



Enforce for good

Effectively enforcing labour market rights in the 2020s and beyond

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This research uses data from an online survey of 2,011 private sector employees conducted by YouGov. The figures presented from the online survey have been analysed independently by the Resolution Foundation. The views expressed here are not the views of YouGov.

Executive Summary

A minimum wage, paid holiday from day one, safe working conditions and non-discrimination in the workplace are all basic standards that workers are entitled to in the UK today. But these rights are not worth the paper (or screen) they are written on if non-compliant employers are not identified and required to make good any wrongs that they do. Failing to enforce labour market rights undermines living standards by leaving workers short-changed, and allows low-margin firms to survive by giving them an unlawful edge over their compliant peers. As a result, effectively enforcing labour market rules is a crucial plank of any economic strategy that seeks to kickstart growth and reduce inequality to boot.

This report concludes a four-year work programme at the Resolution Foundation supported by Unbound Philanthropy exploring the rarely-discussed topic of labour market enforcement. Over that time, we have drawn extensively on survey data, qualitative experience and performance indicators to shine a light on the parts of the labour market where employment rights are often denied, and the ways that policy currently responds. In this final report, we bring all our findings together with new evidence from five cross-country studies to answer the question: how could we do better in the UK when it comes to enforcing labour market rights?

There is widespread evidence of non-compliance with labour market rules

We begin with the scale of the problem. Measuring labour market non-compliance is not without its challenges: employers are unlikely to report behaviour that is unlawful, and workers often do not understand the full extent of their rights and therefore may under- or over-estimate violations. Nonetheless, we find ample evidence to suggest that non-compliance is widespread in the UK today. We note that almost one-third (32 per cent) of workers paid at or around the wage floor are underpaid the minimum wage; 900,000 workers report they had no paid holiday despite this being a day-one entitlement; and a staggering 1.8 million workers said they did not get a payslip, a right by law and an important tool in helping people check whether their pay is correct or not.

These figures represent a very real hit to workers' living standards, and a competitive advantage to non-compliant firms. We estimate that minimum wage underpayment denies employees at the wage floor – by definition, the very lowest paid – £255 million per year. Likewise, lost holiday pay costs all workers combined over £2 billion per year. And rights denied today can have consequences tomorrow: 600,000 people who should have been automatically enrolled in a pension scheme by their employer are not. But breaches are not just monetary in nature. Employers themselves reported there were close to 60,000 injuries in the workplace in 2020-21 (123 of which were fatal); workers suggest this number could be as large as 400,000. And more subtle forms of injury abound: in 2020 we found that a shocking one-in-five (20 per cent) working-age adults had experienced work-related discrimination in the previous 12 months.

Low-paid workers are at the sharp end when it comes to labour market violations

Unsurprisingly, some workers are especially exposed when it comes to labour market violations. We find that the youngest and oldest workers, those from most ethnic minority groups and migrant workers are at greatest risk of their employment rights being denied. But the high incidence of abuse is not just associated with personal characteristics. Close to three-in-ten

(29 per cent) workers on a zero-hour contract (ZHC) report they have no paid holiday entitlement, along with more than one-in-five (22 per cent) temporary workers and one-in-ten (10 per cent) part-time workers. We note, too, that workers employed by small firms are at especially high risk of unlawful treatment: 14 per cent of workers in firms with fewer than 20 workers did not receive a payslip, for example.

Personal and job characteristics combine so that low-paid workers are at the sharp end of non-compliant behaviour. Minimum wage underpayment is, of course, by definition concentrated among low-paid workers. But we also find that one-in-ten (10 per cent) of the lowest-paid workers report that they receive no paid holiday, four-times higher than the highest-paid. Likewise, a worrying 11 per cent of low-paid workers report they do not have a payslip, twice as many as those in the highest-paid quintile. These striking differentials are rooted in many things. Low rates of unionisation mean low levels of power, and workers with low skills levels have small effective labour markets, constraining their outside options. But analysis of frontline social care workers shows that a high level of attachment to a job also means some put up with unlawful treatment, even when such workers are in high demand.

Structural change and policy choices have increased the risk of non-compliance

Such levels of unlawful behaviour are clearly too high, but are there reasons to think things will get better over time? We point to two key reasons why we should not be relaxed about the direction of travel. First, we find that businesses' arrangements such as ZHCs and outsourcing, both of which co-exist with unlawful employer behaviour to a far greater extent than standard practice does, have increased significantly in recent years and today are structural features of our labour market. Furthermore, the rise in self-employment since 2010 has rendered some who arguably should have worker rights outside of most employment protections altogether.

Second, there have been policy changes in recent years that increase the likelihood that firms trim too far on worker rights. A more restrictive post-Brexit migration regime for lower-skilled workers brings with it real risks. Employees who are tied to their

employer lack power to challenge unlawful behaviours, and staff shortages in migrant-reliant industries may result in more irregular migrant workers, a group that time and again studies show is acutely exposed to exploitation. Furthermore, we show that, somewhat perversely, the very welcome increase in the bite of the minimum wage in recent years has coincided with a rising incidence of underpayment. Much-needed progress on workers' rights will put pressure on employers, increasing the likelihood that less-than-scrupulous firms behave unlawfully in response.

The UK labour market enforcement system is highly fragmented compared to many other countries

All of which begs the question: what are we currently doing to address this problem? Enforcing labour market rights is spread between several different bodies in the UK: six core enforcement bodies plus local authorities, which are then overseen and funded by seven different government departments.¹ This piecemeal institutional set-up contrasts strikingly with practice in many other OECD countries – including the five we study in this report – where most if not all enforcement functions are brought together into a single organisation. Ireland is a leading example: since 2015, the Workplace Relations Commission has had responsibility for enforcing all aspects of individual employment rights working in tandem with a Labour Court. Likewise, in Australia, the Fair Work Ombudsman enforces most rights for most employees with some minor exceptions only.

The fragmented nature of the enforcement system in the UK has a number of practical consequences. Workers' awareness of the various bodies is extremely low (just 6 per cent of private sector employees said they would approach an enforcement body in the event their rights were violated, for example); different cultures, performance targets and data-sharing rules inhibit collaboration; and engagement with outside bodies, not least unions, is ad hoc at best. UK policy makers have not been blind to these structural shortcomings, however, and made two bids to improve the situation in recent years. First, in 2016 a Director of Labour Market Enforcement (DLME) was appointed to coordinate various agencies, but the office's work has been mired

¹ The bodies are: HMRC National Minimum Wage non-compliance (HMRC NMW); Gangmasters and Labour Abuse Authority (GLAA); Employment Agency Standards Inspectorate (EAS); The Pensions Regulator (TPR); Health and Safety Executive (HSE); & Equalities and Human Rights Commission (EHRC). Local authorities complete the seven.

by political inertia and funding has fallen 22 per cent in real terms since 2017-18. Second, and equally disappointingly, the 2019 manifesto commitment to bring together three of the current agencies into a single enforcement body (SEB) has recently been very clearly shelved.

The UK is not putting its money where its mouth is when it comes to enforcing workers' rights

On the face of it, the UK's incoherent system of labour market enforcement points strongly to a lack of political will when it comes to enforcing workers' rights, and there is objective evidence for this too. The total enforcement budget in the UK fell in real terms by 30 per cent in the period from 2010 to 2013, and since 2014 has increased by just 9 per cent, in part because some new agencies have been created but also because some (but not all) have seen an increase in resource. This does not account for local authorities who also have some enforcement responsibilities and have seen their non-education spending per resident fall by almost one-quarter over this time. But with a rising number of people in employment over the same time period, the total enforcement spend per employed person has flatlined since 2014; today it stands at an annual figure of just £10.50 per worker.

