

# Written evidence submitted by Justice and Care (ERB61)

## Public Bill Committee: Employment Rights Bill

### 1. About us

- 1.1. Justice and Care is a charity that joins forces to end modern slavery. We work with police and others to help identify victims, empower them to walk free and support them to rebuild their lives. We also work to bring justice to the criminal networks responsible and use our front-line experience and expertise to create large-scale, replicable change; partnering with governments and key stakeholders to strengthen the anti-slavery fight. We have direct work in the UK, Romania and Bangladesh and work with around 150 partners worldwide
- 1.2. Our Policy and Advocacy Team aims to ensure strong political focus and leadership on the issue of modern slavery in the UK. Taking the experience of survivors of exploitation, learning from our own frontline work and that of other organisations we advocate for policy and legislation change that helps keep individuals and communities safe, puts survivors first and helps bring exploiters to justice.
- 1.3. This submission is drawn from our recent research produced in partnership with the Centre for Social Justice: *At what cost? Exploring the impact of forced labour in the UK.*<sup>1</sup>

### 2. Summary

- Modern slavery (forced or compulsory labour) is happening in the UK's regular economy with high-risk sectors including adult social care, construction, hospitality and agriculture.
- Weaknesses in labour market enforcement create an environment where modern slavery can flourish. These weaknesses include an extensive informal sector, inadequate numbers of labour inspectors and a complex enforcement system that make it difficult for victims to report their exploitation.
- We welcome the focus on improving conditions in the adult social care sector and to strengthen labour market enforcement through the Employment Rights Bill and creation of the Fair Work Agency but recommend further steps to ensure there is better protection against forced labour including:
  - An inquiry into exploitation in the adult social care sector
  - Inclusion of prevention of modern slavery in the Adult Social Care Negotiating Body's remit.
  - Introducing a mandatory licensing regime for hand car washes.
  - Ensuring the Fair Work Agency takes a victim-centred approach and introducing a Fair Work Levy to fund an increase in the number of labour inspectors.

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<sup>1</sup> [Centre for Social Justice and Justice and Care, At what cost? Exploring the impact of forced labour in the UK, October 2024](#)

- Strengthening the reporting requirements under section 54 of the Modern Slavery Act 2015.

### **3. Background: Forced or compulsory labour in the UK**

- 3.1. Forced or compulsory labour is a form of modern slavery where someone is coerced or deceived into working for little or no pay, or when someone else has control of their wages or victims are forced to work to pay off excessive and illegitimate debts. It is often accompanied by threats and physically demanding or unsafe working conditions. Although forced or compulsory labour sits at one end of a continuum, lesser non-compliance with employment law can, in some cases, be a sign of modern slavery.
- 3.2. Our recent research<sup>2</sup> has found that:
- Labour exploitation<sup>3</sup> is the second most common form of modern slavery for potential victims referred to the Home Office.<sup>4</sup>
  - Forced or compulsory labour is intricately woven into our mainstream economy, with criminals infiltrating or camouflaging themselves as legitimate businesses. The most affected sectors are social care, hand car washes, agriculture, construction and hospitality, although victims are also encountered in a range of other industries.
  - There are significant risks for victims' colleagues and service users (such as elderly people receiving social care) if forced or compulsory labour victims are exploited in roles without appropriate qualifications or when exhausted from overwork.
  - Weaknesses in our labour market and immigration systems are exploited by criminals.
- 3.3. The Employment Rights Bill presents a key opportunity to strengthen enforcement and regulation to reduce these gaps improving prevention and identification of forced labour in the UK labour market.

