for specific roles requiring experience. Over 50 people were directly impacted by the fraud.

We cannot assess if there is other similar elaborate ‘jobfishing’ fraud occurring in the UK as evidence remains scant. This may be due to workers not knowing who to report this behaviour to or reluctance, or whether other similar frauds are more limited in timescales. Indeed, there was no reporting in the media coverage if any law enforcement agency was investigating.

The risks of online harm are a highly relevant topic and even in the employment space go well beyond the jobfishing example cited above. At the time of writing, the Online Safety Bill was awaiting its second reading in the House of Commons and there is an open public consultation on the Online Advertising Programme, which aims to build a “robust, coherent and agile regulatory framework that is equipped with the right tools to increase transparency and accountability across the supply chain” (DCMS, 2022). The prevalence of online fraud generally increased by a third in 2020, with fraudsters taking advantage of behaviour changes related to the pandemic (e.g., increases in online shopping) (Financial Times, 2021a). However, regulatory and law enforcement bodies have struggled to keep pace with the growth of a threat that is, according to the House of Commons Treasury Committee, “constantly evolving and poses a challenge to government”.

Given the potential for online recruitment as a platform for fraudulent employers to reach and harm large numbers of workers, this threat is equally an important consideration for my Office. I intend to work with key stakeholders such as EAS and JobsAware to explore solutions for addressing the risk of fake job adverts. Developing innovative techniques such as machine learning, to build a better understanding of this problem and to help to identify and tackle problem advertisers might provide a useful first step.

2.5.7 Minimum Wage Uprating

April 2022 will see the National Living Wage (NLW) increase to £9.50. Following a relatively modest increase in 2021 due to tough economic conditions, the 2022/23 increase of 59 pence is the largest absolute increase since the introduction of the NLW in 2016.

The uprating will mean that a 40-hour per week worker earning the NLW will see an increase in their gross annual earnings of around £1,200. This in turn may have implications for minimum wage non-compliance. As the rate goes up more workers are typically paid ‘on rate’, raising risks of non-compliance as there is no margin for error (for example if workers are asked to arrive 15 minutes before the start of a shift). The relatively large uprating may also bring ‘new’ sectors into the scope of the minimum wage where workers were previously paid above but close to the NLW.

The National Minimum Wage (NMW) (age 20-21) and Apprentice rates will also see relatively large increases.⁴

The Low Pay Commission (LPC) estimates that between 2.2 and 2.6 million jobs are likely to see higher rates of pay due to the increase in the wage floor – a number that is broadly in line with previous years.

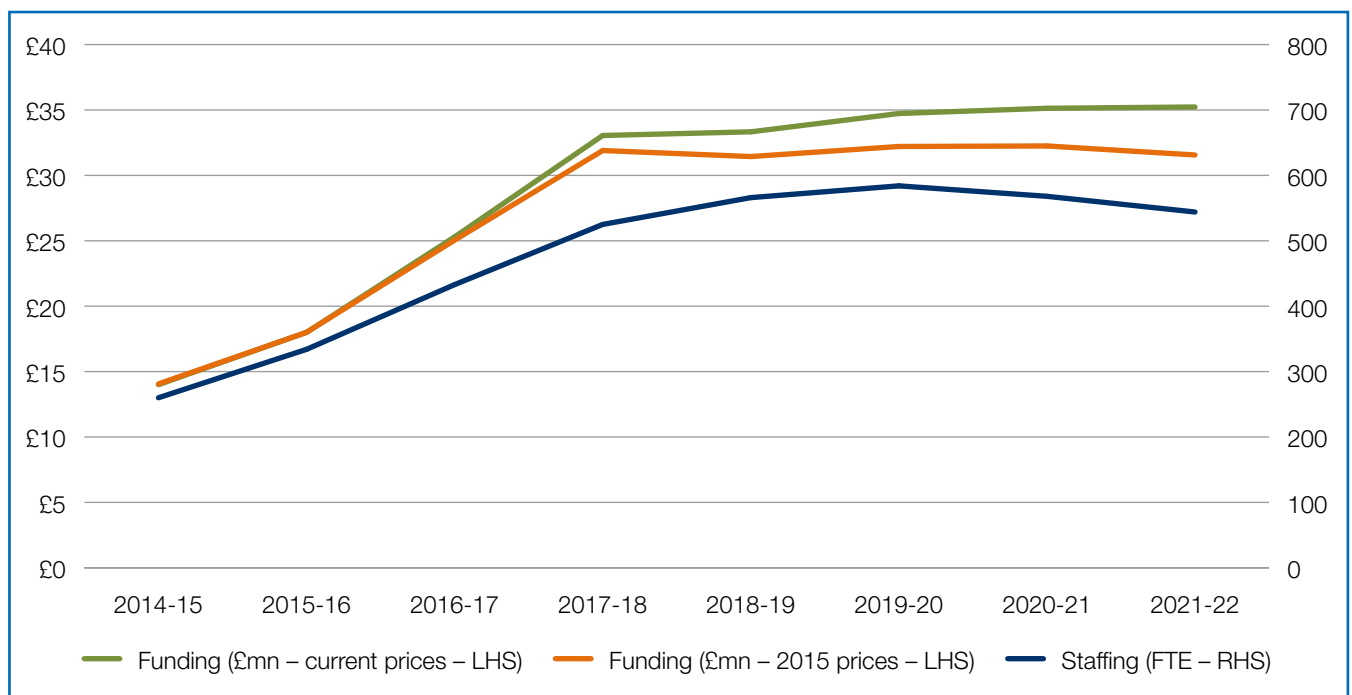
The expectation and underlying assumption is that all jobs comply – it does not account for the risk of previously compliant jobs slipping into non-compliance. High inflation coupled with the above average increase in the wage floor are likely to contribute to higher than usual cost pressures for employers, which may in turn elevate this risk. While there is no clear evidence to indicate that links the size of an uprating to changes in compliance, it is a plausible risk that I will remain vigilant to. I see high potential to make use of online job vacancy data as a means to track any changes (or lack thereof) to advertised minimum wages.

2.5.8 Enforcement Resourcing

Overall funding for the three bodies stood at £35.2 million in 2021/22, the highest it has ever been. Most of the increase (a doubling of resourcing) happened between 2014/15 and 2017/18, with much more modest increases since.

However, real terms funding is now falling, at a time when the breadth and depth of enforcement work has been increasing (Figure 2.8). With an expected further budget squeeze during the current Spending Review period – exacerbated by higher inflationary pressures – labour market enforcement faces unprecedented challenges.

Figure 2.8: Combined funding and staffing levels for the three enforcement bodies, 2014/15 to 2021/22



Source: ODLME analysis of budget allocations for HMRC NMW, GLAA and EAS

The resourcing pressures on the enforcement bodies are further increased by recruitment and retention difficulties all three are experiencing. Full time equivalent (FTE) staff levels for 2021/22 are already down 7 per cent on what they were two years ago. I am concerned that fewer staff

4 2022/23 rates: NLW – £9.50 (+59p); NMW age 20-21 – £9.18 (+82p); NMW 18-20 – £6.83 (+27p); NMW under 18 – £4.81 (+19p); and Apprentice rate – £4.81 (+51p)

combined with more rapid staff turnover will impact on the capability and quality of compliance and enforcement that is delivered. This could be further compromised during a SEB transition period, as resources from each of the bodies will be needed to manage and prepare for that.