The inadequacy of this figure is brought home starkly when we consider what this money can buy. The UK has just 0.29 labour market inspectors per 10,000 workers, meaning we are less than one-third of the way to meeting the International Labour Organisation (ILO) minimum standard benchmark of one labour inspector per 10,000 workers. This leaves us ranking 27 out of 33 comparable OECD countries, a long way from being the global leader the Government espouses Britain to be. On a purely operational level, we simply have fewer 'boots on the ground' than many states to identify firms that are non-compliant with labour market rules.

A 'compliance-first' approach is sensible, but leads to lenient treatment when violations are uncovered

The UK's low number of inspectors indicates not just that budgets are low relative to other comparable countries, but also plausibly that we are making different choices than some about

how to spend available funds. All UK labour market enforcement agencies follow a ‘compliance-first’ strategy, a regulatory approach which is hard-wired and goes all the way back to New Labour’s Better Regulation agenda. This approach means educating firms about their responsibilities in order to minimise violations in the first instance, a sensible strategy given the vast majority of firms either are or want to comply with employment law.

But the presumption that firms want to ‘do the right thing’ also informs agencies’ responses when they uncover non-compliance. We show, for example, that HMRC’s National Minimum Wage (NMW) unit, the agency with some of the toughest civil penalties at its disposal, routinely allows firms to make good any underpayments to workers without issuing a fine (formally known as ‘self-correction’). As a result, in 2021-22, two-fifths (41 per cent) of arrears uncovered attracted no penalty. The Pensions Regulator (TPR) takes a similar approach: in 2022 the agency issued a fixed penalty notice in just two-fifths (39 per cent) of cases where non-compliance was detected.

Underpinning this picture is the fact that in many instances, labour market enforcement agencies view violations as a ‘technical’ breach’. When firms fall foul of the rules in an area where the law is complex (for example, the accommodation offset in the context of the NMW), or is relatively new (such as the roll-out of auto-enrolment), they are assumed not to have actively chosen to do so. But there is no bright line between accidental and deliberate non-compliance: employers have an obligation to understand their responsibilities, and even when the law is inherently complex, negligence should not be an excuse for underpaying workers or violating other employment rights. We note that we do not take such a lenient approach to other complex areas of law such as taxation: there, the responsibility clearly sits with firms, many of whom would then employ an accountant to help them get things right.

Financial penalties are too low to act as a meaningful deterrent

Moreover, when enforcement agencies do impose a fine on non-compliant firms the quantum is too small to act as a meaningful deterrent. If a firm is found to have underpaid a single worker

the NMW to the tune of £1,000, the UK can – although, as discussed above, frequently does not – impose a penalty equivalent to the sum of arrears in the first instance, and twice the arrears in the event of late payment. This compares to multipliers of 1.3 and 2.2 for France and Ireland respectively, 2.6 in the Netherlands, up to 44 for a firm (and 8.9 for an individual) in Australia and an extraordinary 126 in Norway (though in the latter two cases this is the maximum possible, rather than necessarily what is implemented in practice). We show the maximum penalty that can be issued in the UK would have to go hand-in-hand with a detection rate of one-in-three for firms bent on breaking the rules to think again. Given the number of inspectors in the UK, this chance of getting caught is implausibly high.

The UK is at the cutting edge, however, when it comes to its use of reputational sanctions such as ‘naming and shaming’ to deter non-compliance. This contrasts with practice in France which does not use reputation levers at all; the Netherlands where examples of non-compliance are publicised but always anonymously; and schemes in Australia and Ireland which are narrower in scope than the UK. But, although roundly disliked by firms, the NMW naming scheme has only a short-lived deterrent effect on behaviour compared to penalties that hit the bottom line. Furthermore, the more powerful tools at the disposal of the enforcement agencies are used only in the most egregious cases. Since their introduction in 2017, for example, only 84 Labour Market Enforcement Undertakings have been issued, and just four Labour Market Enforcement Orders. Likewise, there has been less than one criminal prosecution a year for NMW underpayment (18 employers since 2007).

A weak and patchy system of state enforcement means workers have to enforce their rights themselves

Overall, we find our current state enforcement system is poorly-equipped to handle the level of labour market violations it must address, leaving workers to largely enforce their rights themselves. So, what do workers do when they are short-changed? The majority of private sector employees report they would raise issues of this type internally: three-fifths (62 per cent) would speak to their line manager or senior management, rising to 70 per cent among the highest paid. But others would

adopt a different strategy. One-in-seven (15 per cent) say they would walk away from the job, for example, a decision that even in today's notionally-strong labour market is likely less of an option for low-paid workers. Even more concerningly, one-in-twenty workers (5 per cent) say they would do nothing if their employment rights were denied.

More proactively, nearly one-quarter (24 per cent) of workers said they would seek help from an outside body if they were worried their employer was breaching employment law: 7 per cent of workers said they would contact ACAS, for example, the first step in resolving a complaint or taking it to an employment tribunal (ET). But an ET – the most serious action an individual can take against an abusive employer – is not a real option for all workers. Lack of knowledge, limited legal advice, long backlogs and small (if any) gains at the end of the process mean very few cases of labour market violations make it to a tribunal. Critically, we find that low-paid workers – the very group most at risk of having their rights breached – are the least likely to take a case to an ET: 12 out of every 10,000 low-paid workers made an ET application in 2012-13 (the pre-fee era), for example, compared to 18 out of every 10,000 high-paid workers.

A new, muscular approach to labour market enforcement is required

A sea change is required when it comes to enforcing labour market rights in the UK today. The levels of a wide range of labour market violations are unacceptably high; low-paid and other vulnerable workers who are the least able to assert their rights themselves are at the sharp end of unlawful employer practice; our state enforcement system is incoherent and patchy; our ability to detect violations is limited; and our standard approach to malfeasance when it is uncovered is weak. But how can we shift the onus from individuals to the state when it comes to protecting worker rights? We propose a five-point plan for change.

- **Recommendation 1: Introduce a single enforcement body that goes further than the Government's 2018 proposal**

The Government should reinstate its commitment to introduce a single enforcement body (SEB). But this should be more ambitious than simply bringing together GLAA,

HMRC NMW and EAS as the Government had intimated it previously would. There are good reasons why health and safety and workplace discrimination should have their own dedicated bodies. But all other workplace rights – including those that currently do not currently sit with any enforcement body such as holiday pay, sick pay, and parental provision – should be within the purview of the new SEB. And critically, there must be a firewall between the new SEB and Immigration Enforcement to ensure safe reporting and support for the most vulnerable migrants.

- **Recommendation 2: Ensure that labour market enforcement is a true social partnership**

The Government should take the opportunity of a refreshed institutional setup to embed a genuine model of social partnership, giving workers (or worker representatives) seats on the board of the new SEB as well as businesses and experts. Again, this would be an about turn in the current set-up of labour market enforcement bodies. None of the enforcement bodies we are proposing would be absorbed into a new single body currently have worker representation on their boards.

- **Recommendation 3: Empower worker and firm representatives to bring a 'super-complaint' to the SEB**

A range of worker and business bodies should be able to make a 'super-complaint' to the new SEB to flag systemic or emerging practices that undermine worker rights. This should be modelled on the Competition and Markets Authority (CMA) which allows 'super-complaints' to protect consumer rights. Standing should be given to unions and civil society groups with significant experience of employment rights such as Citizens Advice, and to business representatives to enable them to raise unlawful practices that are under-cutting compliant firms.