### **4. Part 3 Chapter 2: How the Employment Rights Bill could prevent forced labour and compulsory in the adult social care sector**

- 4.1. There has been a substantial rise in reports of labour abuse and forced labour in the adult social care sector in recent years.
- 4.2. In 2022, the National Modern Slavery and Exploitation Helpline run by the charity Unseen noted a 1,024 per cent increase in the number of reported potential victims in the care sector with a further 32 per cent increase in 2023.<sup>5</sup>
- 4.3. In 2023 the Office of the Director of Labour Market Enforcement reported that "The risk in the care sector is assessed as having increased over the year, as there is now greater evidence of deliberate non-compliance."<sup>6</sup>
- 4.4. Likewise, data from the Police National Database shows an increase in the proportion of investigations into modern slavery in the social care sector (of those investigations

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<sup>2</sup> [Centre for Social Justice and Justice and Care, At what cost? Exploring the impact of forced labour in the UK, October 2024](#)

<sup>3</sup> The NRM uses the term "labour exploitation" for the forced or compulsory labour sub-category of modern slavery, not a broader continuum of labour exploitation.

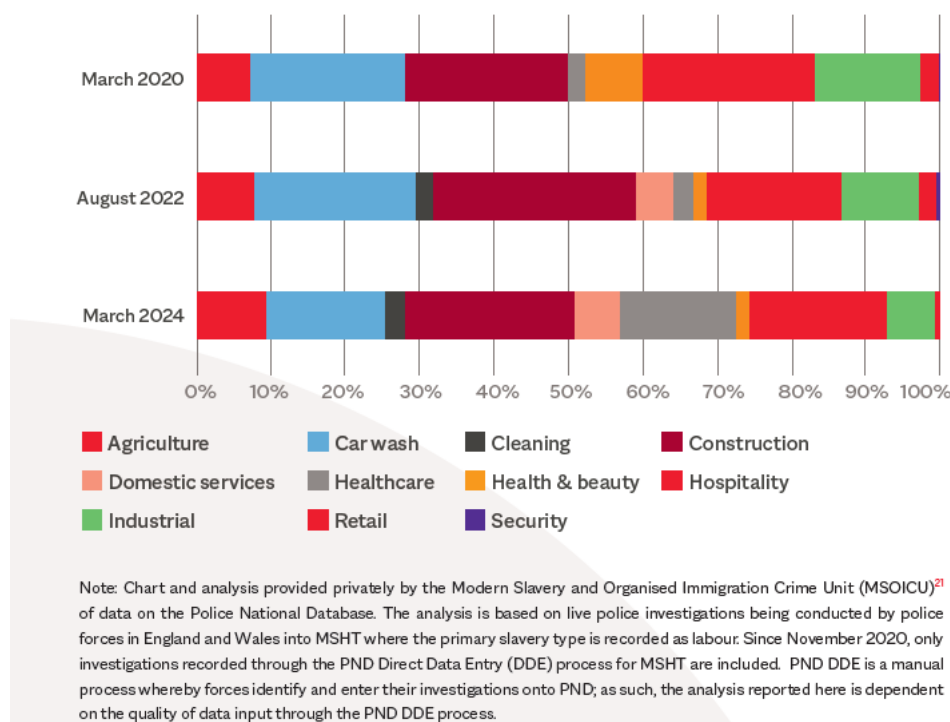
<sup>4</sup> Centre for Social Justice and Justice and Care analysis of Home Office, Modern Slavery Research & Analysis. (2024). National Referral Mechanism and Duty to Notify Statistics, 2014-2024. [data collection]. 13th Edition. UK Data Service. SN: 8910, DOI: <http://doi.org/10.5255/UKDA-SN-8910-13>. Prior to Quarter 4 2019 criminal exploitation was subsumed within the labour exploitation category in NRM data recording so data before this cannot be compared with more recent data.

<sup>5</sup> Unseen National Modern Slavery and Exploitation Helpline *Annual Assessments, 2022 & 2023*

<sup>6</sup> [HM Government Labour Market Enforcement strategy 2023/24 and supporting evidence & analysis](#)

where the industry was recorded) from two per cent of all investigations in March 2020 to 15 per cent in March 2024. Most of this increase in investigations in the social care sector has been since 2022, overall a 420 per cent increase in social care sector investigations from 2022 to 2024. <sup>7</sup> See 'healthcare' in graph below.