In 2006 the (ILO) set a benchmark of one labour market inspector per 10,000 employed persons (ILO, 2006). The UK still falls a long way short of this.

In my view, the level of resourcing of the three enforcement bodies represents a real risk in terms of their effectiveness which needs to be addressed by the funding departments and the organisations themselves.

2.5.9 Offshore Employment

The mass redundancy by P&O Ferries of 800 of its UK-based staff in March 2022 has flagged the importance of worker employment protections and publicised how unethical businesses can factor in the cash costs of any non-compliance into their business decisions disregarding their legal obligations.

Although the redundancy notice issue falls outside of my remit, there are three key considerations here for the role of the LME Director.

First, as one of my themes picks up later in this strategy, information and awareness of workers' rights is paramount, regardless of the area of employment law. I have a concern that workers recruited offshore may not fully understand protections available to them.

Second, although the government extended minimum wage rights to seafarers in October 2020 (BEIS, 2020), the P&O situation has highlighted the lack of clarity of status and protections that seafarers can rely on. I welcome the Government's commitment to address this issue.

Third, P&O Ferries knowingly broke the law on collective redundancy. This ties in with concerns emerging from our own risk modeling work that businesses can factor in the financial costs of getting caught for being non-compliant. Previous LME strategies have argued that tougher penalties are needed to properly deter the deliberately non-compliant. But increasing penalties risks moving from civil to criminal enforcement, meaning that it takes longer to get money back to workers and the bar for non-compliance will be higher. Obviously, this needs to be weighed against the benefits.

2.5.10 Gig Economy

Gig working is an important and growing aspect of the labour market. Official figures on the size of the gig economy are not currently⁵ available in part due to how the gig economy is defined (ONS, 2021a).

Research conducted on behalf of BEIS in 2018 estimated some 2.8 million people in Great Britain had undertaken some work in the gig economy in the previous 12 months (BEIS, 2018a)⁶. This compares with a TUC estimate of 4.4 million people in England and Wales in 2021 working for gig economy platforms at least once a week (TUC, 2021), equivalent to almost 15 per cent of working adults, up from just under 6 per cent in 2016.

In the gig economy workers are paid for the completion of tasks, instead of being paid for their time. Typical gig economy roles include driving passengers, workers delivering takeaway food and groceries as well as other delivery and courier tasks.

5 The ONS has introduced questions on the gig economy in the Labour Force Survey 2022 questionnaire on an experimental question basis (ONS, 2022e)

6 BEIS used the following definition: *The gig economy involves exchange of labour for money between individuals or companies via digital platforms that actively facilitate matching between providers and customers, on a short-term and payment by task basis.* (BEIS, 2018)

While such roles can offer flexibility and ease of access to employment for some workers, the growth of the sector has been associated with concerns over rates of pay, lack of income security, lack of clarity over worker status and rights, and management by algorithm where the workers performance is constantly tracked in real time against performance targets.

There is concerning evidence of labour abuse and exploitation in the gig economy (FLEX, 2021). Misclassification of the employment status of those working in the platform economy carries the risk of being excluded from employment rights such as the national minimum wage and entitlements such as holiday pay. UK court rulings in 2021 determined that the Uber drivers who brought the case against Uber were workers and hence entitled to the minimum wage and holiday pay (Financial Times, 2021b, 2021c).

Elsewhere in the UK and internationally, this issue is receiving increasing attention:

- In Scotland, Edinburgh City Council's Gig Economy Task Force recently reported outlining a number of recommendations to improve access to fair work for people in the gig economy (Edinburgh City Council, 2022).
- In Australia a Senate Select Committee on Job Security was appointed in December 2020 to inquire into and report on the impact of insecure or precarious employment on the economy, wages, social cohesion and workplace rights and conditions, including for gig economy workers (Parliament of Australia, 2020).
- In the EU there has recently been a legislative proposal to address the employment status and algorithmic management issues for those working in the platform economy (European Commission, 2019).
- The US has committed to take forward legislation that would in part also result in clearer employment status for the purposes of union recognition for freelance and gig workers (Biden, 2022).

The Taylor Review of Modern Working Practices in 2017 highlighted the need to clarify the line between 'worker' status and self-employment as this is where there is greatest risk of vulnerability and exploitation (Taylor, 2017).

In response to the recommendation to have a clearer outline of the tests for employment status, the Government stated it would take forward further work on the case for legislative change and potential options for reform. We are still awaiting direction from government on this (BEIS, 2018b).

Section 3: Key Themes

Since my appointment as LME Director last year, I have sought to consolidate the learning from previous LME Strategies and to re-focus enforcement priorities. This Interim Strategy for 2022/23 is a reflection of this. It is also an opportunity for me to articulate four broad themes to which I expect to return in a full 2023/24 Strategy that I aim to deliver later this year.

My four themes are as follows:

1. **Improve the Radar Picture** – Evidence and Emerging Threats
2. **Improve Focus and Effectiveness** – Resourcing, Prioritisation and Learning
3. **Better Joined-Up Thinking** – Tackling Enforcement Gaps
4. **Engage and Support** – Work with Businesses that want to Get it Right and Provide More Information to Workers about their Rights

Each theme is discussed in further detail in the following sections and highlights those recommendations from the last two published strategies where I would like to see progress on implementation in the coming year.

3.1 Improving the Radar Picture – Evidence and Emerging Threats

3.1.1 UK-wide survey of labour market non-compliance

The cornerstone of enforcement is knowing the magnitude and shape of the threat, both now and in the future. My first theme therefore is to stress the importance of having a better understanding of the current and emerging labour market non-compliance threat picture. Having a more robust understanding of the extent of labour market non-compliance will enhance efforts to deploy enforcement resources effectively to tackle this problem.

After conducting extensive preparatory work⁷ over the past 2 years ODLME has now commissioned a major project to provide stronger evidence on the scale and nature of labour market non-compliance within my remit. Using innovative survey approaches – particularly for reaching hidden populations – this project should help fill many of the information gaps we currently have. The project will commence in spring 2022 and is due to complete in the second half of 2024.

⁷ See for instance Section 3.2.3 of the 2019/20 ODLME Annual Report (DLME, 2022)

3.1.2 Improving our understanding of emerging threats

This theme sets out a high-level view of what I see as the key changes and non-compliance challenges for enforcement in the labour market. I would expect in turn that these threats are very much on the radar of the enforcement bodies, even if some of those threats are yet to fully manifest themselves.

Section 2.5 set out what I see as emerging non-compliance threats. A key priority for me and my Office will be working with the enforcement bodies to improve our collective understanding of these and other threats, as they are likely to influence the shape of the overall labour market as well as the forces that drive employers towards compliant or non-compliant behaviours.