- **Recommendation 4: Get serious about deterring non-compliance**

Bringing together much of the enforcement capacity into one body will make for smarter detection but the SEB still needs 'boots on the ground'. The Government should, in the first instance, double the number of inspectors to 1,800, bringing us more than halfway to the ILO benchmark. Furthermore, the power to levy a financial penalty should

be introduced for all labour market violations of a binary nature, to a maximum of four-times the arrears owed and capped at £20,000 per worker over a three-year period. Increasing the number of inspectors will cost an additional £34 million per year, but higher penalties should offset at least some, if not all, of the cost to the public purse.

- **Recommendation 5: Strengthen the employment tribunal (ET) system for those cases that do require adjudication**

Enhancing state enforcement should free up ET capacity by taking those cases that are easier to adjudicate out of the system: in 2022, for example, 23 per cent of ET cases related to unlawful deductions. The SEB should work closely with the ET system, referring cases to the Advisory, Conciliation and Arbitration Service (Acas) in the first instance when appropriate, and coordinating multiple claims. In return, an ET should be able to request that the SEB provides evidence as part of a case, for example if the firm's record in other areas of labour market rights could constitute an aggravating factor. But alongside these new features, systemic issues with the ET system should be addressed: application times should be extended to six months and awards properly enforced (an estimated 51 per cent of ET awards are not paid).

Reform of this wholesale nature is ambitious and requires a revolution in approach. But tolerating high rates of non-compliance with labour market laws both short-changes workers and taxes the majority of firms who do play by the rules. For 30 years we have treated employment regulation as a drag on businesses and growth, and failed to take enforcement seriously as a result. But the opposite is true: non-compliance undermines competition and disincentivises firms from making productivity-enhancing investments. In the 2020s and beyond, it is time to start treating enforcement as growth-enhancing, rather than growth-inhibiting, benefiting workers, firms and the economy alike.

Section 1

Introduction

The minimum wage, paid holiday from day one, safe working conditions and non-discrimination in the workplace are all basic standards that workers are entitled to in the UK today.² But these rights are not worth the paper (or screen) they are written on if non-compliant employers regularly flout the rules and are not taken to task. Failing to enforce labour market rights undermines living standards by leaving workers short-changed and allows low-margin firms to survive by giving them an unlawful edge over their compliant peers. As a result, enforcing labour market rules is a crucial plank of any economic strategy that seeks to kickstart growth and reduce inequality to boot.

This report concludes a four-year work programme at the Resolution Foundation, supported by Unbound Philanthropy, exploring the what, why and how of labour market enforcement. Over that time, we have drawn extensively on survey data, qualitative experience and performance indicators to shine a light on the parts of the labour market where employment rights are commonly denied, and the ways that policy has responded.³ In this, our final report, we bring all our findings together with new evidence from five cross-country studies to answer the question: how could we do better in the UK when it comes to enforcing labour market rights?⁴

To this end, the report is structured as follows:

- Section 2 begins with an exploration of the scale and nature of the problem in the UK today when it comes to non-compliance with labour market laws;
- Section 3 assesses the institutions that comprise the UK's labour market enforcement system;

² For example, see: N Cominetti et al., *Low Pay Britain 2023: Improving low-paid work through higher minimum standards*, Resolution Foundation, April 2023, which shows that alongside effective enforcement, we also need to strengthen worker rights in the UK.

³ See Annex 1 for a summary of the ten main papers produced as part of our labour market enforcement programme.

⁴ Country case studies were produced for the Resolution Foundation by the following partners: David Peetz and Negar Faaliyat, Griffith University and Tess Hardy, Melbourne Law School (Australia); Heloise Petit, CEET (France); Juliet Mac Mahon, Tony Dundon, Jonathan Lavelle, Caroline Murphy and Lorraine Ryan, University of Limerick (Ireland), Wiemer Salverda, University of Amsterdam and Wike Been, University of Groningen (The Netherlands); and Kristin Alsos, FAFO (Norway). A summary of key findings from these five cross-country studies can be found in Annex 2.

- Section 4 sets out the current approach we take towards firms that do not comply with employment law in the UK today;
- Section 5 explores the individual routes of redress available to workers when their employment rights are denied;
- Finally, Section 6 concludes with a five-point plan of action to improve the UK's enforcement of labour market rules.

Section 2

The scale and nature of labour market non-compliance

We have a wide range of labour market laws to protect workers from abuse and exploitation in the UK today, and self-evidently good jobs require that employers comply with the rules. But do they? A wide range of evidence suggests non-compliance with labour market rules is pervasive in the UK, and is a particularly acute problem for groups such as low-paid workers, the youngest and oldest workers, those on insecure contracts and migrant workers. Moreover, structural changes in the labour market, such as a falling rate of unionisation and greater outsourcing, have reduced worker power, while perversely, improvements to labour market rules such as a higher minimum wage may have increased the incentives for employers to cut corners. These structural changes, combined with policy decisions in recent years, increase the risk of violations in the coming years.

There are unacceptably high levels of non-compliance with labour market rules

Measuring labour market non-compliance is not without its challenges: employers are unlikely to report behaviour that is unlawful, and workers may not know the full extent of their rights (and therefore either under- or over-estimate violations) or are reluctant to flag.⁵ Nonetheless, all the available evidence strongly suggests that breaches of labour market rules are all too common.

Table 1 summarises the quantitative evidence. Looking first at monetary entitlements, the most recent data suggests that almost one third (32 per cent) of workers paid at or

⁵ A major study to develop a comprehensive picture of labour market violations has been commissioned by the Office of the Director of Labour Market Enforcement (ODLME) and is ongoing. See: UCL, [Assessment of the Scale and Nature of Labour Market Non-compliance in the UK](#), accessed 30 March 2023. See also: E Cockbain et al., [How can the scale and nature of labour market non-compliance in the UK best be assessed? Final report of a scoping study for the Director of Labour Market Enforcement](#), BEIS, July 2019.

around the wage floor were underpaid the minimum wage;⁶ 900,000 workers reported they had no paid holiday despite this being a day one entitlement; and a staggering 1.8 million workers said they did not get a payslip, a right by law and an important tool in helping people check whether their pay is correct or not.

TABLE 1: There is evidence of widespread non-compliance with employment laws in the UK today

Estimated scale of labour market violations: GB/UK, various dates

| | Estimated scale of the issue | Estimated number of people affected |
|---|--|-------------------------------------|
| National Minimum Wage/National Living Wage underpayment | 32 per cent of employees aged 25+ at the wage floor (2022) | 400,000 |
| No paid holiday entitlement | 3 per cent of employees (Q4 2022) | 900,000 |
| Not provided with a payslip | 7 per cent of employees (2019-20) | 1.8 million |
| Not auto-enrolled into a pension scheme | 3 per cent of eligible employees (2019) | 600,000 |
| Firm-reported fatal and non-fatal injuries at work | 0.2 per cent of all in employment (2021-22) | 60,000 |
| Worker-reported workplace accident or injury in the past 12 months | 2 per cent of people who have worked in the past 12 months (Q1 2022) | 400,000 |
| Reported workplace discrimination in the past 12 months | 20 per cent of working-age adults (September 2022) | 8.3 million |

NOTES: The figures relating to auto-enrolment and workplace discrimination refer to GB; other figures are UK-wide. 'Eligible employees' in the context of auto-enrolment are those who are aged between 22 and the State Pension Age and earn at least £10,000 per year. HSE RIDDOR reports relate to employees and the self-employed for fatal injuries and employees only for non-fatal injuries; for simplicity we use the broader category as a base.