**Breakdown by labour sector for all live MSHT investigations with a primary slavery type of labour exploitation**



- 4.5. Financial exploitation of overseas workers in the care sector is common, with many victims reporting recruitment fees in excess of £10,000 despite the visa fee being under £300 for up to three years or £551 for longer.<sup>8 9</sup>
- 4.6. Victims also report not being paid or wages below minimum wage, debt bondage and other deductions from their pay. Poor, overcrowded and/or expensive accommodation provided by their exploiter, having their freedom of movement restricted and sometimes their ID documents taken are also reported. Threats and emotional abuse, especially threats related to losing their visa or having working hours cut, are also common. Many victims remain in an exploitative situation because of the difficulty finding alternative employment and restrictions on their visa.<sup>10</sup>
- 4.7. *Recommendation:*  
*The Employment Rights Bill should be amended as follows:*
- A new clause to establish an independent inquiry into the exploitation of workers in the adults social care sector.

<sup>7</sup> [Centre for Social Justice and Justice and Care, At what cost? Exploring the impact of forced labour in the UK, October 2024](#)

<sup>8</sup> [Citizens Advice Bureau, Spotlight report No.1 How work visa design is driving exploitation of migrant care workers, 2024](#)

<sup>9</sup> [Gov.uk Health and Care Worker Visa section: How much it costs](#)

<sup>10</sup> [Centre for Social Justice and Justice and Care, At what cost? Exploring the impact of forced labour in the UK, October 2024](#)

- *Amending clause 30 to include protection of social care workers from slavery, servitude, forced or compulsory labour and human trafficking in the remit of the Adult Social Care Negotiating Body.*
- *Creating additional penalties for skilled worker sponsors and Seasonal Worker Scheme operators who breach their obligations to ensure worker welfare and that they comply with employment law. The penalties should be available in addition to or instead of the existing options of suspending, downgrading and revoking the licence. Such penalties should not be an alternative to criminal prosecution in cases of modern slavery or prevent individual remedies for workers through the employment tribunal. The remedies should include:*
  - *Disqualification of company directors*
  - *Ineligibility of business or named company director for a future sponsorship licence*
  - *Fines in the same range as for illegal working*

## **5. Part 5: Enforcement: the informal sector**

- 5.1. In 2016, it was estimated that in the UK, employers using non-compliant labour practices generate 10-12 per cent of GDP.<sup>11</sup> We welcome the intention to strengthen labour market enforcement through the Employment Rights Bill. However, we suggest there are some sectors that require specific intervention, for example hand carwashes.
- 5.2. Researchers have reported that “more than 90 per cent of hand car washes are likely to be employing workers illegally, without proper pay, records, PPE or first aid measures” which can all be indicators of forced or compulsory labour.<sup>12</sup> Research coordinated by Nottingham Trent University has estimated there are 5,000 hand car washes in the UK,<sup>13</sup> so at a rate of 90 per cent there could be 4,500 or more hand car washes that have a high risk of forced or compulsory labour.
- 5.3. In 2018, the Interim Director of Labour Market Enforcement concluded that “The endemic issues of non-compliance in this sector and the risk of severe exploitation can only be more fully addressed through a mandatory national licensing scheme.”<sup>14</sup>
- 5.4. A pilot voluntary code of practice and accreditation scheme, the Responsible Car Wash Scheme (RCWS), was launched in 2018 to promote compliance and raise standards. However, it relied on operators providing evidence that they were compliant. Researchers evaluating the scheme highlighted continued non-compliance and the failure of a voluntary scheme alone to address the widespread non-compliance across the sector and called for a licensing model to be introduced to prevent businesses that do not adhere to the RCWS code of practice from setting up.<sup>15</sup>
- 5.5. *Recommendations*
- *The Employment Rights Bill should be amended to establish a mandatory licensing regime for hand car washes. Responsibility for monitoring and inspecting compliance with these licences should sit with the new Fair Work Agency.*

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<sup>11</sup> Colin C. Williams & Friedrich Schneider, *Measuring the global shadow economy: The prevalence of informal work and labour* 2016 cited in James Hunter, Ian Clark, Rich Pickford, Jack Barratt & Nidhi Sharma *Non-compliance, informal working and the Covid-19 pandemic: Implications for modern slavery in the UK*, July 2022

<sup>12</sup> [Nottingham Trent University, \*New research reveals hand car wash sector is awash with exploitation\* May 2024](#)