3.1.3 Priority considerations for 2022/23

Both the 2020/21 and 2021/22 LME Strategies made a number of specific recommendations around the collection, management, and analysis of data to understand better the risks of non-compliance. For example:

- The GLAA should review licensing data: what is collected, how it is analysed and how it is shared (Rec 8a 2020/21)
- Could all three enforcement bodies make more use of academic analysis and/or JSTAC analysis to fill the gaps in their understanding of labour market non-compliance (Rec 18 2020/21)? Specifically NMW and GLAA could work more closely with NGOs in the Hand Car Wash Sector (Rec 19 2020/21);
- All three bodies should invest in ways to overcome current intelligence and information gaps by maximising the use of new and alternative data sources (Rec 3b 2021/22);
- Rec 5 (2021/22) recommended developing better understanding of – and ways to tackle – heightened risks in online recruitment;
- There is also a need to increase the focus and build the evidence base around the impact of the new immigration system on labour market enforcement (Recs 6a and 6b 2021/22);
- More broadly, continued government funding support will be needed for the large-scale research project to better understand the scale and nature of labour market non-compliance (Rec 1 2019/20).

Continued commitment to tools such as these to monitor and respond to the aforementioned risk factors will be a key element of labour market enforcement in the coming years.

3.2 Improving Focus and Effectiveness – Resourcing, Prioritisation and Learning

3.2.1 Introduction

Accurately identifying current and emerging non-compliance challenges leads inevitably to questions around how state compliance enforcement can best be used to counter these threats and provide timely remedies for those already affected by employer violations.

Specifically, this relates to how the enforcement bodies are resourced, how this resource is deployed, what mechanisms are in place to test and learn what interventions make a difference and ultimately, overall, the impact the work of the bodies is having in tackling and reducing the extent of labour market non-compliance.

All of these are of fundamental importance to the success of any enforcement agency and are issues the 2019/20 Labour Market Enforcement Strategy in particular highlighted. I intend that I and the DLME Board retain focus on its recommendations.

3.2.2 Prioritisation

Whilst headline budget and staffing figures are important, this is not of course the whole story: how this resource is deployed (and redeployed as necessary) is just as, if not more, important. Part of my statutory duty⁸ in producing an annual strategy is to consider the allocation of funding for labour market enforcement.

Resourcing prioritisation considerations boil down to three considerations: resourcing *across the bodies taken as a whole*; *within* the three bodies; and *between* the three enforcement bodies. All are matters of concern to me, but this theme focuses on how the available resource is used to best effect **within** the bodies. As well as working out how best to tackle numerous labour market non-compliance threats, there is an important accountability aspect to ensuring expenditure of public funds is achieving value for money.

Although some progress has been made by the bodies here, there is more to do to demonstrate cost-effectiveness of each of their key interventions and better understand where money is being well spent.

Operational decisions are made by the three enforcement bodies who have their own accountabilities in terms of the use of public money. My Office undertakes overall risk modelling and receives information and insights from a wide range of stakeholders concerned to address labour exploitation. An important aspect of the role of the DLME is to provide challenge to the enforcement bodies to demonstrate that they are setting the right priorities and channeling resources most appropriately.

One area I would like to explore further is how we can link up the risk modelling insights better to the actual performance of the enforcement bodies. There already exists an established “costs of crime” framework developed by the Home Office. I accept that pinning monetary values on different types of labour market non-compliance is complex and ultimately imperfect, but maybe this model could be adapted and extended for use in the area of labour market non-compliance⁹. It does provide a starting point (that is tried and tested elsewhere) and could help the enforcement bodies and their funding departments better direct their resources, subject to the requirements of their respective remits.

3.2.3 Learning

The need for better analysis of the impact of public funded interventions has been highlighted recently by the National Audit Office (NAO, 2021). Understanding the impact of interventions through monitoring and evaluation should therefore be fundamental for the enforcement bodies. This was a feature of recommendations made in the 2019/20 Strategy and remains a priority. Some progress has been made but this is an area where there is always scope for more to be done. The bodies must strive to be continually learning, adapting, and improving to ensure good value for money for the taxpayer.

8 The proposal mentioned in paragraph (b) of subsection (2) must, in particular, set out how the funding available for the purposes of the functions and activities mentioned in sub-paragraphs (i) and (ii) of that paragraph should be allocated. (i) how labour market enforcement functions should be exercised, (ii) the education, training and research activities the Secretary of State, and any other person by whom, or by whose officers, labour market enforcement functions are exercisable, should undertake or facilitate in connection with those functions

9 modern slavery <https://www.gov.uk/government/publications/the-economic-and-social-costs-of-modern-slavery>; serious and organised crime <https://www.gov.uk/government/publications/understanding-organised-crime-april-2015-to-march-2016#full-publication-update-history> domestic abuse <https://www.gov.uk/government/publications/the-economic-and-social-costs-of-domestic-abuse>

A full understanding of the impact of the totality of the enforcement bodies' efforts on tackling labour market non-compliance will only be possible once a benchmark measure of non-compliance is in place (see section 3.1.1 above). Earlier LME strategies have acknowledged that an overall evaluation cannot be undertaken until this time.

But the enforcement bodies can evaluate discrete interventions in the interim and HMRC NMW has been at the forefront of this. Their analysis applies to both compliance and deterrence-focused interventions, understanding when, where, how and for how long after an intervention the behaviour of non-compliant businesses shows improvement. There are always challenges involved in proving cause and effect, but I am keen that the GLAA and EAS explore whether their self-assessments can build on the NMW approach and whether all three can make further progress in this area.

3.2.4 Priority considerations for 2022/23

Concerns were raised in Section 2 about the overall resource constraints facing all the enforcement bodies, particularly in light of the emerging threats and I call on the government to ensure funding for labour market enforcement is at least maintained in real terms.

But the onus is also on the enforcement bodies to demonstrate how this funding is being put to best use. Building on recommendations made in the 2019/20 LME Strategy, over the coming year I would like to see the enforcement bodies take further steps here, for example:

- Evidence suggests¹⁰ conducting unannounced visits are more effective than pre-announced ones – a previous recommendation (Rec 7b 2020/21) had urged GLAA to move further in this direction. The GLAA Compliance Strategy published in July 2021 flagged their intention to make use of unannounced visits. Are the benefits of this being realised by GLAA?
- Should there be a further shift towards tackling more serious labour violations (Rec 1b 2019/20)?
- All three bodies should increase their focus on discrete evaluation of specific compliance and enforcement interventions to have a better understanding of what works (Rec 2a 2019/20)
- Better demonstration of cost-effectiveness of different types of intervention is still needed (Rec 3b, 2019/20)

As in so many areas of public spending funding for labour market enforcement will in all likelihood remain tight over the coming years. The challenge ahead for the enforcement bodies will be finding new and innovative ways of continuing to deliver.

3.3 Better Joined-Up Thinking – Tackling Enforcement Gaps

3.3.1 Introduction

The extent of joint working and intelligence sharing has improved under the period of the ODLME, following recommendations made here in earlier LME strategies and the constructive approach the enforcement bodies have taken in working with ODLME's Strategic Coordination Group (SCG) to seek out opportunities for greater collaboration.