SOURCE: RF analysis of LPC, Low Pay Commission Report 2022; ONS, Labour Force Survey; YouGov, Workplace discrimination; DWP, Family Resources Survey; ONS, Annual Survey of Hours and Earnings; and HSE RIDDOR report statistics.

⁶ Specifically, the base is those aged 25 and above and paid below the NLW plus 5 pence. See: LPC, [Low Pay Commission Report 2022](#), January 2023. Since 2015 the minimum wage is officially the National Living Wage (NLW) for those aged 25 and above (23 and above since 2021). For simplicity's sake, throughout this report we refer to the wage floor simply as the National Minimum Wage (NMW).

These figures represent a very real hit to workers' living standards. We estimate that minimum wage underpayment denies employees at the wage floor – by definition, the very lowest paid – a combined £255 million per year,⁷ while loss of holiday pay is costing workers over £2 billion per year.⁸ And rights denied today can have consequences tomorrow: 600,000 people who should have been automatically enrolled in a pension scheme by their employer are not.

But it is not just pecuniary rights that the evidence suggests are being denied to a worrying extent.

Table 1 also sets out the data on workplace safety and shows that employers themselves reported that there were an estimated 60,000 injuries in the workplace in 2021-22 (123 of which were fatal). Firms are likely to report only the severest of injuries, however, so this figure likely underestimates the true number of accidents.⁹ That is supported by evidence from employee surveys which suggest an upper bound of 400,000 accidents. Although not all of these injuries will be the result of unlawful practice on the part of firms, they certainly suggest that standards are not always being upheld. And more subtle forms of injury abound: in 2022 we found that a shocking one-in-five (20 per cent) of working-age adults reported experiencing work-related discrimination in the previous 12 months.

Again, these types of violations come with real costs: HSE estimates that working days lost due to work-related ill health and non-fatal workplace injuries cost workers around £9.4 billion a year.¹⁰ Likewise, discrimination has well-established impacts not only on workers' income,¹¹ but also on their mental and physical health¹² as well as wider economic performance.¹³

⁷ This figure does not account for workers owed the apprentice rate, but the impact of this is likely to be very small. Source: RF analysis of ONS, Labour Force Survey (using imputed hourly pay data).

⁸ Multiplying respondents' stated weekly pay by 5.6 (the legal minimum number of weeks' holiday allowance) gives a figure of £2.1 billion across all workers who report zero paid holiday entitlement, averaged across 2019 and 2022. The figure may be lower if some of these workers are receiving paid time off on bank holidays; equally, it would be higher if it included workers who report receiving some paid holiday, but below the minimum. Source: RF analysis of ONS, Labour Force Survey

⁹ This figure for reported accidents is taken from RIDDOR reports made by employers to the Health and Safety Executive (HSE). For more details of when an employer must file a RIDDOR report, see: HSE, [When do I need to report an accident?](#), accessed 15 April 2023.

¹⁰ HSE, [Costs to Britain of workplace fatalities and self-reported injuries and ill health, 2019/20](#), November 2022. Total costs are estimated at around £18.8 billion; around half of these costs accrue to workers, with the other half split between employers and the government.

¹¹ F Rahman, [Tackling structural inequality should sit at the heart of boosting living standards](#), Resolution Foundation, October 2019.

¹² See, for example: R Rhead et al., [Impact of workplace discrimination and harassment among National Health Service staff working in London trusts: Results from the TIDES study](#), December 2020; American Psychological Association, [Stress in America: The Impact of Discrimination](#), March 2016; D Williams et al., [Understanding how discrimination can affect health](#), Health Services Research 54(S2), December 2019.

¹³ See, for example: R Fibbi, A Midtbøen & P Simon, [Consequences of and Responses to Discrimination](#), Springer, April 2021; K Huber, [How Discrimination Harms the Economy and Business](#), Chicago Booth Review, July 2020; D Stempel & U Neyer, [The macroeconomic damage from gender discrimination](#), LSE Business Review, May 2021.

Other analysis and qualitative studies confirm what the data we set out above suggests. For example, the long-running project, Unpaid Britain, has documented the prevalence of practices such as unlawful deductions, failing to pay for overtime hours worked, not paying the last wage packet or accrued holiday at the end of a contract, and ceasing to pay before dissolving the company.¹⁴ Likewise, participatory research in the cleaning sector and gig economy highlights how common wage theft is, and eloquently documents the violence that many experience in the workplace in forms such as discrimination, sexual harassment and unsafe work practices because of lack of protective equipment or exposure to harmful chemicals.¹⁵

Some types of workers are especially at risk of labour market violations

Breaking down beyond the headline figures, we find clear patterns of relative risk across a range of different labour market violations. Below, we focus on just two of these: zero paid holiday entitlement and workers not being provided with a payslip to check their pay and benefits.¹⁶ As Figure 1 makes clear, observed rates for both forms of non-compliance vary based on workers' personal characteristics. When it comes to age, for example, older and younger workers are significantly more likely to report receiving no paid holiday and no wage slip than those of prime age (almost 12 per cent of older workers aged 65 and over say they have no paid holiday, compared to fewer than 3 per cent of those aged 25-44, for example). Equally, the differentials for some ethnic minorities are stark: 9 per cent of workers with Bangladeshi heritage report not being in receipt of holiday pay, for example, compared to 3 per cent of White workers.

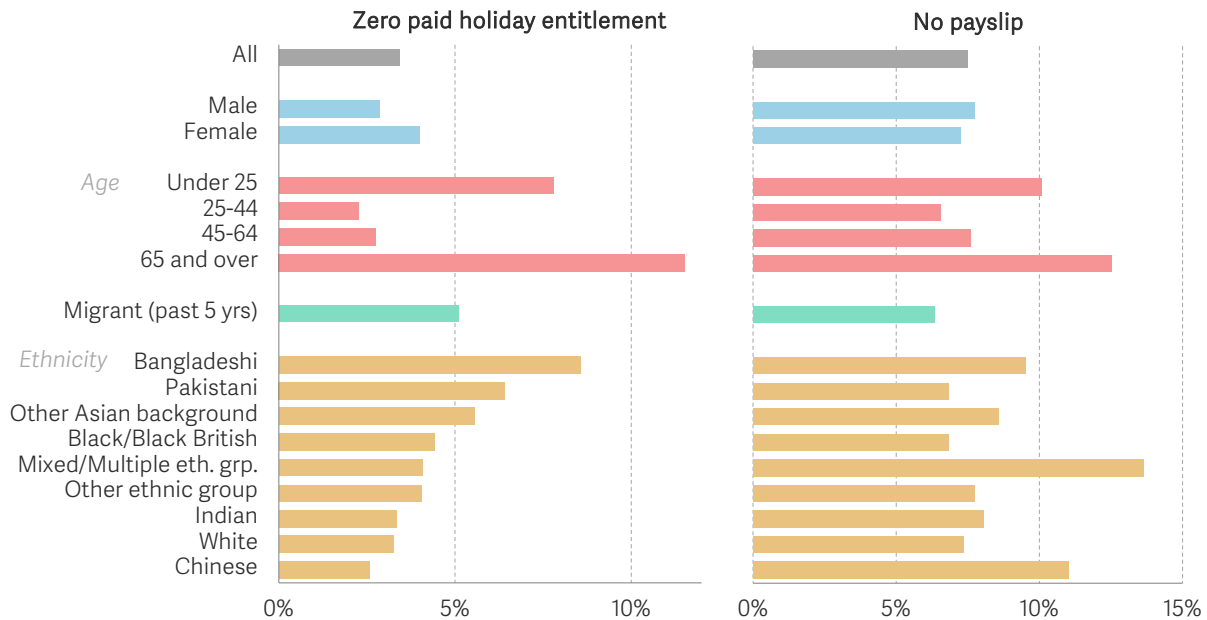
¹⁴ N Clark, [The weighted scales of economic justice: Unpaid Britain interim report](#), Middlesex University, July 2017.

