



Director of Labour Market Enforcement
Concluding Statement

Margaret Beels, OBE

April 2026

Content

Content	2
Chapter 1: introduction	5
Chapter 2: statutory requirements on the Director of Labour Market Enforcement	6
Chapter 3: how the DLME function has been discharged	8
Organisation and administration.....	8
Annual Strategy	8
Annual Report	8
Labour Market Enforcement Board (LME Board)	8
Strategic Co-ordination Group	9
Stakeholder engagement	9
Parliamentary Engagement	10
Media	11
Chapter 4: Assessment of scale and nature of non-compliance.....	12
1.Strategic risk analysis and risk modelling.....	12
2. Calls for evidence and round tables.....	12
3.Research and Analysis Group and ODLME research	12
4. Collaborative Working	13
Chapter 5: what has DLME achieved via its Labour Market Enforcement (LME) Strategies?	16
My approach – 4 themes	18
Overview of delivery against recommendations	18
Progress by theme	20
Theme 1 Improving the radar picture.....	20
Theme 2 Improving Focus and Effectiveness	21
Theme 3 Better Joined-up Thinking	23
Theme 4 Engagement and Support	24
Chapter 6: assessment of progress in relation to recommendations in 2025 to 2026 LME Strategy	27
Recommendation 1: resources.....	27
Recommendation 2: transparent governance	28
Recommendation 3: building on experience	30

Recommendation 6: achieving compliance and providing support through others	32
Recommendation 4: emerging threats	33
Recommendation 5: payslips	33
Recommendation 7: hand car washes	34
Recommendation 8: construction	34
Chapter 7: Reflections from DLME	36
1. Has the DLME function contributed to reduction in non-compliance?	36
2. What lessons can be learned from DLME function?	37
3. What can FWA build on from DLME legacy?	39
Conclusions	42
Annex A	44
Consultation exercises	44
Roundtables	46

Chapter 1: introduction

On 18 December 2025 the Employment Rights Bill received Royal Assent. The Fair Work Agency will become an executive agency of the Department for Business and Trade (DBT) from 7 April 2026. This Agency brings together the work of my team with the 3 enforcement bodies over which I have had oversight. The independent role of Director of Labour Market Enforcement (DLME) will be abolished, and I will leave the office on 5 April 2026.

Timescales mean that the normal practice of delivering an annual Labour Market Enforcement (LME) report for 2025 to 2026 cannot be followed. The full year performance figures for the enforcement bodies under my remit are not available and there has been limited time to deliver the LME strategy recommendations. Instead, I have prepared this concluding statement.

The DLME function was created to draw together the work of Employment Agencies Standards Inspectorate (EAS), Gangmaster and Labour Abuse Authority (GLAA) and HM Revenue and Customs (HMRC NMW) with overarching strategic recommendations aimed at reducing non-compliance. This statement includes an assessment of the impact of the DLME function from creation in 2016 to present, based on input from stakeholders, both externally and across government, as well as my own views and those of my colleagues. From time to time, governments appoint individuals with roles targeting specific issues and reflecting on how well this has worked as regards the DLME function is important, and potentially of wider interest. I also hoped the learnings set out in this statement are useful to the Fair Work Agency, the creation of which I warmly welcome.

This statement includes an assessment of progress so far in relation to recommendations in my last strategy covering 2025 to 2026, published 21 July 2025. I expect when their end year data is available there will be reports from the 3 enforcement bodies setting out their performance over the year.

I would like to thank all those who, over the years, have contributed to the successes of the DLME function: for the ministerial support I have received backed up by support from officials in DBT and Home Office (HO) in particular – but also other government departments and agencies. I would like to pay tribute to those in EAS, GLAA and HMRC NMW who work hard to deliver better outcomes for workers. Thank you to all the many external stakeholders who have shared their time and insights. Most of all I would like to thank the teams of individuals who have supported the 3 directors - the late Professor Sir David Metcalf, Matthew Taylor CBE and myself – represented today by Doris Allende, Mark Birch, Michael Flynn, Kilian Gaillard, Tim Harrison, Laura Matthews, Alison Smith and James Wignall.

Chapter 2: statutory requirements on the Director of Labour Market Enforcement

The Immigration Act 2016 created the position of Director of Labour Market Enforcement (DLME), with Professor Sir David Metcalf appointed the first DLME in January 2017. The DLME had a statutory obligation requiring the director:

- to prepare an annual labour market enforcement strategy, to provide an assessment of the scale and nature of non-compliance in the labour market and set out the strategic direction for the three labour market enforcement bodies:
 - Employment Agency Standards Inspectorate (EAS)
 - Gangmasters and Labour Abuse Authority (GLAA)
 - HMRC's National Minimum Wage Team (HMRC NMW)
- to prepare an annual report on the extent to which enforcement activity undertaken during the year has had an effect on non-compliance, which should be published as soon as practicable after the end of the year in which the strategy covered

The Act states that the director must also set out how funding available for labour market enforcement and for relevant education training and research functions should be allocated.

The strategy required approval from the Home Secretary and the Secretary of State for Business and Trade for publication and must be submitted to Parliament.

Section 8 of the Immigration Act set out the requirement to create an Information Hub. As the director I was responsible for collecting, analysing, sharing, and managing information on labour market noncompliance, and may request relevant information from enforcement bodies. Enforcement bodies may likewise request enforcement information from the director.

While the director must not make recommendations on individual cases (Section 9(1)) they are not prevented from considering individual cases to inform conclusions on wider, systemic issues.

Full requirements for the Labour Market Enforcement (LME) Strategy are set out in box 1.

Box 1 – The Immigration Act 2016 requirements for a strategy

Labour market enforcement strategy

- (1) The Director must before the beginning of each financial year prepare a labour market enforcement strategy for that year and submit it to the Secretary of State for approval.
- (2) A labour market enforcement strategy (referred to in this Chapter as a “strategy”) is a document which—
 - (a) sets out the Director's assessment of—
 - (i) the scale and nature of non-compliance in the labour market during the year before the one to which the strategy relates, and
 - (ii) the likely scale and nature of such non-compliance during the year to which the strategy relates and the following two years,
 - (b) contains a proposal for the year to which the strategy relates setting out—
 - (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,
 - (iii) the information, or descriptions of information, that should be provided to the Director for the purposes of his or her functions by any person by whom, or by whose officers, labour market enforcement functions are exercisable, and
 - (iv) the form and manner in which, and frequency with which, that information should be provided,
 - (c) sets out the activities the Director proposes to undertake during the year to which the strategy relates in the exercise of his or her functions under section 8, and
 - (d) deals with such other matters as the Director considers appropriate.
- (3) 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 subparagraphs (i) and (ii) of that paragraph should be allocated.
- (4) The Director may at any time prepare a revised strategy and submit it to the Secretary of State for approval.
- (5) The Secretary of State may approve a strategy either with or without modifications (but a modification may not relate to the assessment described in paragraph (a) of subsection (2)).
- (6) Any person by whom labour market enforcement functions are exercisable during a year to which a strategy approved under this section relates must, in exercising those functions, have regard to the strategy.

Chapter 3: how the DLME function has been discharged

Organisation and administration

Staffing for the Office of the Director of Labour Market Enforcement (ODLME) was provided through Home Office and DBT, initially on a 50:50 basis. In addition, one individual was loaned by HMRC. In 2017 10 individuals supported the director. This reduced over time to 6 in 2023. Latterly, two additional individuals were provided by DBT in 2025 to 2026 to accommodate the extra workload associated with moving towards the Fair Work Agency.

Funding for ODLME was a mixture of the costs of the staff and programme expenditure. This was again provided initially on a 50:50 basis by the Home Office and DBT, but latterly mainly by DBT. Staffing costs stayed at £0.65 million (on average) over the last 5 financial years with a marginal increase in 2025 to 2026 to accommodate the two extra posts. Programme costs covered the cost of the director and various research programmes. This included the major scale and nature programme (£0.9 million between 2021 to 2022 to 2025 to 2026 – which also received £0.25 million in funding from the Economic Social Research Council (ESRC)).

Table 1: Recent funding (£ million) and number of full time equivalent (FTE) staff for ODLME by financial year

	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025	2025 to 2026
Staff funding	£0.45	£0.45	£0.45	£0.45	£0.45	£0.60
Research funding	£0.20	£0.20	£0.20	£0.20	£0.20	£0.24
FTE	7.6	7	6.5	6	6	8

Annual Strategy

The DLME has delivered an annual strategy to ministers, requiring their approval to be published. This process is discussed in more detail below.

Annual Report

The director had a statutory obligation to assess the impact of the recommendations in previous strategies in an annual report. This has been done for every strategy, but not as punctually as we would have hoped. Partly this was because of delays in publication of the strategy and because the timing of the strategy did not fit into the enforcement bodies' planning cycles. It was also partly because implementation can take time as well as due to lack of resources in the ODLME team. Chapter 5 sets out on an aggregated basis the assessments as recorded by the Annual Reports.

Labour Market Enforcement Board (LME Board)

The LME Board was originally chaired by the Head of the DLME Secretariat with the operational heads from the 3 enforcement bodies (EAS, GLAA and HMRC NMW). It

moved to a new structure with revised Terms of Reference from May 2023. This change reflected the need for more focused and strategic discussions.