Joint working is not always the answer but where it is appropriate it has clear benefits for increasing understanding for enforcement and mitigating the threats to workers.

¹⁰ See for instance Makofske, 2021

As ODLME's risk modelling has shown, the majority of sectors deemed to pose the highest non-compliance risk are the same each year. While it can take a lot of time and effort to effect lasting change, the question has to be asked why a sufficiently large dent is not being made to address non-compliance threats in these sectors.

Part of the answer lies, I believe, in the way in which the remits of the respective enforcement bodies are configured: their focus is inevitably on delivering against, and being accountable for, the issues that fall within their own legislative domain. The risk then is that gaps between these remits can be exploited.

Furthermore, as recent enforcement work in the hand car wash and the care sectors has demonstrated, the non-compliance risks stretch well beyond the labour market with no single agency to naturally lead the response. The threat from non-compliance in the labour market does not therefore sit in isolation to other threats, and high-risk sectors for labour non-compliance are also likely to be non-compliant in other areas such as employment regulations beyond the remit of the enforcement bodies, tax evasion, health and safety, illegal working as well as potential links to criminality.

Because of these issues I would like to see **better joined-up thinking**, where the enforcement bodies take a more holistic approach in tackling issues across the labour market working even more effectively with agencies and stakeholders beyond the labour market. This follows on from previous LME Strategies and recommendations and can already been seen in the way that the bodies have approached individual industry sectors such as construction and care. Applying this more systematically should then result in more collective assessment of issues and objectives to evaluate and measure sustained positive impact.

3.3.2 Priority considerations for 2022/23

The enforcement bodies have already committed to strengthening joint working in three highly non-compliant sectors: care, construction, and hand car washes (see Section 2.4.4). By also working closely with other key stakeholders – both in law enforcement and beyond – this work can establish the conditions under which more joined-up thinking can be applied. My quarterly LME Board will play a key role here helping direct this work and monitoring progress (Rec 2 2021/22).

This work will help inform how a sector-based approach could be made to work effectively once the Single Enforcement Body has been set up (Recs 12a and 12b 2020/21).

The Responsible Car Wash Scheme pilots will help to understand better the threat in this sector and increase compliance levels, in both the labour market and other regulatory spaces. Again, the SCG sectoral work planned in this sector will, through the fuller assessment of the risks and threats, set objectives to drive the whole industry to be more compliant over the timeframe (Rec 19 2020/21).

Finally, the work my Office will be leading work to learn lessons from the Operation Tacit activity in the Leicester garment sector and should provide valuable insights for the SCG sector work, how a sector approach might be embedded in the SEB, and how joint enforcement activity can make a lasting impact on what has been a long-term, intractable problem.

3.4 Engage and Support – Work with Businesses that want to Get it Right and Provide More Information to Workers about their Rights

3.4.1 Promoting Compliance

Deliberate or culpably careless non-compliance with employment laws exists and needs to be addressed via enforcement action. But I accept that the majority of businesses accept the need for compliance, and some are active advocates for raising standards in their sector. The enforcement bodies should and do embrace partnership working with these businesses and with their trade associations.

The 2020/21 Strategy focused on four high risk-sectors adult social care, agriculture, construction, and hand car washes. The GLAA Construction Protocol is a useful initiative to test the potential for closer working between enforcement agencies and businesses. More opportunities should be seized to work collaboratively with external partners in high-risk sectors and to find more innovative ways to disseminate information and flag sector-specific risks (Rec 3 2020/21).

Both in construction and in other high-risk sectors, the enforcement bodies should increase their promotion of instances of good practice where a brand/household name has identified and taken successful action against severe labour abuse within their supply chain (Rec 14 2020/21).

Certain employers incur relatively minor infringements, due to employer error, lack of information or understanding of employment laws. An appropriate first response from enforcement bodies to educate or nudge such businesses into being compliant may be a more appropriate, timely and cost-effective response than statutory enforcement through a full investigation.

Promote activity is increasingly used by the enforcement bodies and aims to prevent non-compliance occurring in the first place by providing information and assistance to employers to correct their behaviour. Stakeholder reflections continue to highlight the need to promote compliance by educating employers, labour providers and employment businesses about their legal obligations by providing clear, good quality and timely information and assistance, and communicating these expectations. Stakeholder fora I held in January 2022 highlighted ongoing concerns that there needs to be a more supportive approach to provide employers with the tools to be compliant, particularly around holiday pay and what they term “technical” aspects of NMW regulations.

Employers who do not respond to compliance measures can then be identified and subjected to stronger enforcement actions.

Improving our understanding of how promote-style interventions influence employer behaviour in both the short and long-term remains a priority for me and I believe for the enforcement bodies themselves.

The agencies also need to work with businesses to mitigate labour exploitation risks in labour supply chains. (Rec 15 2020/21)

3.4.2 Promoting worker rights, supporting awareness and access to enforcement

Educating workers of their employment rights and supporting employers to be compliant is a continuous theme from past LME strategies and remains an important consideration for me.

Formal worker representation tends not to exist in sectors where worker exploitation takes place¹¹. Existing enforcement relies heavily on individuals raising complaints. Educating workers of their employment rights and allowing them to feel empowered to complain is fundamental to

11 Particularly in sectors such as agriculture and accommodation and hospitality. See Table 1.8 Trade union statistics 2020 (BEIS, 2021c)

this approach. There also needs to be better signposting across government as to how to raise concerns. The GLAA sponsorship of a Level 1 qualification in workers rights is a good example of work being undertaken within the three bodies to support workers. HMRC NMW have written to low paid workers advising them of their rights resulting in the workers raising complaints about their pay with HMRC NMW. However, there is more to be done.

3.4.3 Priority considerations for 2022/23

HMRC NMW and EAS both operate within large government departments with a large reach but undertaking effective communications specific to their areas can be challenging, in part due to limitations imposed by the GOV.UK digital space (Rec 3a 2021/22). As an Arm's Length Body, GLAA has greater freedom, including its own website. It is good that the GLAA website includes links to EAS and HMRC NMW. Until a SEB becomes operational, could more be done to utilise the GLAA's own digital platform for combined messaging to workers from all three enforcement bodies?

Better partnership working with local authorities, NGOs, worker groups, businesses, trade associations, trade unions, and other regulators in these sectors will also identify opportunities to disseminate information, address knowledge gaps and how to better promote compliance both amongst workers and employers (Rec 3 2020/21).

I stressed above that as the labour market evolves and different risks emerge it is more important for well-focused communications to respond to that change, to ensure that hard-to-reach worker groups¹² are being targeted and that different ways of communicating with industry are developed. It is encouraging to see a significant increase in promote activity and increased messaging in recent years. However, the work here is not done.

Better awareness-raising remains an area of concern particularly among harder-to-reach communities. **I am keen to see the enforcement bodies amplify their efforts here and take a more creative approach to find innovative ways to disseminate information** on employment rights, complaint routes, and enforcement among workers.

¹² This might include language barriers, hidden workforces, workers in low paid sectors, high-risk sectors, and those joining the workforce.