¹⁵ Focus on Labour Exploitation, "If I could change anything about my work..." [Participatory Research with Cleaners in the UK](#), FLEX, January 2021; Focus on Labour Exploitation, [The gig is up: Participatory Research with couriers in the UK app-based courier sector](#), FLEX, January 2021.

¹⁶ Our previous work has found similar patterns for minimum wage underpayment, pension auto-enrolment non-compliance, health and safety concerns, and reported workplace discrimination. See: N Cominetti & L Judge, [From rights to reality: Enforcing labour market laws in the UK](#), Resolution Foundation, September 2019; H Slaughter, [Enrol up!: The case for strengthening auto-enrolment enforcement](#), Resolution Foundation, August 2020; L Judge & H Slaughter, [Failed safe?: Enforcing workplace health and safety in the age of Covid-19](#), Resolution Foundation, November 2020; H Slaughter, [Policing prejudice, Enforcing anti-discrimination laws in the workplace](#), Resolution Foundation, November 2022.

FIGURE 1: Some types of workers are consistently at higher risk of their rights being denied

Proportion of employees reporting zero paid holiday entitlement (Q4 2019 and Q4 2022) and not being in receipt of a payslip (2019-20), by selected personal characteristics: UK



NOTES: Main jobs only. The ‘recent migrant’ category refers to people who were born outside the UK and first came to the UK within the past five years. Data for zero paid holiday entitlement is averaged over Q4 2019 and Q4 2022 (the holiday pay variable is only available in Q4 of the LFS and we avoid 2020 and 2021 due to the ongoing impact of the Covid-19 pandemic); data for no payslip refers to 2019-20. SOURCE: RF analysis of ONS, Labour Force Survey; DWP, Family Resources Survey.

Furthermore, Figure 1 highlights that recent migrants experience higher violation rates than the general population (5 per cent say they do not get paid holiday, for example, compared to 3 per cent of all employees). But it is unlikely that this fully reflects the experiences of migrant workers. Official surveys often struggle to pick up migrant workers, especially those who are more marginalised such as those whose English skills are weak. Likewise, those with irregular migration status are highly unlikely to want to participate in any activity of this type.¹⁷ Overall, multiple studies have shown the acute vulnerability of this group to labour market abuses: many are on visas that are tied to their current job or work informally for friends and as a result, their outside options will be limited.¹⁸

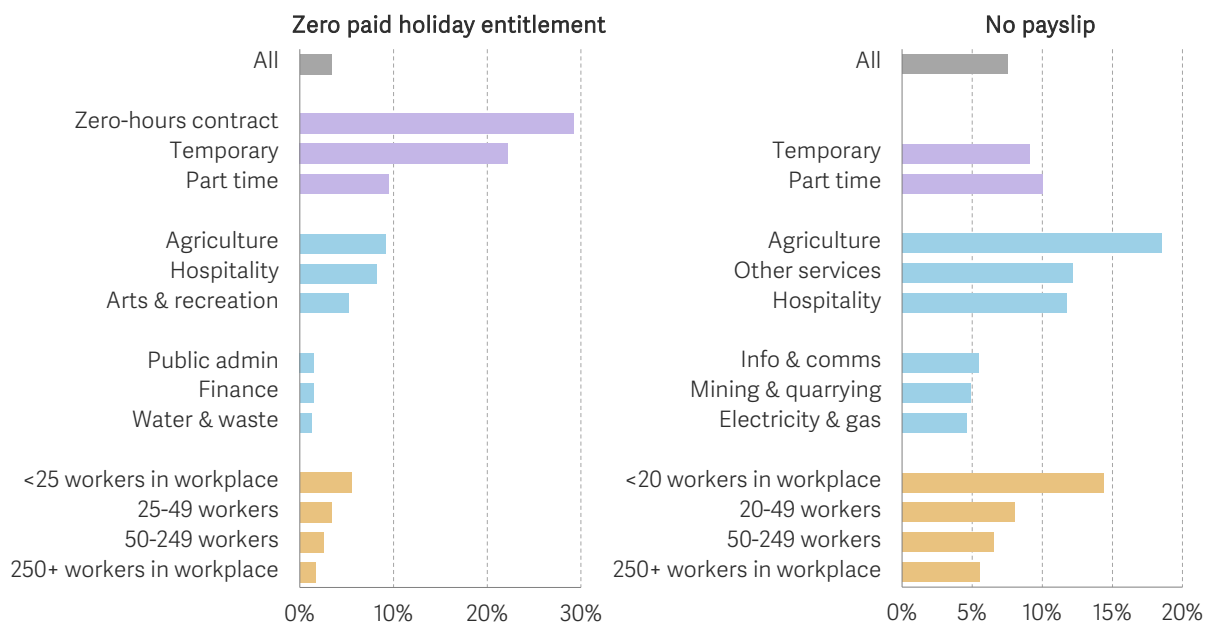
Figure 2 shows the clear relative differences in the risk of abuse when it comes to job characteristics too. Close to three-in-ten (29 per cent) of workers on a zero-hours contract (ZHC) report they have no holiday entitlement, for example, followed by 22 per

¹⁷ M Sumption, *How useful are survey data for analyzing immigration policy?*, Cambridge University Press, December 2020.
¹⁸ See, for example: Focus on Labour Exploitation, *Risky Business: Tackling Exploitation in the UK Labour Market*, FLEX, October 2017.

cent of temporary workers and 10 per cent of part-time workers.¹⁹ Sectors where working arrangements of this type are commonplace naturally have higher rates of violations (a shocking 19 per cent of workers in agriculture report they do not get a payslip, for example, more than three times the level for all workers). Finally, we also note that workers employed by small firms are at greater risk of unlawful treatment: 14 per cent of workers in firms with fewer than 20 workers did not receive a payslip, for example.

FIGURE 2: Non-compliance is concentrated among those in insecure work and those in smaller businesses

Proportion of employees reporting zero paid holiday entitlement (Q4 2019 and Q4 2022) and not being in receipt of a payslip (2019-20), by selected job characteristics: UK



NOTES: Main jobs only. Zero-hours contract variable not available in the dataset used to calculate the 'no payslip' figures. The industries shown in each chart are those with the highest and lowest rates of people reporting the respective violation. Data for zero paid holiday entitlement is averaged over Q4 2019 and Q4 2022 (the holiday pay variable is only available in Q4 of the LFS and we avoid 2020 and 2021 due to the ongoing impact of the Covid-19 pandemic); data for no payslip refers to 2019-20. SOURCE: RF analysis of ONS, Labour Force Survey; DWP, Family Resources Survey.