<sup>13</sup> [Teresa Sayers, Nidhi Sharma, Jack Barratt, Rich Pickford and Ian Clark, \*Car Wash Code of Practice Project Summary: Home Office Modern Slavery Prevention Fund\*, Nottingham Trent University, Home Office, Responsible Car Wash Scheme, October 2022](#)

<sup>14</sup> [HM Government, \*United Kingdom Labour Market Enforcement Annual Report 2018/19, 2020\*](#)

<sup>15</sup> [Teresa Sayers, Nidhi Sharma, Jack Barratt, Rich Pickford and Ian Clark, \*Car Wash Code of Practice Project Summary: Home Office Modern Slavery Prevention Fund\*, Nottingham Trent University, Home Office, Responsible Car Wash Scheme, October 2022](#)

- *A review should be conducted of other informal sectors that are high risk for modern slavery and non-compliance with employment law to consider their suitability for a further licensing regime.*

## **6. Part 5: Enforcement: The Fair Work Agency**

- 6.1. The UK operates well below the ILO benchmark of one labour inspector per 10,000 workers,<sup>16</sup> at around one inspector per 20,000 workers.<sup>17</sup> We also have fewer inspectors per 10,000 workers than many comparable OECD countries, ranking 27th out of 32.<sup>18</sup> Citizens Advice Bureau have proposed a levy on businesses to fund the work of the Fair Work Agency (FWA)<sup>19</sup> and we recommend that such a levy should be used to increase the number of labour inspectors. We calculate that an additional 450 inspectors would be required to meet ILO levels at an approximate cost of £18.8 million.<sup>20</sup>
- 6.2. The Independent Anti-Slavery Commissioner has noted, “Compliance declines when inspections decrease, leaving workers to report abuse. Workers, notably those with insecure immigration status, rarely speak out, fearing risk of destitution and detention.”<sup>21</sup>
- 6.3. It is not just the limited level of inspection that allows non-compliance and modern slavery to flourish but also the complexity of the system to enforce employment standards. Responsibility is currently shared between a number of different agencies. This complexity makes it difficult for workers to make complaints and allows unscrupulous employers to slip through the gaps, perpetuating poor employment practices and ultimately enabling modern slavery.
- 6.4. We welcome the government’s commitment to streamline the approach by creating the FWA. However, the new FWA must have the right design, powers and resources, including additional inspectors and a focus on modern slavery.
- 6.5. The GLAA, one of the three existing agencies to be merged into the new FWA has a specific focus, powers and expertise on modern slavery. This includes a partnership with Justice and Care since 2022, providing a specialist Victim Navigator support worker within the GLAA to offer advice and support to modern slavery victims, which has resulted in “some positive outcomes that we would not have achieved had we not had that person in place”,<sup>22</sup> according to the GLAA Chief Executive.
- 6.6. We are pleased to see that responsibility for enforcing modern slavery laws have been included in the Employment Rights Bill, however there is a lack of detail about the way in which the FWA will operate to ensure a victim-centred approach.
- 6.7. *Recommendations*
  - *The Employment Rights Bill should be amended to clarify and stipulate the approach of the Fair Work Agency as follows:*
    - *a victim-centred approach, including: easily accessible and widely advertised information and reporting channels (in multiple languages or with interpretation services)*

<sup>16</sup> [International Labour Organisation, International Labour Conference International Labour Conference 95th Session, 2006 Report III \(Part 1B\) Labour Inspection, 2006](#)

<sup>17</sup> [HM Government, Labour Market Enforcement Strategy 2023/24, October 2023](#)

<sup>18</sup> [Resolution Foundation, Enforce for good April 2023](#)

<sup>19</sup> Citizens Advice Bureau, *From rights to reality Designing a Fair Work Agency that delivers for the most vulnerable workers*, July 2024

<sup>20</sup> [Centre for Social Justice and Justice and Care, At what cost? Exploring the impact of forced labour in the UK, October 2024](#)

<sup>21</sup> [Independent Anti-Slavery Commissioner, Preventing Labour Exploitation: Tackling Modern Slavery is Everyone’s Business, July 2024](#)