The Board's re-stated primary function was to support myself to deliver DLME's statutory obligations. It therefore was appropriate that those attending should be more senior representatives responsible for the strategic direction of each of the three enforcement bodies together with senior representation from the two sponsor departments (Home Office and DBT). This change has resulted in consistent attendance, a more strategic approach to problem solving, quicker decisions and better quality engagement.

Strategic Co-ordination Group

ODLME has chaired a monthly Strategic Co-ordination Group (SCG) since the creation of the DLME role. Formally it was a sub-group of the DLME Board. Members included the National Crime Agency, Health and Safety Executive, Home Office Immigration Enforcement, UK Visa and Immigration, Department of Work and Pensions and Security Industry Authority in addition to the 3 enforcement bodies. Engagement with other enforcement stakeholders contributed to the overall assessment within the DLME Risk Model (see Chapter 4 for further details). It enabled an overarching discussion of non-compliance including matters that went wider than the directors' remit, increasing understanding of the scale and nature of labour non-compliance with partners. The SCG also acted as a forum to discuss joint activity in priority sectors.

Stakeholder engagement

Stakeholder engagement has been a core feature and vital component in shaping my strategies, directly informing my priorities and recommendations. Stakeholder engagement develops over time, and I have invested energy into building trusted relationships.

Annual strategy preparation typically started with a formal call for written evidence. In recent years we also organised themed roundtables to address gaps in written evidence or where there was a need for a deeper understanding of issues and the evidence. This included extending the reach to new stakeholders who may not yet have had their voices heard. I am particularly grateful to stakeholders who acted as hosts for sectoral or specialist roundtable events. A recurring point stakeholders make and value was seeing their views recorded and reflected in strategy documents, even where they do not lead to a recommendation.

Engagement with GLAA, EAS, and HMRC NMW is built into the DLME function. ODLME also engaged with other regulators and enforcement bodies through the Strategic Coordination Group (SCG) - see above - and through regular information sharing meetings. This included devolved government representatives, the Independent Anti-Slavery Commissioners Office, the Migration and Advisory Committee, the Advisory, Conciliation and Arbitration Service (Acas) and the Low Pay

Commission. Engagement also took place with NGOs, civil society, academics and policy experts. In addition, ODLME engaged with international organisations such as the International Labour Organisation (ILO)¹ and state labour enforcement agencies in other countries. Engagement is important to learn what works for others whether in the UK or overseas.

Additionally, I was asked to be a key speaker at events hosted by stakeholders such as the Association of Labour Providers (ALP) roadshows, Stronger2gether, Acas, Home Care Association, Freelancer and Contractor Services Association (FCSA), Good Business Charter and the Westminster Employment Forum.

Broader engagement is necessary to understand the scale and nature of non-compliance which can often be a fragmented picture both in an enforcement and regional context. Sectoral assessments are often complex in nature and understanding them has involved a wide range of stakeholders.

As well as informing the annual strategy, I used my stakeholder engagement to increase transparency about enforcement priorities, build shared understanding across sectors and provide a public platform for issues that enforcement bodies alone may not uncover.

Parliamentary Engagement

From time to time my predecessors appeared before parliamentary committees or provided evidence to parliamentary inquiries. Since becoming the Director of Labour Market Enforcement (DLME), I too have regularly been asked to give evidence to parliamentary committees. This reflects the importance of the work we do and the ongoing scrutiny of labour market enforcement, workers’ rights, and related legislation. Table 2 shows the range of meetings and formal evidence sessions with committees.

Table 2: parliamentary select committee – DLME oral evidence appearances

Committee	Committee Chair	Committee Inquiry	Date
Business and Trade Committee (Commons)	Liam Byrne	Make Work Pay: Employment Rights Bill ²	7 Jan 2025
Business and Trade Committee (Commons)	Liam Byrne	Labour markets reform: Workers’ rights and protections (Non-inquiry session)	7 May 2024

¹ [From Theory to Practice Webinar: Labour market enforcement in the UK Reflections](#)

² committees.parliament.uk/oralevidence/15201/html/

Modern Slavery Act 2015 Committee (Lords)	Baroness O'Grady	Modern Slavery Act 2015: becoming world-leading again ³	4 Mar 2024
Human Rights (Joint Committee)	Baroness Harman	Human Rights at Work	13 Sept 2023
Horticultural Select Committee (Lords)	Lord Redesdale	Sowing the seeds: A blooming English horticultural sector ⁴	11 May 2023
Business, Energy and Industrial Strategy Committee (Commons)	Darren Jones	Post-pandemic economic growth: UK labour markets ⁵	29 Nov 2022

I have also regularly attended and contributed to All-Party Parliamentary Groups (APPG) which includes members from both the House of Commons and House of Lords.

Media

I have not actively sought publicity but on the back of other engagements and Select Committee appearances there has been some media interest. For example, in relation to seasonal agricultural workers and adult social care⁶⁷. Through media interviews I have urged faster progress on delivering worker rights, clarity around employment status, and the need for FWA to have sufficient resources.

³ [4 March 2024 - Modern Slavery Act 2015 - Oral evidence - Committees - UK Parliament](#)

⁴ [11 May 2023 - Horticultural sector - Oral evidence - Committees - UK Parliament](#)

⁵ [Post-pandemic economic growth: UK labour markets - Committees - UK Parliament](#)

⁶ They haven't the foggiest who we are': the watchdog fighting to protect Britain's exploited workers | Business | The Guardian

⁷ [UK's labour market tsar calls for crackdown on bogus self-employment](#)

Chapter 4: Assessment of scale and nature of non-compliance

One of the statutory requirements of the DLME was to measure the scale and nature of labour non-compliance. ODLME used 4 strands of activity to achieve this.

1. Strategic risk analysis and risk modelling

The DLME strategic risk assessment was based on an annual exercise undertaken with the enforcement bodies. ODLME initially used a standard law enforcement analytical methodology to assess the risk between different industry sectors. However, this proved insufficient to distinguish clearly between sectors as the scoring for labour exploitation had a narrow scope compared to other crime types.

The ODLME team therefore sought to develop a new 'DLME Risk Model' that could identify risks within sectors. The enforcement bodies were asked to produce an assessment of non-compliant behaviour ranging from error through to serious and deliberate non-compliance, with modern slavery as the final category. EAS were not always aware of the sector a worker was employed in, meaning that non-compliance investigated by them could not necessarily be mapped to the sector.

DLME published a list of high priority sectors with a focus on high harm: where there was an element of modern slavery and deliberate non-compliance. The DLME Risk Model captured the nature of the non-compliance but not necessarily the scale. With the different sizes, perspectives and processes of the enforcement bodies, ODLME lacked the data and resources to weight the activity in individual sectors to assess the scale of non-compliance.

The sector focus used by ODLME aligned with management information. However, it did not capture the full extent of enforcement bodies activity which was driven by their own systems of prioritisation against their own statutory remits.

2. Calls for evidence and round tables

As part of understanding the scale and nature of labour non-compliance and in preparation for writing LME strategies, my office regularly engaged with stakeholders with differing interests and perspectives. Formal engagement through thematic roundtables and calls for written evidence was analysed and tested with other ODLME methodologies for gathering insights.

Annex A gives an analysis of stakeholders and attendance at roundtables – demonstrating the wide range of respondents and the degree of interest. Typically, between 50 and 60 written responses were received each year and 4 to 6 roundtables were organised annually by ODLME. In 2024 I also attended 6 roundtables organised by others to contribute to the strategy.

3. Research and Analysis Group and ODLME research

Research has contributed to the assessment of the scale and nature of labour exploitation with ODLME leading on as well as commissioning several projects.

ODLME created a Research and Analysis group (RAG) whose purpose was to bring together analysts and researchers from across government, with shared interests and common goals to discuss, collaborate and challenge analytical work. The group was responsible for producing the evidence seen in Annex B of the director's strategies. The RAG group was replaced in 2024 to 2025 by a wider departmental group with the same goals.

The 'Scale and Nature of Precarious Working in the UK Labour Market' is an ambitious study into labour market non-compliance in the UK, advocated by my predecessors and commissioned by myself in 2021 to 2022. The study was co-funded by DBT and the Economic and Social Research Council (ESRC). The mixed methods research was underpinned by foundational research, commissioned by two prior DLMEs and conducted by members of the same research team at University College London (UCL).

The primary aim was to assess the scale, nature and correlates of non-compliance across the 4 nations of the UK. This was achieved through a combination of representative survey methods and in-depth qualitative elements (interviews and focus groups). Our initial and primary focus was on people in precarious work. The study's scope was later expanded to include representative survey data on the UK workforce at large.

At its heart was the Working Lives Survey, an original large-scale survey of UK workers. This research not only delivers against the statutory obligations of the DLME (and now supports similar obligations on the new Fair Work Agency) but also provides crucial and timely evidence on issues that impact the lives of workers across the UK.

The full analysis of the Scale and Nature project will be published in spring 2026.

4. Collaborative Working

As DLME I have encouraged the enforcement bodies to take a more joined up approach to tackling issues across the labour market. This includes through deeper collaboration within DLME responsibility as well as more broadly with other law enforcement agencies. This relates to intelligence sharing and operations.

During my time in office, I have undertaken two strategic reviews into joint working by the enforcement bodies to support continuous improvement in tackling labour market non-compliance.

Operation Tacit: launched in response to allegations of labour exploitation and modern slavery in the garment manufacturing sector in Leicester following extensive media reporting and stakeholder concern. ODLME assessed how the operation was planned and delivered. The limitations were identified and lessons learned for future joint enforcement activity. The review involved detailed interviews with the

enforcement bodies, extensive fact checking and iterative drafting and clearance with stakeholders before being published on 5 November 2025⁸.