Low-paid workers are at the sharp end of non-compliant behaviour

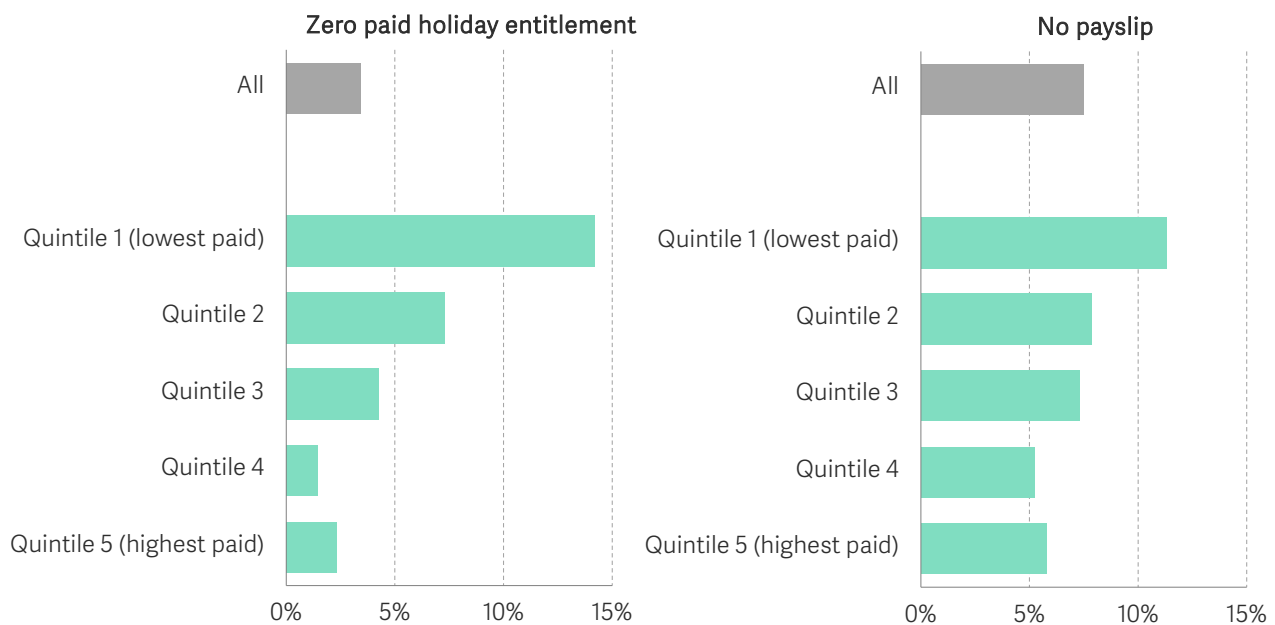
Taken together, these personal and job characteristics combined mean that workers in low-paid jobs are especially at risk of non-compliant behaviour on the parts of their employers. Minimum wage underpayment which we documented in

¹⁹ Again, similar patterns appear in other types of labour market violation. See: N Cominetti & L Judge, [From rights to reality: Enforcing labour market laws in the UK](#), Resolution Foundation, September 2019; H Slaughter, [Enrol up!: The case for strengthening auto-enrolment enforcement](#), Resolution Foundation, August 2020; L Judge & H Slaughter, [Failed safe?: Enforcing workplace health and safety in the age of Covid-19](#), Resolution Foundation, November 2020; H Slaughter, [Policing prejudice: Enforcing anti-discrimination laws in the workplace](#), Resolution Foundation, November 2022.

Table 1 is, of course, by definition concentrated among low-paid workers. But as Figure 3 also shows, one-in-ten (10 per cent) of the lowest-paid workers report that they receive no paid holiday, four-times higher than the highest-paid. Likewise, a worrying 11 per cent of the lowest-paid workers say they do not have a payslip, twice as many as those in the highest-paid quintile. Furthermore, our previous work has shown that this pay gradient is true of other violations: workplace discrimination predominantly impacts low-paid workers,²⁰ and those in the lowest-paying sectors were at highest risk of workplace health and safety issues during the Covid-19 pandemic.²¹

FIGURE 3: Low-paid workers bear the brunt of non-compliance

Proportion of employees reporting zero paid holiday entitlement (Q4 2019 and Q4 2022) and not being in receipt of a payslip (2019-20), by hourly pay quintile: UK



NOTES: Main jobs only. Hourly pay quintiles calculated among employees only. The 'all' bar includes people who did not respond to the pay questions. Data for zero paid holiday entitlement is averaged over Q4 2019 and Q4 2022 (the holiday pay variable is only available in Q4 of the LFS and we avoid 2020 and 2021 due to the ongoing impact of the Covid-19 pandemic); data for no payslip refers to 2019-20.
 SOURCE: RF analysis of ONS, Labour Force Survey; DWP, Family Resources Survey.

Low-paid workers often have low workplace power so their higher exposure to unlawful practice in the workplace than their higher-paid peers is perhaps no surprise. Their limited power stems from many sources: low rates of unionisation no doubt play a role;²² lack of knowledge is likely an important factor;²³ and those with low skills levels

²⁰ H Slaughter, *Policing prejudice, Enforcing anti-discrimination laws in the workplace*, Resolution Foundation, November 2022.
²¹ L Judge & H Slaughter, *Failed safe?: Enforcing workplace health and safety in the age of Covid-19*, Resolution Foundation, November 2020.
²² U Altunbeken et al., *Power plays: The shifting balance of employer and worker power in the UK labour market*, Resolution Foundation, July 2022.
²³ L Judge, *The good the bad and the ugly: The experience of agency workers and the policy response*, Resolution Foundation, November 2018.

have smaller effective labour markets than those with higher skills, constraining their outside options.²⁴ But our recent deep dive work into one specific group of low-paid workers – frontline social care workers – found other explanations too, with high levels of attachment to the job also increasing workers' propensity to put up with unlawful treatment despite their being in high demand.²⁵

Business practices associated with a higher risk of non-compliance are now a structural feature of our labour market

We have shown in previous research that job characteristics more strongly determine the risk of labour market violations than personal characteristics.²⁶ Put simply, the reason why young, low-paid and/or ethnic minority workers experience higher rates of labour market abuse is more because they are clustered strongly in the types of jobs where violations are more commonplace. But contingent forms of work such as ZHCs and agency work have increased significantly in the wake of the 2008 recession: ZHCs reached their highest level on record at the end of last year.²⁷ Likewise, changes in the sectoral makeup of the labour market since the Covid-19 pandemic mean that more workers are in vulnerable jobs: the latest DLME strategy, for example, highlighted the rising number of jobs in the warehousing sector as a particular area of risk.²⁸

Such ways of working, which bring with them a higher risk of abuse, can now be considered structural features of today's labour market. In addition, the employer landscape has become increasingly fragmented, a feature that has been linked to proliferating abuse.²⁹ Figure 4, for example, shows that in tandem with broader rises in atypical work, the share of workers paid through an agency or who were subcontractors rose after the financial crisis and has not fallen back to pre-2009 levels. This fragmentation makes enforcement more difficult for two reasons. First, it is often unclear, even to workers themselves, which company is responsible for ensuring that the rules are adhered to. And second, there are simply more firms to police.

²⁴ ONS, Travel to work area analysis in Great Britain: 2016, September 2016.

²⁵ This work also found systematic risks of minimum wage underpayment because of the nature of social care work, specifically travelling between jobs. See: N Cominetti, [Who cares?: The experience of social care workers, and the enforcement of employment rights in the sector](#), Resolution Foundation, January 2023.

²⁶ N Cominetti & L Judge, [From rights to reality: Enforcing labour market laws in the UK](#), Resolution Foundation, September 2019.