<sup>22</sup> [House of Lords, Modern Slavery Act 2015 Committee Corrected oral evidence: Modern Slavery Act 2015 Monday 4 March 2024, March 2024](#)

- *responsibility for action on labour abuse and modern slavery, without statutory duties connected to immigration enforcement,*
  - *including signposting to support with accessing alternative employment*
  - *continued specialist independent support for modern slavery victims through a team of embedded Victim Navigators (with funding from the FWA budget as per the current GLAA model),*
  - *powers to issue penalties and engage with employers to remedy breaches across all sectors of the economy, including retaining the powers of the Employment Agency Standards Inspectorate and the HMRC NMW team to recover unpaid wages or money owed to temporary workers and unlawful fees charged to workers*
- *A new clause should be added to the Employment Rights Bill to create a Fair Work levy (similar to the Economic Crime levy) applying to the same companies falling within Section 54 of the Modern Slavery Act. The levy should be used to increase funding for the Fair Work Agency, including an additional £18.8 million to fund an increase in labour inspectors and other investigative resources.*

## **7. Part 5: Enforcement: Transparency reporting and human rights due diligence to tackle modern slavery in company supply chains**

- 7.1. In 2015 the UK section 54 of the Modern Slavery Act led the world, requiring large businesses to report on the steps they have taken to ensure modern slavery is not taking place in their business or supply chains. However, it has not been as effective as was hoped, with high rates of non-compliance (40% in 2021) and no enforcement action through injunctions or administrative penalties.<sup>23</sup> The quality of reporting has also been inconsistent with many companies reporting little meaningful proactive action or long-term plans to address modern slavery.<sup>24</sup>
- 7.2. Previous governments indicated an intention to strengthen section 54, but no changes have yet been made. We welcome the Government's ongoing work to strengthen the guidance accompanying section 54.<sup>25</sup> However, guidance alone is inadequate to ensure the quality and compliance needed.
- 7.3. Moreover, a number of jurisdictions across the world have introduced measures which go beyond the Modern Slavery Act 2015, building on non-binding international guidance such as the UN Guiding Principles on Business and Human Rights<sup>26</sup> and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD guidelines).<sup>27</sup>

<sup>23</sup> [Independent Review of the Modern Slavery Act 2015: Final Report May 2019](#); [Businesses and Human Resource Centre, Modern Slavery Act: Five Years of Reporting, 2021](#)

<sup>24</sup> [Lancaster University, Financial Reporting Council, Independent Anti-Slavery Commissioner, Modern Slavery Reporting Practices in the UK Evidence from Modern Slavery Statements and Annual Reports April 2022](#); [Ergon Associates, Reporting on Modern Slavery: The current state of disclosure, 2016](#); [Independent Review of the Modern Slavery Act 2015: Final Report May 2019](#)

<sup>25</sup> [Written Question HL2046 tabled on 28 October 2024](#)

<sup>26</sup> [UN Office of the High Commissioner for Human Rights, Guiding Principles on Business and Human Rights, 2011](#)

<sup>27</sup> [Organisation for Economic Cooperation and Development The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#)

7.4. In particular, there has been a move towards mandatory human rights due diligence (mHRDD).<sup>28</sup>

7.5. *Recommendations:*

- *Adding a new clause to the Employment Rights Bill to amend section 54 of the Modern Slavery Act 2015:*
  - *Extending it to public authorities and investment organisations*
  - *Setting mandatory minimum reporting requirements, including new measures to increase the quality of the information provided (such as details of all instances of forced labour identified and the remediation taken or giving reasons for why none has been found)*
  - *Introducing penalties for failure to comply with the section, including a level of personal responsibility for company directors such as disqualification and fines set at an appropriately dissuasive level proportionate to an organisation's turnover. (These penalties should be enforced by the new Fair Work Agency).*
- *Alongside the current legislation we urge the government to consider what broader policy interventions are needed to build on s54 including mHRDD.*

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<sup>28</sup> Including for example the [EU Corporate Sustainability Due Diligence Directive adopted in May 2024](#)