Operation Topaz: reports of the exploitation of workers within the adult social care sector grew rapidly from 2022 onwards. The sector is complex with many different stakeholders. The enforcement bodies set up Operation Topaz to tackle the issues. My team undertook an assessment of the joint approach to tackling labour market exploitation and non-compliance. The review involved interviews with the enforcement bodies, government departments, devolved governments, regulators and other law enforcement partners, to build a picture of the enforcement response. The report focuses on the 6 areas: collaborative working, data sharing, resources, risk assessments, and communication and compliance. Follow up action will fall to the FWA, but we hope this will lead to further improvements in joint working between the enforcement bodies and their partners as well as swifter data sharing.

Seasonal Worker Visa: the Seasonal Worker Visa is an example of why collaborative working is essential because different government departments are involved. UK Visas and Immigration (UKVI) operate the scheme and is responsible for ensuring that scheme operators meet their licence obligations, including duties to individual workers. GLAA oversee compliance with GLAA licensing requirements. Scheme operators themselves are responsible for meeting sponsorship licence conditions under the scheme guidance. The Department for Environment, Food and Rural Affairs (Defra) is involved in wider efforts to improve worker welfare. In my 2023 to 2024 strategy, I raised the need for clarity as to where responsibilities lay and for better collaboration. I offered the convening power of ODLME to facilitate a more joined-up approach. The SWVS Taskforce took on some of this role and ODLME's role became more supportive in the margins helping to make connections.

Other collaboration: in building the picture of the scale and nature of non-compliance, we have also engaged regularly with bodies such as the Low Pay Commission, the Migration Advisory Committee and the Independent Anti-Slavery Commissioner.

Devolved government insights and data have been useful in assessing the scale and nature of non-compliance. They also have their own engagement with key stakeholders increasing their insights. For example,

(i) Workplace Rights and Responsibility forum

The Workplace Rights and Responsibilities Forum (WRRF) was set up in October 2023 and ran as a quarterly meeting chaired by the Welsh Government. The WRRF membership includes Social Partners and compliance and advisory bodies for workplace health and the labour market. The purpose of the WRRF is to improve collective understanding of the workplace rights and responsibilities landscape;

⁸ [Lessons learned from Operation Tacit – Labour non-compliance in the garment manufacturing industry in Leicester](#)

identify common challenges and barriers; consider factors that may influence better outcomes; and improve communication and relationships between business representatives, trade unions, and enforcement and advisory agencies.

(ii) Fair Work Convention

The Fair Work Convention is an independent body which acts as an independent advisory body to Scottish Ministers and has been in place since 2015. It brings together employers, trade unions and academic expertise. It meets regularly to:

- provide impartial advice and recommendations on fair work to Scottish Ministers, the Scottish Government and policy makers to support the Fair Work agenda
- advocate and promote fair work across Scotland

(iii) Northern Ireland

DLME has also engaged with officials from the Department for the Economy in Northern Ireland and the Department of Agriculture Environment and Rural Affairs (DAERA). In general employment rights are devolved. For example, in Northern Ireland, agency regulation is undertaken by the Employment Agency Inspectorate (EAI); GLAA operates on behalf of DAERA in Northern Ireland. However, enforcement of National Minimum Wage is reserved. Continuing engagement with FWA is therefore very important both from a policy and an implementation point of view.

Chapter 5: what has DLME achieved via its Labour Market Enforcement (LME) Strategies?

As stated in Chapter 2, a core obligation of the director under the 2016 Immigration Act is to produce an annual LME Strategy, followed by the delivery of an annual report. The annual report was to assess progress made in delivering on previous LME strategies and the extent to which the strategy had an effect on the scale and nature of non-compliance in the labour market during that year⁹.

The approach to LME Strategies

My predecessors identified a framework for labour market compliance and enforcement. This has been influenced by academic approaches to the area¹⁰, as well as by work undertaken by international organisations such as the ILO¹¹ and OECD¹².

For the DLME and the enforcement bodies, a fundamental question is what are we here to do? On one level state enforcement bodies are seeking to make sure that individual workers whose employment rights have been violated are identified and then compensated for any losses they have experienced. For instance, by ensuring workers underpaid the minimum wage get their unpaid wages back. This function is about restorative justice.

But simply making good worker violations is not enough. State enforcement bodies are also there to address and reduce the extent of non-compliance across the labour market. This can be done by influencing and changing employer behaviour. Broadly, this amounts to a choice between penalties and persuasion.

- persuasion approaches ('compliance') are increasingly used to prevent employer non-compliance happening in the first place by means of education, guidance and awareness raising interventions. The premise here is that employers may not intentionally be acting in a non-compliant manner and need steering towards understanding their legal obligations better. At the same time awareness-raising is seen as a tool for workers to understand better and, if necessary, enforce their rights
- sanctions and penalty interventions ('enforcement') are designed to act as a deterrence against non-compliant employer behaviour. They work, in theory, by

⁹ [Immigration Act 2016 - GOV.UK](#)

¹⁰

https://www.fissuredworkplace.net/assets/D.Weil.Creating_a_Strategic_Enforcement_Approach.JIR_2018.pdf

¹¹ [ILO Approach to Strategic Compliance Planning for Labour Inspectorates | International Labour Organization](#)

¹²

https://www.oecd-ilibrary.org/regulatory-enforcement-and-inspections_5k3v1f1qx1xx.pdf?itemId=%2Fcontent%2Fpublication%2F9789264208117-en&mimeType=pdf

imposing additional costs, be they financial, reputational or otherwise on business that will disincentivise such behaviours

In practice, the bodies use a combination of the above. LME strategies have sought to add value by examining a better mix of these approaches such that state enforcement can work to greater effect to improve labour market compliance.

Table 3 lists the annual LME strategies delivered by myself or my predecessors since 2017. For the first two ‘full’ LME strategies in 2018 to 2019 and 2019 to 2020 the Government published its response. This indicated how and where it would implement strategy recommendations, working with the enforcement bodies. This approach was subsequently dropped with government acceptance of recommendations implied by its clearance and publication of each LME strategy.

Since then, government approval for publication has typically taken at least 6 to 12 months. Operating on a one-year strategy cycle inevitably has knock-on effects for implementation of recommendations. It also affects the ability to align the recommendations with the annual operational and business planning of the enforcement bodies themselves.

Table 3: LME Strategies delivered, 2017 to 2025

Strategy year	LME Director	Delivered to Ministers	Publication	Published government response	Delay (months)
2017 to 2018 Introductory strategy (no recommendations)	David Metcalf	28 March 2017	19 July 2017	No	4
2018 to 2019	David Metcalf	26 February 2018	9 May 2018	Yes	2.5
2019 to 2020	David Metcalf	28 March 2019	22 July 2019	Yes	4
2020 to 2021	Matthew Taylor	31 March 2020(resub-December 2020)	13 December 2021	No	20.5
2021 to 2022	Matthew Taylor	30 January 2021	13 December 2021	No	10.5
2022 to 2023 (no recommendations)	Margaret Beels	31 March 2022	16 March 2023	No	11.5
2023 to 2024	Margaret Beels	31 March 2023	24 October 2023	No	7
2024 to 2025	Margaret Beels	29 March 2024	14 November 2024	No	7.5
2025 to 2026	Margaret Beels	31 March 2025	21 July 2025	No	4

My approach – 4 themes

Upon taking up the role of DLME in November 2021, I set out a strategic framework which has been used throughout all 4 of my LME Strategies. The aim was to introduce consistency in the broad areas where I felt the enforcement bodies should be focusing their efforts over time. This, I believe, helped offset some of the disadvantages of delivering an annual strategy, each with a different set of priorities and recommendations.

My 4 themes were:

- **Improving the radar picture:** we and the Enforcement Bodies (EBs) have a partial understanding of how labour market non-compliance looks. An absolute priority for me (and my predecessors) has been to strengthen our evidence of the problem facing us. This includes third party evidence and levels of non-compliance in other enforcement areas
- **Improving focus and effectiveness:** to deploy limited resources effectively we need to understand what impact the work of the enforcement bodies is having. We also need to be able to see the difference this work makes to achieving a more compliant environment. Robust evaluation therefore is essential for learning what works and how to prioritise effort across, for example, compliance and enforcement
- **Better joined-up thinking:** enforcement requires statutory powers. Evidence of worker exploitation brought to ODLME sometimes spanned the powers between the enforcement bodies, or went beyond their powers to that of another enforcement body (for example, HSE) or was not covered by any enforcement body. In some cases, enforcement interests overlapped between the enforcement bodies. Attention also needs to be focused on the wider compliance landscape to think about where gaps in the enforcement landscape can be filled through their support. My theme of “Joined up Thinking” sought to address the first 2 aspects. But there were issues of prioritisation and data sharing
- **Engagement and support:** workers need to know what their employment rights are and where to go for help. Employers need to be aware of their employment law obligations, thereby reducing the risk of inadvertently being found to be non-compliant. The enforcement bodies play a key role here, often working with others (trade associations, NGOs etc). Local initiatives are particularly effective for precarious workers where trust in authority can be limited. Education and awareness raising activity, again working in partnership with others such as good business accreditation schemes, is vital here

Overview of delivery against recommendations

LME Strategy recommendations are not binding. The Immigration Act 2016 simply states that those responsible [the 3 enforcement bodies] should have regard to or act

in accordance with the director’s strategy¹³. This was a major factor in the success or otherwise of the LME strategies. I shall return to this point later.