Section 4: Single Enforcement Body

4.1 Introduction

The Government response to its consultation on establishing a new single enforcement body (SEB) for employment rights was published in June 2021 (BEIS, 2021c). It has further stated that the SEB will be taken forward via primary legislation when parliamentary time allows (Parliamentary Question, 2022).

I join my predecessors in wholeheartedly supporting the creation of a SEB. This presents a once-in-a-generation opportunity to bolster existing labour market compliance and enforcement efforts, extend state enforcement to new areas (such as enforcement of holiday pay and regulation of umbrella companies) and realise the benefits of a more joined-up approach. Not only would worker protections be safeguarded, but the wider public stands to gain too from greater efficiency and better value for money from its enforcement resources.

Following the work of this Office over the past five years and the expertise it has amassed, I believe this Office is uniquely placed to contribute to the design and the development of the SEB. Therefore, if the establishment of the SEB is taken forward, I would very much hope to be fully involved.

4.2 Recommendations for SEB Consideration

The creation of the SEB is a significant undertaking involving far more than simply placing the three existing enforcement bodies under one roof. A SEB will have to grow, evolve and adapt over time, with the priority being on getting the fundamentals in place through primary legislation. Once established the SEB could then take on further responsibilities most likely through secondary legislation.

Previous LME Strategies have given an opinion on aspects of the SEB. Some of the wider recommendations made by my predecessors might be better taken forward once a SEB is established.

In that vein I therefore wish to highlight some of the recommendations from the 2020/21 and 2021/22 LME Strategies that might be considerations for the SEB, including:

- The design of the SEB's data collection, risk modelling and analytical functions should be both innovative and seek to learn from elsewhere (e.g., HMRC, HSE) (Rec 8b 2020/21; Rec 1 2021/22; Rec 17 2020/21)

- Evidence and understanding of pathways leading to more serious labour exploitation and modern slavery is still lacking. Closer partnership working with other law enforcement agencies and beyond would help improve this (Rec 9 2020/21)
- The sector approach announced in this Strategy and its evaluation should be examined as a potential model for the SEB to adopt in the future (Rec 16 2020/21)
- Bringing together and building on the expertise of the three enforcement bodies will present significant and shared challenges. Having a robust mechanism in place to manage this will be vital (Rec 4 2021/22).

Section 5: Office of the Director of Labour Market Enforcement Work Plan 2022/23

I set out below the work plan for ODLME for the 2022/23 financial year, distinguishing between those activities that are statutory requirements under the 2016 Immigration Act and those that are not. The extent to which the latter can be progressed in the coming year will rest on ODLME's budgetary position which is yet to be confirmed.

5.1 Statutory obligations

5.1.1 LME Strategy 2023/24

Immediately after delivering the current LME Strategy, I shall commence work on a fuller LME Strategy for 2023/24. This will include a public call for evidence (April & May 2022) and extensive engagement (June 2022) with a variety of stakeholders. I will also have extensive dialogue over the summer with the enforcement bodies seeking to identify with them how they might respond to the strategic direction I will be minded to recommend to ministers. My aim is to deliver the 2023/24 Strategy in autumn 2022, to align better with the business planning cycles of three enforcement bodies. I would then hope that the Strategy achieves faster acceptance by government and implementation of its recommendations by the enforcement bodies and sponsor departments. I believe speedier implementation of the DLME Strategy will be to the benefit of vulnerable workers.

5.1.2 Annual Report 2020-22

I shall also be required to report on progress made against delivery of the recommendations from the 2020/21 and 2021/22 LME Strategies published in December 2021. Allowing sufficient time for the enforcement bodies and sponsor departments to implement these recommendations, I will seek to gather evidence in late 2022 with a view to publishing the next ODLME Annual Report in Q1 2023. Over the course of this year the quarterly DLME Board will play a key role here assessing ongoing progress.

5.1.3 Evidencing the scale and nature of labour market non-compliance

Following a significant amount of groundwork carried out by ODLME since 2019 I am pleased that a major project (co-funded by the Economic and Social Research Council) to assess better the scale and nature of labour market non-compliance in my remit will commence in spring 2022. This will utilise innovative research techniques to improve our understanding of how workers

experience labour violations, particularly among hard-to-reach groups. The project should complete by the end of 2024. As well as meeting my statutory obligations, the project's outputs would also help inform the compliance and enforcement priorities for a SEB.

5.2 Other workstreams

5.2.1 ODLME role in context of SEB Design

Moving forward, and as and when the government is able to take forward work to create a Single Enforcement Body, I would like the ODLME to play an important role in its design, particularly in terms of helping to engage with stakeholders whose input will be vital to help make the SEB a success.

5.2.2 SCG-led Joint Working in High-risk Sectors

The enforcement bodies working both with ODLME's Strategic Coordination Group (SCG) and other law enforcement partners have committed to a significant programme of intelligence and operational work with a view to tackling non-compliance in care, construction, and hand car washes.

5.2.3 ODLME-led Review of Operation Tacit

Operation Tacit launched in summer 2020 to investigate labour non-compliance in the Leicester garment industry was the largest multi-agency labour market enforcement exercise of its kind. As section 3.3.2 above highlighted I shall be leading an independent and comprehensive review of that intervention to understand its impact on a long-standing non-compliance issue and to draw lessons from how well a multitude of enforcement bodies worked together.

5.2.4 Costs of Labour Market Non-Compliance

I described in section 3.2 how resource prioritisation could be enhanced by better matching our estimates of labour market risk with a clearer picture of the extent of harm that different types of non-compliance have on individuals and wider society. Precedents looking at how to capture the costs of crime exist and I shall be asking the ODLME Information Hub to explore how such a framework might be extended to the area of labour non-compliance.

5.2.5 Other Research

Although the majority of ODLME's research funding will be targeted at the project to assess the scale and nature of labour non-compliance (Section 5.1.3 above), there remain many other areas where a need for more research is needed. Two areas in particular stand out: 1) looking at comparative international evidence as to which compliance and enforcement interventions work and 2) making greater use of new technologies and data sources to better identify non-compliance. Again, subject to funding in 2022/23, these are areas that merit further investment.