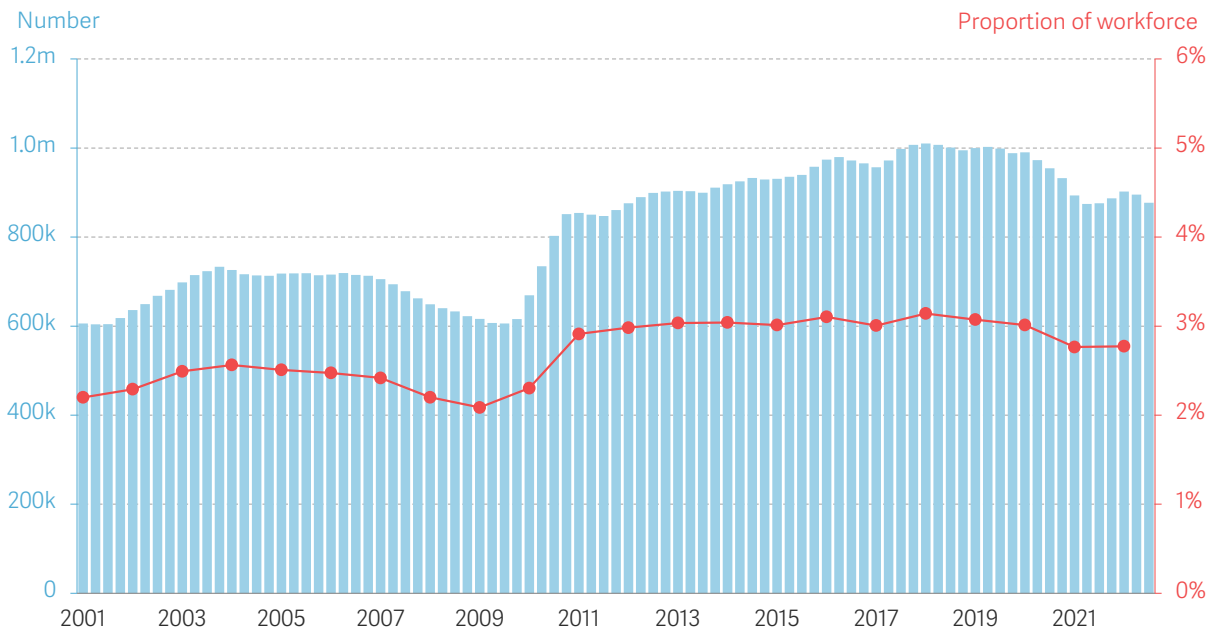
²⁷ N Cominetti & S Clarke, [Setting the record straight: How record employment has changed the UK](#), Resolution Foundation, January 2019; L Judge & D Tomlinson, [Secret agents: Agency workers in the new world of work](#), Resolution Foundation, December 2016; N Cominetti & H Slaughter, [Good news in the latest labour market data for the Bank and the Chancellor, but bad news for the general public](#), Resolution Foundation, February 2023.

²⁸ M Beels, [Labour Market Enforcement Strategy 2022 to 2023](#), Department for Business and Trade, March 2023.

²⁹ D Weil, [The Fissured Workplace: Why Work Became So Bad for So Many and What Can Be Done to Improve It](#), Harvard University Press, February 2014.

FIGURE 4: A rise in outsourcing has made rights more difficult to police

Workers who are paid through an agency or are sub-contractors, number and proportion of all in employment: UK



NOTES: Main jobs only. Base = all in employment (employees or self-employed) aged 16 and over. Figures are four-quarter rolling averages.

SOURCE: RF analysis of ONS, Labour Force Survey.

There is one final relatively new employer practice adjacent to the issue of labour market violations and that is question of employment status. As we discuss in more depth in Box 1, those classified as self-employed have only the barest of employment rights. Mechanically, then, as self-employment has increased since the financial crisis, so, too, has the number of workers out of scope of most employment regulations.³⁰ But the boundary between self-employment and worker status is often hard to distinguish, and in some instances, it is clear that businesses classify their workforce as self-employed and thereby avoid taking on responsibilities such as the minimum wage, holiday pay and sick pay.³¹

³⁰ Self-employment rose by 25 per cent between 2010 and 2019. Although since the start of the Covid-19 pandemic data from the Labour Force Survey has shown a sharp fall in the number of self-employed workers, the evidence suggests this is largely an issue with self-reported classifications (see, for example: M Brewer, C McCurdy & H Slaughter, [Begin again?: Assessing the permanent implications of Covid-19 for the UK's labour market](#), Resolution Foundation, November 2021). Indeed, administrative data from HMRC shows that the number of self-employed workers remained constant at 4.6 million between 2019-20 and 2021-22. See Table 4.3 of: OBR, [Economic and Fiscal Outlook](#), March 2023.

³¹ See, for example: LITRG, [BEIS Labour Market Inquiry: Response from the Low Incomes Tax Reform Group \(LITRG\)](#), September 2022.

The issue has been the subject of some fierce litigation in recent years.³² The Taylor Review of Modern Working Practices recommended clarifying the definitions of each employment status in law rather than case by case through the courts,³³ and the Government has published further guidance on employment status but stopped short of creating a new framework.³⁴ From an enforcement point of view, a simpler framework would improve clarity for workers and enforcement agencies alike on who is entitled to which rights, helping to identify cases more easily where workers are not getting the rights they are owed.

BOX 1: Self-employed workers are not eligible for most employment rights

This report focuses on enforcing the rights that people should be getting in the workplace. But it is important to note that not everyone is eligible for these rights in the first place. Some labour market laws have specific eligibility criteria: protection against unfair dismissal applies only once an employee has been in post for two years, for example, and automatic enrolment into a pension scheme depends (for now, at least) on age and earnings.³⁵

But rights also vary widely depending on how people in the workforce are classified. As Figure 5 shows, employees are entitled to a wide range

of employment rights, from the National Minimum Wage to Statutory Sick Pay; at the other end of the spectrum, self-employed workers are only entitled to health and safety and discrimination protections because they are their own boss.³⁶ And a third classification – ‘worker’ – lies in between these two extremes, with workers entitled to some but not all of the protections enjoyed by employees over the self-employed.³⁷ The UK is unusual in this regard: each of the five comparator countries we looked at for this study have only two employment statuses (employee and self-employed) for the purpose of labour market rights.³⁸

³² For details, see: L Judge, [Enforce the rules to help workers in Britain's changing workforce](#), Resolution Foundation, December 2018.

³³ M Taylor, [Good work: the Taylor review of modern working practices](#), BEIS, July 2017.

³⁴ BEIS, HMRC & HMT, [Employment Status consultation: Government Response](#), July 2022.

³⁵ Currently, workers are only eligible for auto-enrolment if they are aged between 22 and the state pension age and earn at least £10,000 a year. Recently, however, the Government has supported a Private Members Bill abolishing the £10,000 threshold (the so-called ‘Lower Earnings Limit’) and reducing the minimum age threshold from 22 to 18. See: DWP, [Government backs bill to expand pension saving to young and low earners](#), March 2023.

³⁶ A version of Figure 5 first appeared in: L Judge, [The good, the bad and the ugly: The experience of agency workers and the policy response](#), Resolution Foundation, November 2018.

³⁷ For a full list of the rights associated with each employment type, see: GOV.UK, [Employment status](#), accessed 28 March 2023.

³⁸ In Norway, there is a third status – ‘freelancer’ – for tax purposes, but not for employment rights. See Annex 2.

FIGURE 5: The UK has three types of employment status, each with different rights attached

Employment status and rights: UK

| | Employee | Worker | Self-employed |
|-----------------------------------|--------------------------|--------------------------|---------------|
| Unfair dismissal and redundancy | 2 years+ service only | | |
| Maternity/paternity/adoption pay | | | |
| Statutory sick pay | | | |
| National Minimum Wage | | | |
| Holiday pay | | | |
| Pension auto-enrolment | Eligible jobholders only | Eligible jobholders only | |
| Provision of a payslip | | | |
| No unlawful deductions from wages | | | |
| Whistle-blower protections | | | |
| Health and safety protection | | | |
| Protection against discrimination | | | |

NOTES: Self-employed workers may be entitled to Maternity Allowance in some circumstances. 'Eligible jobholders' in the context of auto-enrolment are those who are aged between 22 and the State Pension Age and earn at least £10,000 per year.
SOURCE: RF analysis of GOV.UK.