Across 9 LME Strategies since 2017 the DLME has made almost 150 recommendations. Most of these were directed at the 3 enforcement bodies themselves, but some involved the 2 sponsor departments and, increasingly so in later strategies, my own office, despite its modest resourcing.

Table 4 sets out the number of recommendations made under each theme. To simplify the analysis, I have taken the recommendations for previous DLMEs and assigned them to my 4 themes. Based on the traffic light ratings adopted in the DLME annual reports,¹⁴ each theme has been assigned a ‘success measure’ in terms of delivery by assigning scores for each rating and calculating an average score by theme¹⁵.

In addition, 8 recommendations were made in relation either to the proposed Single Enforcement Body in the 2020 to 2021 LME Strategy or to the Fair Work Agency.

Using the rating scale, “good progress” has been made in relation to recommendations related to engagement and support, but only “some progress” has been made on the other 3 themes.

Table 4: DLME recommendations made and average delivery score by theme, 2017 to 2025

Theme	Number of recommendations made	Delivery Score
Improving the radar picture	15	2.1
Improving focus and effectiveness	44	2.1
Joined-up thinking	41	2.0
Engagement and support	39	2.7
Total	139	2.2

Note: progress against implementation of recommendations has been presented in DLME Annual Reports¹⁶. This table excludes recommendations made in relation to SEB/FWA

I will now look at this in greater detail by theme.

¹³ 2(6)

Any person by whom labour market enforcement functions are exercisable during a year to which a strategy approved under this section relates must, in exercising those functions, have regard to the strategy

¹⁴ I have taken recommendations made by previous DLMEs and assigned them to my four themes for consistency.

¹⁵ A fully implemented recommendation scores 4; good progress on implementation scores 3; some progress scores 2 and little progress scores 1. All other outcomes including no progress and rejected recommendations score 0.

¹⁶ [United Kingdom Labour Market Enforcement Annual Report 2020-23](#)

Progress by theme

Theme 1 Improving the radar picture

Delivery score 2.1

15 recommendations were made since 2018 to 2019 to improve the evidence base. The DLME enabling legislation provided for the establishment of an Information Hub within my office. Its aim was to combine analytical skills sets to draw on existing sources of data, information and intelligence, and to improve this over time.

Although modest in scale, the Information Hub has played a key role in strengthening the evidence base, through the following:

- the Strategic Co-ordination Group (SCG) has brought together intelligence and operational expertise across the 3 enforcement bodies and related partners, improving strategic coordination
- DLME has invested in research, funded by DBT and ESRC, to strengthen understanding of the scale and nature of labour market noncompliance, with findings due to be published in spring 2026. This will provide an invaluable foundation for the future work of the FWA
- the ODLME Information Hub developed a strategic risk model spanning for the first time the work of the three bodies, drawing together intelligence to identify high risk sectors and inform operational priorities

While these tools and structures represent significant progress, further development is needed to ensure that research and risk assessment capabilities are sufficiently robust to meet the FWA's longer term needs.

Risk assessment should also involve forward-looking elements of where non-compliance is most likely to occur. But the data, intelligence and information feeding such models tend to be historical. 'Driving by looking in the rear view mirror' as I have summarised it. Recent work by ODLME and Lancaster University¹⁷ is now looking to redress this balance and again learning here should be valuable for the FWA's work. This will help better identify emerging and future threats, as well as capture wider global, political, socio-economic and environmental factors that could have a bearing on employer behaviours and labour supply.

Despite the advances I have reported, it remains the case that considerable gaps still exist. I believe that more can be done to tap into existing data and information sources.

- The enforcement bodies themselves – and in particular HMRC – already hold significant amounts of data and information. This could be mined and analysed, potentially using machine learning and AI tools to help discover underlying

¹⁷ The Independent Anti-Slavery Commissioner is also conducting good work in this area

patterns and insights. This would help shape a stronger strategic and timelier picture of non-compliance threats.

- The same is true for law enforcement partners, where the aim should be to open as far as possible information exchange, subject of course to legal and technical considerations. As a first step, I would urge both FWA and law enforcement partners to establish the necessary memoranda of understanding to facilitate this.

I believe there also exists a real opportunity to improve the quality of reporting and information flowing into the FWA from external partners. Third-party data is often deemed not to meet the threshold for it to be used as actionable intelligence. Good work has been carried out by the enforcement bodies to try to educate those reporting, but there is scope to do more. All information helps build up pictures of trends and areas for focus.

Wherever possible, working with external bodies should also involve a feedback loop to those reporting, signalling whether the information has been of use in investigations. Information providers need some incentive to keep reporting, and I believe there is scope for the enforcement bodies and the FWA to be more transparent.

Finally, more needs to be done by the FWA to capture new data and information. For example, I highlighted in my 2024 to 2025 Strategy the importance of gaining a better understanding of the characteristics of those found to have suffered labour violations. This could relate to gender, age, ethnicity and so on. There are challenges collecting this data but the anecdotal evidence that there are additional vulnerabilities for those with protected characteristics needs to be addressed. Having better information would help to target compliance and enforcement interventions towards groups at higher risk.

Theme 2 Improving Focus and Effectiveness

Delivery score 2.1

Critical to the operation and success of any organisation is understanding how to make best use of its finite resources. Given the backdrop of tighter public finances in recent years, this becomes even more important for the enforcement bodies.

Although stakeholders often comment on the need for greater resourcing for labour market compliance and enforcement (citing the UK's below-average position internationally¹⁸), the availability to seek additional funding for this activity has been limited. DLME was successful in its early days with its recommendation to double EAS' resources (which still admittedly remain modest in comparison to GLAA and HMRC NMW). Since then, overall government funding for labour market enforcement has, at best, plateaued. Other potential income sources were not successful – early recommendations to boost budgets via fee charging (as HSE does) or recycling penalties back into the labour market enforcement system were rejected by

¹⁸ [ILO calls for strengthening labour inspection worldwide | International Labour Organization](#)

government at the time. Against this backdrop I have focused on better use of existing resources, which also featured in recommendations of my predecessors.

This theme entailed 44 recommendations, the highest across all themes and within these 16 recommendations alone have been focused on getting the enforcement bodies to prioritise their work such that it has greater impact and provides better value for money.

Fundamental to this is knowing where across the non-compliance spectrum the enforcement bodies should intervene: should their focus be on the higher harm threats or on lower harm risks or some mix of the 2? This in turn informs the type of compliance or enforcement intervention to be followed.

At an operational level DLME has recommended a shift towards more targeted enforcement, (as opposed to relying on worker complaints), focusing on higher harm cases and greater use of unannounced visits. From a policy perspective DLME successfully influenced changes to the operation of minimum wage Naming Rounds (where we know anecdotally reputational penalties can be a powerful deterrent), though not for stronger financial deterrents by increasing the minimum wage penalty multiplier employers must pay.

All 3 bodies should be recognised for independently improving their operating models. But the question as to what real difference their work is making to achieving a more compliant landscape, where workers are less likely to suffer violations compared with 10 years ago, remains essentially unanswered. We have no suitable yardstick against which to measure this objectively. Evaluation of the work of the 3 bodies and of their specific interventions and operations is still to be fully embedded in their day-to-day practices.

There have been notable exceptions for instance with HMRC NMW's Geographical Compliance Approach work and a review across all three bodies of Labour Market Enforcement Undertakings and Orders (LMEUs/Os). ODLME has also undertaken reviews of joint enforcement work in the Leicester garment sector (Operation Tacit) and adult social care (Operation Topaz). These could serve as examples on which to build. To do so requires both investment in staff capacity and capability, and a self-aware learning culture throughout the organisation, led from the top.

Going forward, labour market compliance and enforcement approaches should be making far greater use of emerging technologies (including AI). This has the potential to improve customer interfaces, to provide workers and employers alike with clearer and more timely information, guidance and advice. It could also boost the work of strategic intelligence and analysis to explore a variety of big datasets, drawing insights and patterns of employer behaviour which in turn could help focus and target operational activity. Investing in technology ought to be a priority for the FWA.

Theme 3 Better Joined-up Thinking

Delivery score 2.0

As discussed in Chapter 3, the Strategic Co-ordination Group (SCG) has served as an important forum to achieve a more joined up approach. Compared with 9 years ago, the 3 bodies and wider law enforcement partners are now working together much more closely. This has led to better intelligence flows and identification of broader emerging threats beyond the remit of each individual body.

That said, while DLME risk modelling has enabled better identification of high-risk areas, this has not necessarily translated into joint working between the 3 enforcement bodies. Partly this is I think due to incentive structures, with each body required to deliver against their own defined remit. Should they expend resource helping another enforcement body to tackle a problem which is not a priority for their organisation? DLME had no authority to direct operational activity. The bodies themselves did not see joint working as a priority.

Examples of joint operational working have been few and far between. The exceptions here include Operation Tacit to investigate alleged modern slavery in the Leicester garment sector¹⁹. But even here the escalated joint operational response was essentially triggered by the Home Secretary's concerns. Lessons were learned from Tacit which were then fed into the operational response to labour violation allegations in the adult social care sector (Operation Topaz). Here the enforcement bodies were more pro-active in responding quickly and working together to address an emerging threat.