Annex A: Full list of 2020/21 and 2021/22 recommendations

2020/21 Recommendations

Recommendation	Delivery Timescales	Lead body
Social Care Sector		
<p>1 The Labour Market Enforcement (LME) bodies should strengthen their relationship with care regulators across the devolved administrations by:</p> <ul style="list-style-type: none"> a) Raising their profile and ensuring their powers and remit are well-known in the sector; b) Providing active support in the training of inspectors, enabling them to spot the signs of labour exploitation; and c) Reviewing existing gateways and processes to ensure smooth intelligence-sharing and referrals between the LME bodies and the care regulators, including effective signposting to each other's complaints/ whistleblowing routes. 	3+ years	All bodies
<p>2 The Department for Business, Energy, and Industrial Strategy (BEIS) with support of HMRC NMW (Her Majesty's Revenue and Custom National Minimum Wage) should continue to improve guidance around national minimum wage/national living wage (NMW/NLW), in collaboration with stakeholders, by:</p> <ul style="list-style-type: none"> a) Promptly updating guidance following any significant legal or policy developments, and proactively disseminating this in a timely manner with a publicity campaign to reach both workers and employers; and b) Re-examining developing sector-specific guidance to address complexities in NMW guidance for those industries where the nature of work is atypical, including (but not limited to) social care. 	1 year	BEIS and HMRC NMW
<p>3 The LME bodies should work closely with external partners, particularly within high-risk sectors, to find innovative ways to disseminate information and raise awareness of employment rights and enforcement among employers and workers.</p> <p>Specifically, within social care:</p> <ul style="list-style-type: none"> a) The LME bodies should bring together an information pack of employer obligations for Local Authorities to pass on to those receiving direct payments for care needs; and b) The LME Bodies should target the dissemination of information resources for workers, including via skills providers, Skills for Care, and/or devolved worker registration schemes at the point of certification or training. 	2 years	All bodies

Recommendation	Delivery Timescales	Lead body
<p>4 The LME bodies should identify ways to actively and effectively support Local Authorities in their due diligence and monitoring of externally commissioned services with focus on workers' rights.</p> <p>Specifically, for social care, the LME bodies should consider the following methods but may find other ways of achieving the same aim:</p> <p>a) Develop a good practice guide that Local Authorities can easily incorporate into their procurement processes; and</p> <p>b) Raise awareness within Local Authorities of the enforcement bodies' powers, regulations, and common breaches to ensure a greater flow of intelligence and appropriate referrals where non-compliance is suspected.</p>	2 years	All bodies
<p>5 I recommend that BEIS and Home Office (HO) work closely with The Department of Health and Social Care (DHSC) to ensure social care reform includes consideration of worker rights and enforcement, building on learning from the variability in social care models within the UK.</p>	2 years	BEIS and Home Office
Seasonal Workers in Agriculture		
<p>6 In line with my wider argument around robust voluntarism, the Gangmasters and Labour Abuse Authority (GLAA) should work with the sector to explore how it can lend credibility and support to the labour standards and compliance elements of high-quality certification schemes for growers. Working with a strengthened licensing system, this would allow the sector to be more confident about compliance throughout the supply chain, without relying on multiple, sometimes poor standard ethical compliance audits.</p>	3 years	GLAA
<p>7 GLAA and Home Office should:</p> <p>a) Review the licensing system and budget to include increased compliance inspections and routine visits; and</p> <p>b) Consider analysis of the effectiveness of the potential increase in unannounced visits in circumstances set out in the Government's response to the 2019/20 Strategy.</p>	2 years	GLAA and Home Office
<p>8 The GLAA should review licensing data: what is collected, how it is analysed and how it is shared.</p> <p>a) In the immediate term: the GLAA should strengthen the licence holder database to improve the range and quality of information held, and to identify trends and indicators of risk to inform inspection policy, including the characteristics of licence holders and correlations with risks of non-compliance; and</p> <p>b) In the longer term: BEIS/Home Office should be ambitious and creative when designing the data collection and analytic functions of the Single Enforcement Body. They should draw on innovative practice such as the Health and Safety Executive's (HSE) and HMRC's risking models and consider how best to draw on expertise from outside Government.</p> <p>c) Within the Single Enforcement Body: the licensing function should be fully integrated into the data capability of the new organisation. BEIS/HO/GLAA should identify where streams of data around licensed labour providers and labour users can be usefully compared and combined to understand risk and identify non-compliance and target resources appropriately.</p>	<p>2 years</p> <p>3+ years</p> <p>3+ years</p>	<p>GLAA</p> <p>BEIS/Home Office/GLAA</p> <p>BEIS/Home Office/GLAA</p>

Recommendation	Delivery Timescales	Lead body
<p>9 The LME bodies should undertake analysis and work in partnership with academics and the Joint Slavery and Trafficking Analysis Centre (JSTAC) to fill key evidence gaps in understanding labour market non-compliance and the effectiveness of enforcement. This will be especially important to feed into the SEB development.</p> <p>Specifically, the DLME, in collaboration with the labour market enforcement bodies and other relevant organisations (including the facilitation of access to case information), will seek to review existing and past cases of severe labour exploitation to improve the understanding of how worker exploitation comes to light. This should consider:</p> <ul style="list-style-type: none"> • Who do workers confide in?; and • What opportunities are there to encourage people to report labour abuse? <p>The findings should feed into the communication and engagement strategies for the enforcement bodies and the future SEB.</p>	2 years	All bodies
<p>10 I encourage the GLAA and Home Office to engage with the Department for Environment, Farming and Rural Affairs (DEFRA) to consider the scope to include labour protection compliance as part of the relationship between the new farming subsidies systems and the protection of labour rights.</p>	2 years	GLAA and Home Office
<p>11 GLAA should continue to work closely with Home Office Immigration Policy to ensure the Seasonal Workers Pilot builds on its existing approach of incorporating prevention of exploitation within its programme.</p>	1 year	GLAA
Construction		
<p>12 a) Home Office and BEIS, in partnership with ODLME, should investigate a sectoral approach into the design of the Single Enforcement Body, to bring together enforcement bodies and wider stakeholders to develop ways of identifying, analysing, mapping and effectively tackling non-compliance in particular industries.</p>	3 years +	Home Office and BEIS
<p>b) In the interim, the enforcement bodies should build on the Construction Protocol and ODLME will support work to develop the evidence base around the sector. Learning from this would then inform the development of the Single Enforcement Body.</p>	1 year	All Bodies
<p>13 The GLAA should engage with the Local Government Association to understand whether it would be an effective prevention intervention to provide information to property owners when planning permission is granted for construction work on the signs of labour exploitation and how to report concerns.</p>	2 years	GLAA
<p>14 Both in construction and in other high-risk sectors, the enforcement bodies should increase their promotion of instances of good practice where a brand/household name has identified and taken successful action against severe labour abuse within their supply chain. This is both to publicise the work within the industry and increase the deterrent effect. Development of the SEB should be mindful of existing barriers that might prevent the current enforcement bodies from doing this.</p>	2 years	All Bodies