Despite DLME risk modelling highlighting sectors such as construction as being at higher risk of labour exploitation, little by way of joint working has taken place. Although the risk within construction is recognised, the scale of the task, coupled with the complexity of the sector and the availability of investigative resources has been a barrier. This has been disappointing.

In the hand car wash sector, also recommended for joint action, there was instead an industry-led initiative to test out the potential for voluntary registration. In my most recent strategy I recommended further pilot work be done in this sector in conjunction with local authorities (see chapter 6 reporting on recommendations 2025 to 2026 strategy).

¹⁹ [Lessons learned from Operation Tacit – Labour non-compliance in the garment manufacturing industry in Leicester](#)

The experience in agriculture highlights the importance of joined-up thinking. The risk of focusing on narrow remits – both in an operational and policy space – is that gaps can appear which can then be exploited by employers deliberately seeking to be non-compliant. Here progress does seem to have been made. The Seasonal Worker Visa Scheme has been redesigned and has evolved since Brexit. Stakeholders from the sector and government have worked together over the last couple of years to understand better the threat to seasonal workers and to seek to mitigate this.

The area of concern for me has been exploitation of migrant workers in adult social care, where policy approaches did not fully take account of labour exploitation risks. In addition to the harms to adult social care workers, this has drawn in considerable labour enforcement resource, creating risks of less oversight in other areas and sectors. Doing the necessary thinking and risk assessment ahead of other bespoke sectoral routes (potentially construction) is therefore a must. I see some evidence of this now happening within Home Office.

Another area for joint working relates to the issue of online recruitment and the move towards a digital economy. Policy interventions to safeguard individuals in the digital space must also include workers, where current legislation on agency workers (which dates from 1973) remains seriously behind current needs.

Further examples of DLME trying to promote joint thinking – sometimes at the risk of straying beyond the director’s powers – have included proposals to extend state enforcement to umbrella companies and holiday pay (now accepted as a future remit for FWA). Early recommendations to bring greater compliance in supply chains were an effort to bridge the gap between labour enforcement, global labour exploitation and modern slavery (use of ‘joint responsibility’, and ‘hot goods’ provisions as used in the US). However, these specific recommendations were rejected by government. The issue of overseas products undercutting UK based businesses remains for example in the garment industry.

Theme 4 Engagement and Support

Delivery score 2.7

Accessible and clear advice and guidance for employers and workers is vital to promote greater compliance with employment laws. This can involve a multitude of channels and be tailored to specific audiences. It is here where the implementation of DLME recommendations have made the most progress.

Much work has been done by the three bodies on improving communication. Both HMRC NMW and EAS – being part of bigger government departments – have benefited through direct access to departmental communications tools. For example, HMRC’s Employer Bulletins, ability to use mass text messages and use of HMRC behaviour experts. This broader communication has been useful and will be good to

continue into the FWA. Lead times can be an issue, however, the FWA should have much greater autonomy here. To their credit, HMRC NMW and EAS sought innovative ways around this to work together (including benefiting from the greater independence of the GLAA) and with other organisations to raise profile and awareness. Work was commenced by the 3 bodies on a strategic communications plan, and I expect this will be developed further under the FWA.

Working with others in the communications space can be cost-effective, necessary and help to improve reach. For vulnerable groups (such as migrants and ethnic minorities), despite the best efforts of the enforcement bodies themselves, there remains an access or trust barrier for workers that can only be overcome by working with NGOs or community groups. I have seen many examples of where this has worked well. Again, the FWA should look to build on this, but to be successful these local initiatives will often need more sustainable funding support.

Equally, closer working with organisations operating in the business space (including with trade bodies) should be pursued to boost messaging to employers particularly in SMEs so they understand better their employment law obligations. Complementing this, should be clear and up to date guidance from relevant governments departments (DBT, Home Office, Defra, Department of Health and Social Care), which itself can be informed by practical experience from FWA operations teams.

Areas for further work include:

- Payslips provide a vital record for workers, and the lack of provision has been one that has bookended the focus of DLME over the period 2017 to 2026. Initially, DLME provided support for the move towards extending the right to a payslip for all workers, not just employees. DLME also helped bring clarity to payslips by proposing the mandatory inclusion of total hours worked and hourly rate of pay on payslips for hourly-paid workers. More recently, ODLME has identified evidence around lack of provision and access to clear, itemised payslips, suggesting the need for further intervention from government here
- Data – I would like the FWA to adopt an open-minded and learning mindset, where best practice can be shared between different enforcement bodies and regulators here in the UK as well as abroad. Similarly, good engagement with NGOs, unions and business initiatives can help shape stronger collaboration towards tackling shared challenges
- Working with business initiatives that promote compliance such as the Greater Manchester Good Employment Charter²⁰

²⁰ [Greater Manchester Good Employment Charter](#)

- Greater support for front line organisations who have the trust of workers and understand best how to communicate with them. The work of the Highfields Centre in Leicester is a good example of this²¹

²¹ [FAB-L - Highfields Centre](#)

Chapter 6: assessment of progress in relation to recommendations in 2025 to 2026 LME Strategy

As previously mentioned, I will not have the opportunity to report fully on progress with the recommendations in my 2025 to 2026 Labour Market Enforcement Strategy. This chapter therefore provides a summary of progress to date against the recommendations set out in that strategy.

There were 8 recommendations in the LME 2025 to 2026 Strategy. 4 were related to the creation of the FWA with the others on emerging threats, payslips, hand car washes and construction. All were proposed for delivery within the 2025 to 2026 year. Follow up action will be for FWA to determine.

(i) FWA-related 2025 to 2026 recommendations

Recommendation 1: resources

I recommend that government ensures that the FWA has resources commensurate with its tasks and the Make Work Pay ambition – both on the front line and as regards strong core functions to support its work.

This should include:

- a. Substantial communications budget to enable the development of a strong recognisable brand and ongoing proactive external communications.
- b. A team with strong analytical functions to understand labour market trends and risks, with responsibility for horizon scanning to monitor labour market developments and identify emerging threats to employment rights and enforcement.
- c. A research budget to fill gaps in evidence to inform priorities. This should build on the outputs and learnings from research project, ‘the scale and nature of labour market non-compliance’.

Timeframe for delivery: April 2026

Lead: DBT

Supporting: Home Office

Ministers have committed that the FWA will have the resources it needs to do its job, including when its functions expand to enforce holiday pay. A 2026 to 2027 provisional budget has been allocated. My understanding is that there is an intention to implement all 3 elements of this recommendation but the means of doing so are not yet determined.

Meantime bids are being considered that would include:

- expanded analytical functions to support horizon scanning and risk assessment;
- a dedicated research budget to deepen the evidence base on labour market non-compliance;
- a strengthened communications capacity to develop a clear and recognisable FWA brand

When the FWA management team is in place it will further articulate its plans which will be shaped overall by the strategic steer from the Secretary of State.

Recommendation 2: transparent governance

I recommend the Framework Agreement required between DBT and the FWA is in line with best practice.

This should include:

- (a) Ensuring the Framework Agreement between DBT and the FWA includes sufficient focus on transparency.
- (b) Identifying metrics that assess impact and creating a baseline for reporting to the FWA Advisory Board.
- (c) Developing a system of regular performance reporting on efficiency and cost-effectiveness through quarterly reports to the FWA Advisory Board.
- (d) Promoting transparency of the FWA by developing a clear mechanism, such as a dashboard, the internal and external stakeholders can access.

Timeframe for delivery: by April 2026

Lead: DBT

Supporting: EAS, GLAA, HMRC NMW and ODLME

Transparency is a priority for external stakeholders. DBT have indicated that the Framework Agreement will be underpinned by governance and reporting mechanisms both within the FWA and between the FWA and DBT - as well as external promotion and publication of the FWA's activities.

The draft Framework Agreement is being developed by DBT and the designated FWA deputy director for Strategy and Governance with input from myself. DBT aim to publish the Framework Agreement Spring 2026. DBT intend the Framework Agreement encourages the FWA to go beyond statutory minima in terms of

transparency and publications, and this will also be reiterated in the Secretary of State's Strategic Steer to the FWA for its first year of operation.

In tandem, DBT inform me that a metrics framework has been developed for the FWA to inform internal reporting and governance, as well as for monthly governance reporting to DBT as the sponsor organisation. Its themes have been endorsed by the FWA Programme Board, with final sign off on the first year metrics to take place once the FWA CEO and Advisory Board is in place.

The FWA executive team will develop and publish a Transitional Year Delivery Plan for year one that outlines key performance themes and metrics against which progress will be monitored. The Employment Rights Act 2025 requires the Secretary of State to produce a labour market enforcement strategy every 3 years, with the first strategy due April 2027, and an annual report on the work of the FWA.

Recommendation 3: building on experience

I recommend DBT lead a project to identify the learnings from the enforcement bodies as well as my office in terms of what works and doesn't work on the following priority areas.

Communications

1. **Communications** – an effective communications strategy will be key to ensuring the FWA achieves its objectives, setting out how the FWA will engage with workers, modern slavery victims and survivors, employers, stakeholders such as NGOs, trade unions, academics) and partners (such as the Advisory, Conciliation and Arbitration Service (Acas), police, National Crime Agency (NCA), local authorities). To inform this I recommend:
 - mapping the stakeholders for the 3 enforcement bodies and ODLME
 - identifying learnings from the 4 organisations on what engagement works (including method, timing, format) and what doesn't work, to inform next steps for the FWA
2. **Gathering, processing and coordination of intelligence**
 - mapping the intelligence stakeholders (including responsibilities) and processes for the 3 enforcement bodies and the ODLME
 - identify learnings on what works and doesn't work for the 3 enforcement bodies and ODLME and their relationships with the law enforcement partners to inform the development of the FWA
3. **Enforcement mechanisms investigation methods** – the 3 enforcement bodies employ different methods to enforce and investigate exploitation. I recommend:
 - mapping the enforcement mechanisms or investigation methods by each of the 3 enforcement bodies
 - identifying learnings on what works and doesn't work
 - looking specifically at engagement with hard-to-reach groups and different cultures, including training for staff

Timeframe: The FWA strategy, due April 2026 to include how this recommendation was actioned.

Lead: DBT

Supporting: EAS, HMRC NMW, GLAA

DBT inform me that learning lessons from the existing system is built into the FWA programme governance and that each workstream has conducted a “lessons learnt” exercise to inform future approach.

Communications

A Communications and Marketing Task & Finish Group is designing the marketing plan to raise stakeholder and public awareness of the FWA. Chaired by DBT, it has been meeting weekly since the start of the new year, to agree and decide approaches for both internal and external communications.

Gathering, processing and coordination of intelligence

DBT reports that the Employment Rights Act 2025 provides a robust legal framework for safe and effective information sharing. This framework enables the FWA to collaborate across government and with other regulatory bodies, delivering greater impact in the enforcement of workers’ rights. In previous strategies and reports, I have highlighted longstanding barriers to effective exchange of intelligence across the enforcement system, so it is welcome that the new legal gateway established through the Act seeks to address these known issues.

In addition, a Task and Finish Group focused on intelligence and information gathering presented on this work at the September FWA Programme Board. DBT tell me that learnings from this work are being put into practice, for example in the design of the new “hidden economy” team within the FWA.

Enforcement mechanisms and investigation methods

DBT inform me that an Operations Task and Finish Group has crunched through the policies, products, powers and processes of all predecessor organisations to ensure effective operations from the start of FWA. They say this work will provide an effective baseline against which to determine future direction for the agency, learning lessons and taking the best from all three bodies’ experience. In particular, DBT say that the Secretary of State’s strategic steer document will ask the FWA in its first year of operation to consider the synergies between gangmaster licencing and agency regulation. DBT say that whilst this is happening the enforcement bodies are continuing to innovate within the current framework.

Recommendation 6: achieving compliance and providing support through others

I recommend DBT considers how the FWA can make best use of other agencies, community groups, NGO's and industry led initiatives to both support and encourage compliance.

Timeframe for delivery: The FWA strategy. Due in April 2026, to include how this recommendation has been actioned.

Lead: DBT

Recommendation 6 builds upon recommendation 9 from the LME strategy for 2024 to 2025 and recommendation 12 from the 2023 to 2024 strategy, to use the links, knowledge and expertise of community based organisations and industry to provide support and achieve compliance.

I have consistently stressed the importance of effective consultation with stakeholders in delivering an enforcement system that is responsive to need. It is therefore encouraging to see DBT working closely with the newly appointed FWA Chair on strengthening engagement with enforcement bodies, regulators, social partners, trade unions, employer organisations and other partners who play a critical role in supporting compliance.

The establishment of a new Fair Work Agency Assembly will be a critical foundation stone upon which to build an agency that recognises that its strength will come from its partnerships with all those seeking a compliant and fair labour market.

(ii) Other 2025 to 2026 recommendations

Recommendation 4: emerging threats

I recommend the ODLME prepares a report for the LME Board on methods, additional data sources, research outputs and forecasting techniques the enforcement bodies/FWA might embrace to better identify and monitor emerging risks to the labour market.

Timeframe for delivery: December 2025

Lead: ODLME

Recommendation 4 focused on the importance of the FWA being adaptive to the shifting labour market environment and emerging risks. For example, risks associated with new employment models, or the use of digital platforms by work seekers. Changes can bring new risks for workers for which the FWA needs to plan.

ODLME reviewed existing literature and international practice. A paper was presented to the LME Board discussing the range of methods and modelling techniques that can be used to identify emerging threats as well as the challenges faced internationally. ODLME also reviewed existing data sources and how these could be further utilised by the Fair Work Agency. Taking this forward will be a matter for FWA.

Recommendation 5: payslips

I recommend ODLME collates evidence on the provision of payslips and presents to the LME Board making recommendations on what further measures might strengthen compliance with Employment Rights Act 1996 in relation to the provision of payslips.

Timeframe for delivery: March 2026 **Lead:** ODLME

ODLME continues to get reports that not all workers are receiving payslips and also that workers report inadequate and inaccurate payslips. Is there a role for FWA in achieving greater compliance? My team completed a literature review of published research on payslips and tested these through conversations with stakeholders from government departments, enforcement providers, Acas and devolved governments. In addition, we spoke with academics, unions, trade bodies, business, and NGOs.

A report was presented to the LME Board in March 2026. This provided an overview of external evidence on the provision of payslips, the legislation requirements for payslips, enforcement options, and the main issues with payslips reported. The report included recommendations to be passed to FWA and DBT on further measures to strengthen compliance with the Employment Rights Act 1996.

Recommendation 7: hand car washes

ODLME supports the planned regional pilot into the compliance of hand car washes, and I recommend the evaluation of the pilot is combined with an evaluation of activities undertaken by HMRC NMW and other stakeholders. This joint evaluation should be used by the FWA to determine what solutions are required to mitigate the risks in the sector.

Timeframe for delivery: Evaluation by April 2026

Lead: GLAA (with other stakeholders)

Joint evaluation lead: DLME/Strategic Coordination Group (SCG)

The hand car wash sector continues to be high risk and this recommendation supported GLAA's plans for a regional pilot working with a local authority and drawing on wider data about non-compliance. GLAA has engaged with local authorities and partners such as HMRC NMW and Home Office Immigration Enforcement. However, the pilot has not commenced and therefore no evaluation is available. I understand that the hand car wash pilot may form the basis of planned activity for the FWA's new Hidden Harms Team.

Recommendation 8: construction

I recommend that in advance of the government's proposed housebuilding programme, law enforcement stakeholders produce an engagement, coordination and action plan with central government, local authorities and industry, expanding on current initiatives to mitigate the risks of exploitation.

Timeframe for delivery: review engagement plan by October 2025 with a report to the LME Board.

Lead: Enforcement bodies, coordination through ODLME Strategic Coordination Group (SCG)

The DLME Risk Model continues to highlight construction as a high-risk area. With a shortage of workers and plans to expand rapidly the house building programme, there is a risk that workers may be exploited. My team and I have engaged with a wide range of stakeholders in relation to this recommendation. This included talking to the DBT team supporting workforce planning as part of the Industrial Strategy, raising awareness of risks, particularly with overseas workers in the sector.

There are various industry initiatives to mitigate modern slavery risks in the sector, but typically they do not cover all types of non-compliance under the DLME or FWA remit. For example, in relation to National Minimum Wage or agency workers compliance. Also, the housebuilding sub-sector is less involved in these industry initiatives compared to those involved in larger construction projects such as infrastructure.

To date, the demand for construction workers has not led to an increase in overseas recruitment for UK housebuilding. However, the sector should remain a high priority for the FWA. The Migration Advisory Committee (MAC) is currently reviewing the Temporary Shortage List for occupations with access to overseas recruitment as part of the Industrial Strategy. It is due to report to the Home Secretary in summer 2026. Consequently, this will influence the role of FWA engagement in the sector.

A paper summarising engagement with the sector was presented to the final DLME Board Meeting. It provided an option to the FWA to appoint a Construction lead to co-ordinate cross FWA interest and activity in the sector and develop an engagement process with across government and industry stakeholders.

Chapter 7: Reflections from DLME

This chapter addresses 3 questions:

1. Has the DLME function contributed to reduction in non-compliance?
2. What lessons can be learned from DLME function?
3. What can FWA build on from DLME legacy?

1. Has the DLME function contributed to reduction in non-compliance?

In setting up arrangements whereby the 3 enforcement bodies worked more closely implementing recommendations from the DLME strategy, the hope and expectation was the scale of non-compliance would reduce. There is no objective evidence that would justify such a conclusion. For example:

- as was recognised by ODLME itself at an early stage, a baseline position did not exist
- changes to national minimum wage mean that different populations came into scope in the period
- GLAA's function as regards enforcing modern slavery was new as were the powers to secure Labour Market Enforcement Undertaking and Orders (No baseline from which to measure)

Funding decisions (increases and decreases) impacted the ability of the bodies to conduct their work.

However, the bodies report to the director that working more collaboratively in the last 9 years has been beneficial to outcomes. Examples include joint webinars run by the 3 bodies and EAS engagement with HMRC NMW's Geographical Compliance Approach. The Strategic Co-ordination Group has facilitated discussion between enforcement bodies that might otherwise never have happened. DLME Strategies identified potential areas for greater collaboration that were not pursued at the time but might be opportunities for FWA.