Recommendation	Delivery Timescales	Lead body
<p>15 Across sectors where the LME bodies identify severe labour exploitation, there should be an automatic and systematic review of the extended labour supply chain to:</p> <p>a) Identify vulnerabilities and potential wider exploitation related to the initial case;</p> <p>b) Inform and educate the organisations in the supply chain about weaknesses in their systems; and</p> <p>c) Identify organisations where there is repeated failure of expected levels of due diligence.</p>	2 years	All Bodies
Hand Car Washes		
<p>16 The Local Authority pilot scheme being developed by Responsible Car Wash Scheme (RCWS) (in the New Year 2021) should be used to explore and test the effectiveness of interventions across the hand car wash sector. The Home Office should support the pilot through funding and independent evaluation, and if found to be successful it should be considered in the context of the Single Enforcement Body.</p>	2 years	BEIS/GLAA/ Home Office
<p>17 Recognising existing work by HMRC NMW, all enforcement bodies should explore the opportunities to make greater use of innovative technologies such as predictive analytics to complement existing enforcement efforts to identify areas of risk, together building up expertise to feed into the SEB.</p>	2 years	All Bodies
<p>18 As per Recommendation 9, the LME bodies should undertake analysis and work in partnership with academics and JSTAC to fill key evidence gaps in understanding labour market non-compliance and the effectiveness of enforcement. This will be especially important to feed into the SEB development.</p> <p>Specifically, the enforcement bodies and wider law enforcement should seek to better understand why so few referrals result in the identification of modern slavery offences, to help achieve a more efficient use of their resourcing.</p>	1 year	GLAA and HMRC NMW
<p>19 GLAA and HMRC NMW should work more closely with NGOs who are active in the HCW sector, such as the Safe Car Wash app and the Modern Slavery Helpline, to improve the quality of the information and intelligence relating to non-compliance in hand car washes.</p>	1 year	GLAA and HMRC NMW

2021/22 Recommendations

Recommendation	Delivery timescales	Lead body
<p>1 Risk modelling</p> <p>I recommend that the enforcement bodies, together with the ODLME Information Hub and external experts, continue to develop the risk model, including widening the information sources used and improving the robustness of the data. This evolving model should feed into the development of the Single Enforcement Body's approach to assessment and prioritisation of risk. The assessment should be reviewed every six months.</p>	<p>Ongoing feeding into the SEB</p> <p>Assessment to be reviewed every six months</p>	<p>All bodies with ODLME</p>
<p>2 Sector-based approach</p> <p>I recommend that the enforcement bodies should work with ODLME through the Strategic Coordination Group (SCG) to adopt a more strategic, sector-based joint-working approach to tackle non-compliance in high-risk industries. A two-year programme of work should be developed with appropriate interim milestones, to commence at the beginning of the 2021/22 financial year. The learning and progress from this programme of work will feed into developing an effective sectoral approach for the SEB.</p>	<p>Two-year programme to commence beginning of the 2021/22 financial year</p>	<p>All bodies with ODLME</p>
<p>3 Managing compliance risks from changes in the labour market</p> <p>To monitor and mitigate the potential risk to workers related to a changing labour market, I recommend:</p> <p>a) that both HMRC NMW and EAS are given the resource and ability to utilise more timely and impactful communication approaches;</p> <p>b) that all three bodies seek to overcome current intelligence and information gaps by maximising the use of new and alternative data sources (e.g., from fraud investigations into the Coronavirus Job Retention Scheme) to identify potentially non-compliant employers.</p>	<p>By end of 2021</p> <p>By 2022</p>	<p>HMRC NMW and EAS</p> <p>All bodies</p>
<p>4 Managing shared challenges</p> <p>To support the three bodies in dealing with shared challenges and rapid changes ahead, I recommend that the heads of HMRC NMW, GLAA and EAS convene, with coordination from the ODLME, to identify issues of common concern and to find joint solutions wherever possible. This forum could address issues such as resourcing, use of innovation, training, and operational cultures, and potentially involve time-limited and measurable workstreams.</p>	<p>To commence by the beginning of the 2021/22 financial year</p>	<p>All bodies with ODLME</p>
<p>5 Online recruitment</p> <p>To better understand and develop ways of tackling heightened risks in online recruitment, I recommend:</p> <p>a) that BEIS and EAS, working with the recruitment industry and JobsAware (formerly SAFERJobs), explore how they can better use innovative technologies to identify fake and fraudulent jobs advertised online;</p> <p>b) that BEIS (i) prioritise the completion of the review of online recruitment accepted from the 2019/20 LME Strategy to evidence better the online harms threat and (ii) feed the findings into broader government and industry discussions around regulating online activity, with a view to identifying practical safeguards and remedies for jobseekers affected by this threat.</p>	<p>By end of 2021/22 financial year</p> <p>Complete review by end of 2021/22 financial year</p>	<p>BEIS and EAS</p> <p>BEIS</p>

Recommendation	Delivery timescales	Lead body
<p>6 Immigration and labour market enforcement</p> <p>To increase the focus and build the evidence base around the impact of the new immigration system on labour market enforcement, I recommend:</p> <p>a) that a strategic oversight group be established involving relevant government departments and enforcement agencies focusing on the potential labour market enforcement implications arising from the new immigration system. To be implemented by the end of June 2021, before the deadline for applications for the EU Settlement Scheme;</p> <p>b) that Home Office and BEIS commit to regular and ongoing monitoring of the impact of the new immigration system on labour market compliance, building on existing structures such as the Vulnerability Advisory Group. In addition, there should be an independent evaluation of these impacts after 18 months of the new system;</p> <p>c) that Home Office and BEIS, working with the enforcement bodies, should review the interaction between labour market and immigration enforcement to ensure sufficient protections for migrant workers and improve intelligence flows via safe reporting structures. This should feed into development of the SEB.</p>	<p>To be established by end of June 2021</p> <p>Monthly monitoring Evaluation to report by the end of 2022</p> <p>By end of 2021/22 financial year</p>	<p>Home Office</p> <p>Home Office and BEIS</p> <p>Home Office, BEIS and enforcement bodies</p>
<p>7 Immigration and labour market enforcement</p> <p>The labour market enforcement bodies should urgently act to mitigate the labour exploitation risks of the new immigration system. For all three bodies, I recommend:</p> <p>a) that they identify sectors and locations with high numbers of European Economic Area (EEA) migrant workers and issue communications targeting both workers and employers to raise awareness about the immigration changes;</p> <p>b) that they better monitor emerging risks from the new immigration rules to be able to respond in a timely manner, by increasing their working with: (i) other enforcement bodies and; (ii) third-party organisations (such as unions, NGOs).</p>	<p>By mid-2021</p> <p>To commence beginning of 2021/22 financial year</p>	<p>All enforcement bodies</p>

Annex B: Enforcement Body Performance Data

Table B.1: HMRC National Minimum Wage team (HMRC NMW)

	2017/18	2018/19	2019/20	2020/21
Resourcing				
Funding (£m)	25.3	26.2	26.3	26.4
FTE staff	400+	442	420	400
Enforcement activities				
Closed cases	2,402	3,018	3,376	2,740
...of which complaint-led	1,408	1,353	1,179	956
...of which targeted	994	1,665	2,197	1,784
Closed cases with arrears	1,016	1,357	1,260	994
Strike rate*, all cases (%)	42	45	37	36
Strike rate, targeted cases (%)	39	37	38	32
Strike rate, complaint-led cases (%)	44	55	49	50
Enforcement outcomes				
Arrears identified (£m)	15.6	24.4	20.8	16.8
...of which HMRC-assessed (£m)	9.7	13.8	12.7	10.7
...of which self-corrected** (£m)	5.9	10.6	8.1	6.1
Workers owed arrears	201,785	221,581	263,350	155,196
Arrears per worker (£)	77	110	79	108
Penalties issued	810	1,008	992	575
Total value of penalties (£m)	14	17	18	14
LMEU/Os	0	7	26	24
* Strike rate is the ratio of cases closed with arrears to the total number of closed cases.				
** £6m of self-corrected arrears in 2018/19 and £0.25m in 2019/20 were the result of the Social Care Compliance Scheme, which opened in November 2017, and closed to new applications in December 2018.				
Source: BEIS, HMRC				

Monetary resourcing for HMRC NMW has remained roughly constant since 2017/18, though it has seen a small drop in the size of its FTE staff during recent years. Other than a decrease in the 2020/21 year compared to the two years prior, HMRC has achieved year-on-year increases in the number of closed cases.