Broader stakeholder feedback has also highlighted the importance of the ODLME function in helping to determine the need for, and to shape the design of, the forthcoming Fair Work Agency. Tracing the evolution of policy in this area over the last decade and a half gives real insight into role ODLME has played in this:

- In 2010 the then government considered streamlining workplace enforcement activities by creating a Fair Employment Agency but ultimately concluded this would not provide significant benefits to workers²²
- 5 years later, recognising the need to tackle organised labour market exploitation, interest in and momentum for a more co-ordinated response on labour

²² [Workplace Rights \(Compliance and Enforcement Review\) - Hansard - UK Parliament](#)

enforcement was rekindled when the government consulted on and then introduced the ODLME in 2016²³

- In 2018 the government, acknowledging the DLME had been an excellent innovation, then announced it wanted to go further by establishing a single enforcement body (SEB) for worker rights²⁴
- Although subsequent consultation on the SEB²⁵²⁶ did not result in its creation at the time, it did help spur wider political support for a single agency at the time of the 2024 General Election²⁷

The work of ODLME has created a firm foundation on which the FWA can build.

2. 2. What lessons can be learned from DLME function?

Negatives

There has been an inherent contradiction in the DLME strategy being strategic and it being prepared annually. Strategies normally have a 3 to 5 year planning horizon. Also, the annual cycle set out in the legislation was impractical. The strategy had to be based on an up-to-date assessment of the scale and nature of non-compliance and to be presented before the start of the strategy year. The bodies' planning cycles meant that their business plans for the strategy year were in place well before the strategy was presented. Sometimes this resulted in stakeholders being asked to contribute to future strategies before the current strategy was even published.

The lesson here is for greater thought being given to practicalities and planning cycles before writing detailed timetables into legislation and documents such as Framework Agreements. This is particularly the case where a step in the process requires ministerial authority.

In setting up the director as independent from government, there would have been nervousness in giving the role authority to direct. However, the lack of authority to require action limited the delivery of outcomes from the DLME recommendations. HMRC NMW and EAS had to "have regard to" DLME strategies and GLAA had to "operate in accordance with" DLME strategies. The 2 stage process – which existed in the early years where there was government response to the recommendations – was, in that sense, a better model as it seemed to give the recommendations greater authority. However, it did create an extra step in the process potentially creating risk of more delay.

²³ Tackling Exploitation in the Labour Market - government response

²⁴ <https://www.gov.uk/government/publications/good-work-plan>

²⁵ <https://assets.publishing.service.gov.uk/media/5d2d85fe40f0b64a8099e18d/single-enforcement-body-employment-rights-consultation.pdf>

²⁶ <https://assets.publishing.service.gov.uk/media/60be1b47e90e0743a210de29/single-enforcement-body-consultation-govt-response.pdf>

²⁷ For a Fair Deal - Liberal Democrats Manifesto 2024 - Liberal Democrats; Change Labour Party Manifesto 2024

That said, although the director did not have a statutory power to direct, feedback from the enforcement bodies demonstrates that I and my predecessors held a degree of 'soft power' to influence the thinking of the enforcement bodies. They found the themed approach which I adopted helpful in that regard.

The DLME had a statutory obligation to make recommendations as regards how resources should be deployed across the 3 bodies. However, there was no power to require performance measurement that would allow comparisons of effectiveness to be made. The enforcement bodies were not required to share with DLME data about how their budgets were being spent and did not do so. Giving the director the power for example, to require measures to be put in place or in year reports to be made, would have given the director some tools to discharge this statutory duty.

The resources for ODLME came from Home Office and DBT in the form of staff recruited by the departments to work in ODLME and a small amount of programme spend. One staff member was provided by HMRC, and staff were from time to time seconded from DBT and GLAA. Having to follow different departmental policies (each designed for multi sited UK wide departments) to staff a 6 to 8 person operation based in central London was very cumbersome and caused delay in recruitment and inconsistencies in terms and conditions. Career opportunities within ODLME were limited creating turnover and loss of experience. ODLME is not alone in experiencing such frustrations. Recent recruitment through DBT has followed a lighter touch approach which was welcome.

ODLME had a low recognition rating notably as regards precarious workers but also organisations that support workers, including trade unions. As DLME could not progress casework, advertising our existence could have been confusing. Among academic institutions and think tanks recognition was higher often through personal contacts.

Positives

There was recognition on the part of key external stakeholders that having a Director of Labour Market Enforcement gave welcome profile to the risks of labour exploitation and to the activities of the enforcement bodies. The advent of the FWA is a further positive step.

The DLME role has helped bring a higher-level strategic focus, and in doing so to steer thinking towards addressing some fundamental questions across the compliance and enforcement landscape. Examples include a clearer and more robust demonstration of where enforcement body interventions are both cost-effective and impactful, and the need to see the bigger picture across related enforcement areas and to act jointly to tackle these.

In my tenure I was able to engage with ministers, particularly DBT ministers though the recent support from the safeguarding minister has also been welcome. Given the

lack of statutory authority, visible ministerial support for DLME served to give authority to ODLME's work.

The independence of the DLME was valued by external stakeholders notably in drawing attention to policy areas where there were gaps or inconsistencies or conflicting priorities. Proactive, meaningful engagement by DLME with external stakeholders was greatly valued by them and was invaluable to ODLME. It gave us insight to the lived experience of vulnerable workers, the practical issues faced by businesses, different perspectives across the UK, new insights into solutions and a wider perspective and understanding.

The director's statutory role to assess the scale and nature of labour exploitation provided a platform for its research and analysis function. Although the scale of resources within ODLME was limited, DLME strategies, annual reports and sectorial reports were regarded externally as authoritative sources of information.

3. What can FWA build on from DLME legacy?

Many of the "negatives" listed above will be addressed by the FWA. For example, the Employment Rights Act specifies that the FWA strategy should cover a 3-year period which is much more appropriate. The 3-year strategy will provide overarching direction to the FWA business and operational planning including resource allocation. This will be a huge improvement.

Also, FWA will do its own recruitment and will be large enough to create career opportunities within the organisation which means that good people will not have to leave to progress.

While the DLME has established aspects of the scale and nature of labour market non-compliance there is scope for the FWA to co-ordinate improvement in the assessment. This can be achieved through better alignment of management information, intelligence and data.

FWA has the potential to be a body respected nationally for its knowledge and deep expertise. For our part, ODLME staff will bring their capabilities as regards risk assessment, research and strategic analysis including relevant knowledge experiences from other countries. ODLME also has well as a good understanding of a wide range of key external stakeholders.

Bringing the 3 enforcement bodies and ODLME functions together will be very beneficial in terms of a more joined up approach to enforcement. Past recommendations from all DLMEs are worth reviewing to assess what more is possible in this space. The relationships with other enforcement bodies should transfer across but this may not be seamless and so requires active engagement.

The Strategic Co-ordination Group will provide an element of continuity, albeit that the purpose of the group may change. There will still be enforcement gaps to be addressed. The ODLME experience was that the same non-compliance issues

persisted, which suggests underlying causes are persistent and that new tools are needed to address them.

A proactive joined up approach with external statutory bodies will still be needed, notably with Acas, as regards education and compliance work. Engagement with devolved governments is also important. They have significant expertise as regards labour market issues and using stakeholder engagement to assist with delivery of FWA's mission.

ODLME's external communication approach has been rooted in the belief that communication has to be, demonstrably, a two-way interactive process. I hope that the FWA has within its culture the recognition that this must be true for FWA as well for example, face to face meetings not just on-line webinars. FWA events need to take place across the UK. Also, it is important not just to host events but also attend events organised by the stakeholders themselves, in person where possible and listen to others.

The FWA Assembly concept which is being discussed creates an opportunity for a new approach to stakeholder engagement. There is a huge willingness to work with and support the FWA. It is essential that this is tapped into as a priority from the outset of FWA and that new ways to doing things are piloted.

Communication plans are being developed to raise the profile of FWA which will be beneficial as regards businesses, workers and those who support exploited workers. As part of this, FWA needs to develop new communication channels that businesses and workers themselves find helpful. They must actively reach out to them rather than, for example, believe that posting material on gov.uk is enough.

Having a collaborative approach will require FWA to adopt a readiness to share information. Having FWA policies based on "share information unless" rather than having a reluctance to share any information. In my experience useful information that would assist external parties supporting businesses or workers has been held back under the mantra of not sharing operational data on live operations. External stakeholders have called for a dashboard published quarterly. I would welcome FWA revisiting some past strategy recommendations on information sharing, including outcomes. I am pleased that work is already being done in this area.

In planning its activity FWA needs a mechanism for determining its priorities. For example, high harm versus lower-level non-compliance but on a larger scale. Also, as between enforcement, compliance and prevention activity. Resources are finite and there must be priorities. My experience is that external stakeholders would also welcome greater transparency about the FWA's approach.

In developing its relationship with external stakeholders, FWA will need to navigate its way to creating its own distinct voice while formally being an Executive Agency within DBT. (DLME, though independent, has had similar challenges given that the strategies and annual reports had to be approved by ministers for publication). Scrutiny of FWA

activity by the Advisory Board and the voice of the FWA Chair will be important in demonstrating independent thought.

There will be strong Parliamentary interest in FWA. My experience is that Parliamentary Select Committees have appreciated and paid more attention when they have received direct answers to questions based on the directors knowledge and experience.

Conclusions

The creation of the DLME position in 2016 has helped secure better collaboration between the 3 enforcement bodies within its remit. This will have delivered better results in terms of compliance and enforcement activity. The DLME function has provided a foundation and generated support for the creation of FWA. This is a very welcome, watershed moment for state labour market enforcement. I welcome the extra investment the government is making.

When setting up stand alone “Director” positions Government needs to carefully consider:

- how much authority it gives to the position if it wants to maximise the effectiveness and value for money
- how to secure access to the data required to do the job
- how best to resource such operations to allow them to be agile

DLME had a positive impact in terms of:

- providing a higher profile for this policy area
- ability to stand back and see across boundaries
- having an underlying ethos of valuing stakeholder insight and having open and transparent processes to help shape our strategies

Learnings for FWA from DLME’s work include:

- the need for FWA to act swiftly to secure engagement with key stakeholders and not lose the momentum from ODLME’s work
- the timelines set in the FWA Framework Agreement for strategies and business plans must be realistic, allowing for time for ministerial approval processes and the planning cycles for FWA
- the importance of transparency about what FWA does and what it achieves, demonstrating its targeted effectiveness to businesses and its support for workers

The creation of the FWA will address some of the weaknesses of the DLME arrangement by breaking down barriers between the organisations and giving FWA a clear focus. However, this requires proactive effort given that each founding organisations has its own proud heritage.

Challenges will still exist for the FWA. For example, having the necessary enforcement tools to address worker exploitation in a changing labour market, how to embrace technology both in terms of managing work and communication with workers and businesses. The creation of the FWA is an opportunity to think differently about how we can do state enforcement better. The FWA must take steps to demonstrate more

clearly the impact it is having and the value for money from the government's investment in it.

I am confident that a single agency in the form of the FWA will be better equipped to deliver greater compliance than three independent agencies.

Annex A

Consultation exercises

First and foremost, ODLME would like to thank all who has provided information to support DLME strategies since 2016, both responding to the written calls for evidence and attending or facilitating round table discussions.

For the 3 strategies 2023 to 2024 strategy, 2024 to 2025 and 2025 to 2026 ODLME has run consultation exercises these are extremely useful to gain insight and views of a wide range of stakeholders. In 2023 to 2024 ODLME received 57 responses. In 2024 to 2025 stakeholder roundtables were held ahead of the Call for Evidence and the number of responses reduced to 33. It increased in 2024 to 2025 to 62 responses.

Figure A1 the number of responses

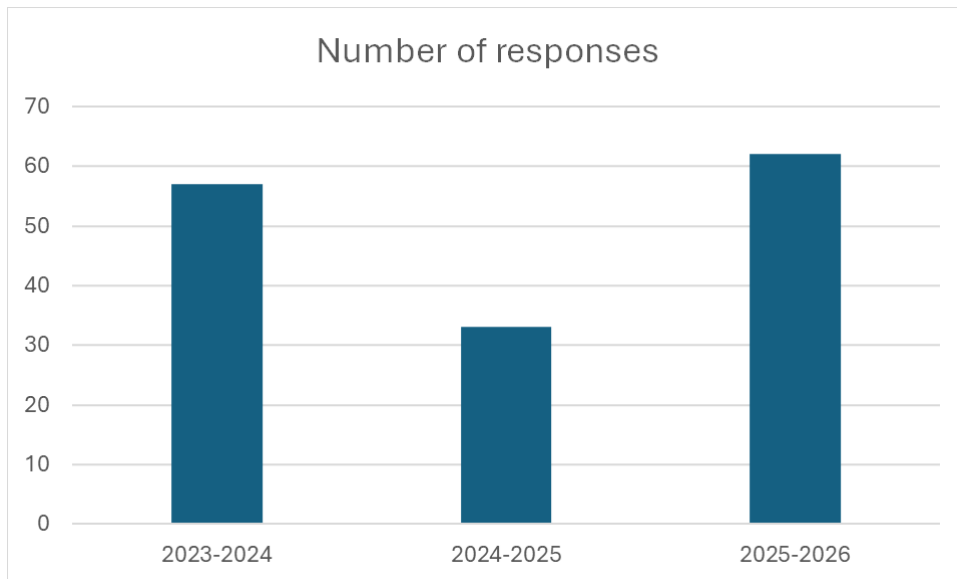
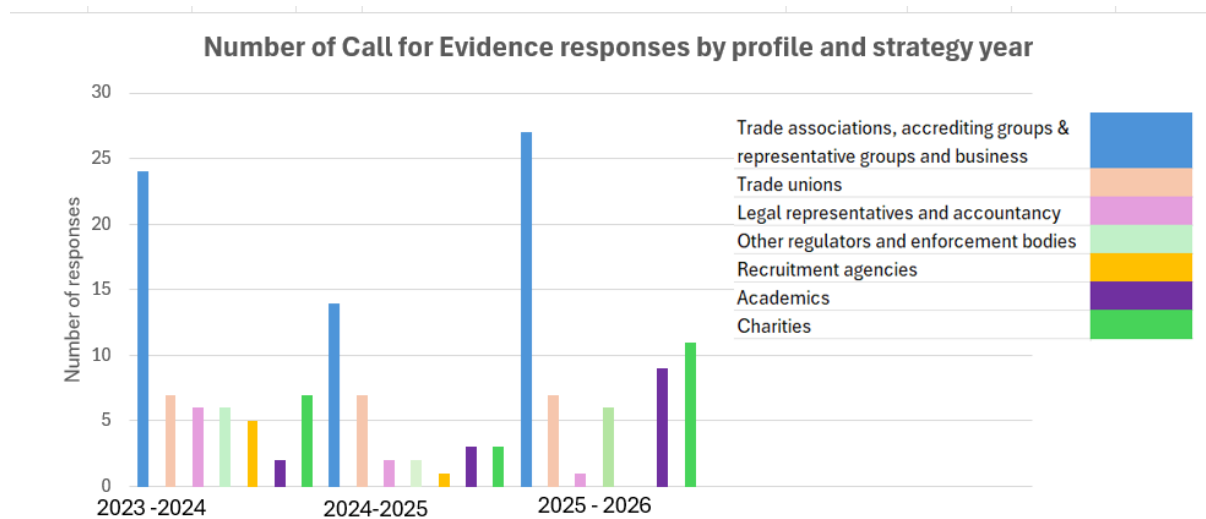


Figure 2 breaks this down into the profile type of respondents

Figure A2 the profile of responses



Some of the outcomes from the 2025 to 2026 consultation were:

Awareness of rights: 61% of respondents felt that workers and employers are not aware of employment rights and where to seek help.

Groups at higher risk: 82% agreed that certain groups (including women, younger workers, migrants and those with protected characteristics) are more likely to experience labour market noncompliance.

Finding work: 58% agreed that increased use of nontraditional job search methods (such as online platforms, apps and social media) raises the risk of fraud and scams.

Labour shortages: 43% stated that ongoing shortages of labour in sectors such as adult social care were not leading to improved working conditions.

Confidence in enforcement: 61% lacked confidence that the three enforcement bodies deal with cases proactively.

Impact of enforcement: 42% agreed that compliance and enforcement activity helps ensure a level playing field for businesses, but 46% did not state a view.

Deterrence: 46% did not feel that current enforcement penalties deter serious exploitation but most of the other respondents said they did not have a view.

Cross government working: 40% said they did not feel that cross government action has been effective in tackling labour exploitation in high risk sectors.

Payslips: 61% agreed that failure to provide detailed, timely and accessible payslips leaves workers vulnerable to exploitation.

Key Information Documents: 34% felt that KIDs did not provide workers with all the information they need.

Employment status clarity: 49% agreed that lack of contractual clarity increases exploitation risk, particularly for platform, umbrella and gig economy workers.

Migrant workers: 56% agreed that migrant workers on short term visas are less likely to be aware of their rights or seek remedies.

Roundtables

Round tables were held to probe the evidence provided, except in 2024 to 2025 when DLME used the roundtable to ascertain where there were evidence gaps that needed to be filled through the Call for Written Evidence.

The director's roundtable meetings over the years have focused on:

Opportunities and threats: impact of labour shortages; IR35 and self-employment; migration policy and trends; recruitment patterns; noncompliance risks in new employment models; minimum wage uprating.

Amplifying the worker voice: evidence on worker experiences arising from labour market change and how workers can better understand and enforce their rights.

Working with business: effectiveness of existing compliance initiatives from both business and worker perspectives, including evidence from other sectors and countries.

Finding work and securing employment rights: changes in recruitment practices; compliance risks in job seeking; transparency of pay and benefits.

Recruitment: risks linked to online (including social media), offshore and overseas recruitment; right-to-work checks; digital exclusion.

Employment: new employment models and intermediaries; unclear employment status; bogus self-employment; nonpayment of minimum wage; remote working; inadequate payslips.

Communication: approaches to reach workers most at risk of exploitation through education, awareness raising, and community level engagement.

High risk sectors: ongoing risks in agriculture, residential care and construction, and whether other less well documented sectors should also be considered high risk, including underlying risk drivers and mitigations.

For my 2025 to 2026 strategy. ODLME worked in collaboration with DBT colleagues and held 3 sectoral themed roundtables focused on the sectors we rate as highest risk **agriculture**, **adult social care** and **construction**. ODLME also held one round table with a cross-sectoral theme and two on the **Fair Work Agency**. In addition, I attended 6 further roundtables facilitated by stakeholders.

Legal disclaimer Whereas every effort has been made to ensure that the information in this document is accurate, the Department for Business and Trade does not accept liability for any errors, omissions or misleading statements, and no warranty is given or responsibility accepted as to the standing of any individual, firm, company or other organisation mentioned.

© Crown copyright 2026 You may re-use this publication (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 Where we have identified any third party copyright information in the material that you wish to use, you will need to obtain permission from the copyright holder(s) concerned. Published by Director of Labour Market Enforcement Margaret Beels OBE 7 April 2026.