HMRC NMW investigates all credible complaints it receives of NMW underpayment. It also initiates targeted cases based on the outputs of its internal risk model. In general, the strike rate (the share of cases that end in a finding of underpayment) is higher for complaint-led cases since credible complaints are often the result of genuine underpayment.

The total amount of arrears HMRC NMW identifies changes from year to year, but arrears in 2020/21 remain broadly in line with recent years. In some cases, a business may self-correct NMW underpayment after nudging from HMRC NMW. In these cases, HMRC does not issue additional penalties to the business, beyond the necessary uplift to the arrears.

Previous Strategies have noted a steady fall in the average arrears identified per worker, which stood at around £167 in 2010. This may represent an increased focus on less serious cases. It is also affected by changes to HMRC NMW strategy; often while investigating a complaint of underpayment, HMRC NMW will expand the search to all employees of the company, which can lead to wide variations in the compensation for individuals even within a single case.

This table does not capture the promotion and education activities HMRC NMW conduct, which it has increased in the most recent financial years and may prevent some cases of NMW underpayment from occurring in the first instance.

Table B.2: Gangmasters and Labour Abuse Authority (GLAA)

	2017/18	2018/19	2019/20	2020/21
Resourcing				
Funding** (£m)	4.8	6.4	7.3	7.2
FTE staff	118	122	115	119
Licencing activities				
Total licences	1,103	1,114	1,049	1060
New licence applications*	145	176	147	na
Application inspections	134	137	68	152
Average days to complete*	na	na	66	80
ALCs issued***	22	28	42	36
Enforcement activities				
Compliance inspections****	90	197	163	64
Average days to complete*	na	na	88	171
Licences revoked	12	19	23	17
Enforcement investigations	181	478	350	295
Enforcement outcomes				
Victims identified	3,876	1,658	7,396	7,728
Money recovered (£k)	94	95	167	15
Arrests	107	48	29	16
Enforcement notices	75	17	36	17
Warnings	107	31	16	14
LMEU/Os	0	15	3	5
NRM referrals initiated	58	47	30	10
NRM notifications under Duty to Notify	86	51	75	92
<p>* This statistic was not regularly reported in the GLAA's annual performance reports, so the table is incomplete.</p> <p>** In addition to government funding, the GLAA received roughly £1m per year in licencing fees from licenced gangmasters.</p> <p>*** Additional Licence Conditions. In some cases, a licence is issued with additional specific requirements for the licence holder to correct non-Critical Standards where the GLAA identified non-compliance.</p> <p>**** Operation TACIT included over 300 additional factory visits, but these were recorded as a single entry in the case management system.</p> <p>Source: GLAA</p>				

The financial year 2020/21 saw an end to the year-on-year increases to GLAA funding. Funding also remained constant in 2021/22 and is expected to stay flat for the upcoming 2022/23 financial year. Staffing has remained broadly constant during the last four years.

In addition to enforcement activities, the GLAA maintains licensing activities for businesses that provide labour to the agriculture, horticulture, shellfish gathering, and food packaging and processing sectors. The total number of licensed gangmasters has remained steady as has the level of churn suggested by the number of new applicants and revocations. The mean length of time for an application inspection rose slightly in the most recent financial years.

The GLAA conducts compliance investigations on licensed businesses to ensure they remain compliant with the terms of their license as well as investigating reports of worker exploitation across the economy.

Table B.3: Employment Agency Standards Inspectorate (EAS)

	2017/18	2018/19	2019/20	2020/21
Resourcing				
Funding (£m)	0.5	0.7	1.1	1.5
FTE staff	12	15	27	29
Enforcement activities				
Complaints received	1,261	1,935	1,698	1,827
Complaints cleared	1,267	1,805	1,836	1,800
Enforcement outcomes				
Targeted inspections	145	261	303	177
Infringements found	1,071	1,242	1,490	900
Warning letters issued	321	415	382	267
LMEU/Os	0	4	4	0
Source: EAS				

EAS funding has recently increased year-on-year as it has expanded its staff. As noted in Section 2.4.1, although complaint levels have remained stable, EAS completed fewer investigations and sent out fewer warning letters, mainly due to capacity constraints.

Annex C: Acronyms

- Acas:** Advisory, Conciliation and Arbitration Service
- ASHE:** Annual Survey of Hours and Earnings
- BEIS:** Department for Business, Energy and Industrial Strategy
- CBE:** Commander of the British Empire
- CJRS:** Coronavirus Job Retention Scheme
- COVID-19:** Coronavirus Disease 2019
- CQC:** Care Quality Commission
- DCMS:** Department for Digital, Culture, Media and Sport
- DEFRA:** Department for Environment, Food and Rural Affairs
- DLME:** Director of Labour Market Enforcement
- DtN:** Duty to Notify
- DWP:** Department for Work and Pensions
- EAS:** Employment Agency Standards
- ESRC:** Economic and Social Research Council
- EU:** European Union
- EUSS:** European Union Settlement Scheme
- FLEX:** Focus on Labour Exploitation
- FT:** Financial Times
- GLAA:** Gangmasters and Labour Abuse Authority
- HMRC:** Her Majesty's Revenue and Customs
- HMT:** Her Majesty's Treasury
- HO:** Home Office
- HSE:** Health and Safety Executive

IES: Institute for Employment Studies

ILO: International Labour Organization

ILPA: Immigration Law Practitioners' Association

IR35: Inland Revenue 35 off-payroll working rules

JSTAC: Joint Slavery and Trafficking Analysis Centre

LAPO: Labour Abuse Prevention Officer

LFS: Labour Force Survey

LME: Labour Market Enforcement

LMEBs: Labour Market Enforcement Bodies

LPC: Low Pay Commission

MSPEC: Modern Slavery and Human Rights Policy and Evidence Centre

NCA: National Crime Agency

NGO: Non-governmental organisation

NLW: National Living Wage

NMW: National Minimum Wage

NRM: National Referral Mechanism

OBE: Officer of the Order of the British Empire

ODLME: Office of the Director of Labour Market Enforcement

Ofqual: The Office of Qualifications and Examinations Regulation

ONS: Office for National Statistics

P&O: The Peninsular and Oriental Steam Navigation Company

RCWS: Responsible Car Wash Scheme

SCG: Strategic Coordination Group

SEB: Single Enforcement Body

SIC: Standard Industrial Classification

SMS: Short Message Service

SWV: Seasonal Worker Visa

TUC: Trades Union Congress

UK: United Kingdom

US: United States

USS: Understanding Society Survey

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