Recent policy change has also increased the incentives for firms to ignore workers' rights

It is not just structural features such as the rise in ZHCs and outsourcing which should make policy makers more alert than ever to the issue of labour market violations: there are a number of policy choices that could potentially increase risk too.

The first of these is the move to the new post-Brexit migration regime which has severely curtailed legal routes of entry for low-skilled workers to the UK. As we have argued before, firms in shortage sectors may adapt to this new labour market reality by improving pay and conditions – something that would be very welcome given the poor record that many migrant-dense industries currently when it comes to labour market rights.³⁹

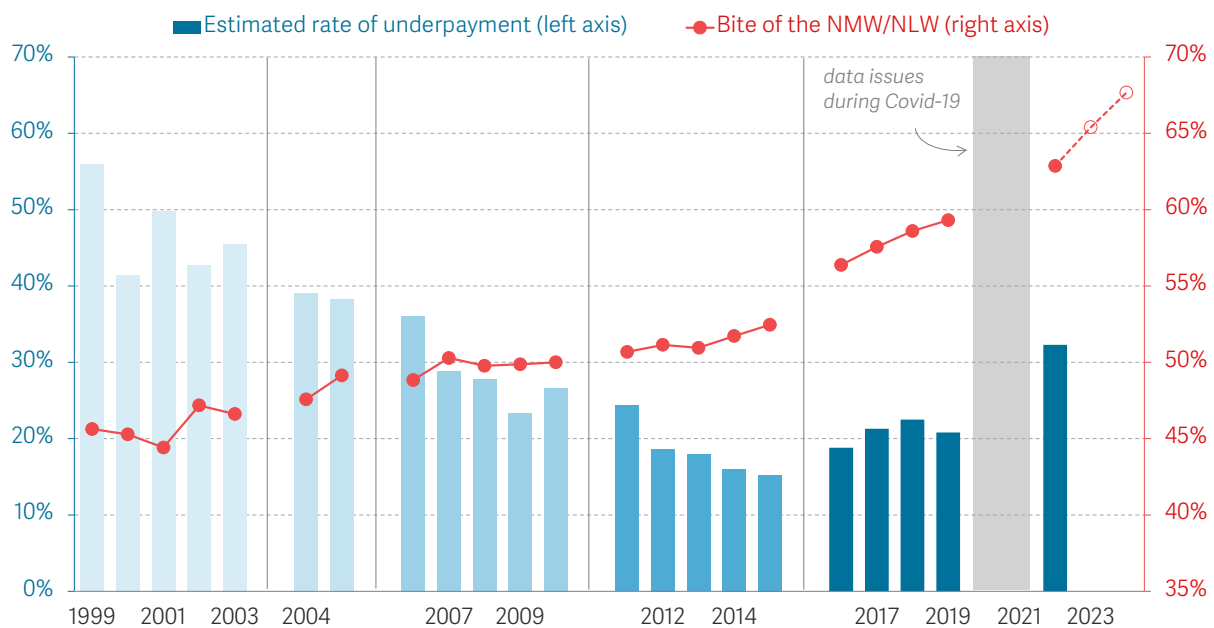
There are, however, also ways that the new migration regime could increase the incidence of labour market violations. It is plausible that firms which already play fast and loose with one set of rules (employment law) are as likely to do so with another (the immigration regime). This is especially true when an employer's likelihood of detection is low (we estimate that, if all irregular migrant workers are in average-sized firms, then

³⁹ K Henehan & L Judge, *Home and away: The UK labour market in a post-Brexit world*, Resolution Foundation, December 2020.

those firms have a one-in-a-thousand chance of being detected within a year), and, even then, the high penalties that can be imposed on firms found employing irregular migrants are not applied in over one third of all cases. Overall, irregular migration could easily increase in the UK under the stricter regime, with worrying consequences for labour market rights.

FIGURE 6: As the minimum wage has risen in recent years, so too has the rate of underpayment

Estimated rate of underpayment for covered workers (those paid at or below the NMW/NLW-plus-5p), and ‘bite’ of the NMW/NLW (minimum wage rate as share of median wage), among workers aged 25 and over: UK



NOTES: Different methods are used to calculate underpayment rates 1999-2003, 2004-05, 2006-10 and 2011 onwards. Data for 2016 onwards are for different points in the minimum wage year than all other years, so cannot be directly compared to 2011-15 data. Bite is for April of the relevant year. We exclude 2020 and 2021 because pay data was affected by the Job Retention Scheme, where many furloughed workers were paid 80 per cent of their previous earnings. Latest data point is 2022 for the underpayment series and 2024 for the (projected) bite.

SOURCE: RF analysis of LPC, National Minimum Wage: Low Pay Commission 2018 Report; LPC, Low Pay Commission Report 2022.

Second, even as policy makers make very-welcome progress on increasing workers’ rights, this could increase the pressure on employers and push unscrupulous firms into non-compliance. In Figure 6, we illustrate this risk using the National Minimum Wage, which is arguably the area where things have improved most in the past few years.⁴⁰ In the early years of the minimum wage, measured non-compliance was falling as employers adapted to the new legislation. But more recently – notably after the introduction, and subsequent increases in, the National Living Wage from 2016 onwards – non-compliance

⁴⁰ A version of Figure 6 first appeared in: L Judge & A Stansbury, *Under the wage floor: Exploring firms’ incentives to comply with the minimum wage*, Resolution Foundation, January 2020.

has been rising again,⁴¹ plausibly as some employers seek to cut corners in the face of rising costs while productivity has flatlined.⁴²

Overall, we conclude that there is a serious problem with labour market non-compliance in the UK today. The measured levels of a wide range of labour market violations are unacceptably high; the quantitative and qualitative evidence showing that low-paid and other vulnerable workers are at the sharp end of unlawful employer practice is incontestable; business practices that we know are correlated with a higher risk of labour market abuse are now structural features of our labour market; and perversely, policy choices that we expect to improve conditions in the labour market also increase the incentives for employers to behave in a less than legal manner. All of which begs the question – what are we currently doing about it?

⁴¹ It is worth noting, as flagged in the LPC's 2022 report, that the rise in non-compliance as measured in the latest ASHE data may reflect data issues. An alternative data source (LFS) has not shown the same rise in non-compliance compared to 2019 (the most recent comparator excluding the Covid-19 pandemic). See: LPC, [Low Pay Commission Report 2022](#), January 2023.

⁴² J Clemens & M Strain, [Understanding "Wage Theft": Evasion and avoidance responses to minimum wage increases](#), Labour Economics 79, December 2022. For a discussion of how minimum wage rises may be affecting wider job quality and security, see also: A Adams-Prassl, M Balgova & M Qian, [Flexible Work Arrangements in Low Wage Jobs: Evidence from Job Vacancy Data](#), IZA DP No. 13691, September 2020.

Section 3

The UK's institutional approach to labour market enforcement

Non-compliance with employment law is all-too-prevalent in the UK labour market today. But how well set up are UK institutions to enforce worker rights? In contrast to many other countries, labour market enforcement in the UK is highly fragmented with multiple institutions charged with different parts of the picture, reporting to several government departments. The challenge this presents has not gone unheeded, but a lack of political will has hindered the activities of the Director of Labour Market Enforcement, and the commitment to create a single enforcement body has now been rowed back on. Moreover, the stated commitment to take a stronger stance on enforcement has not been matched by greater resources.

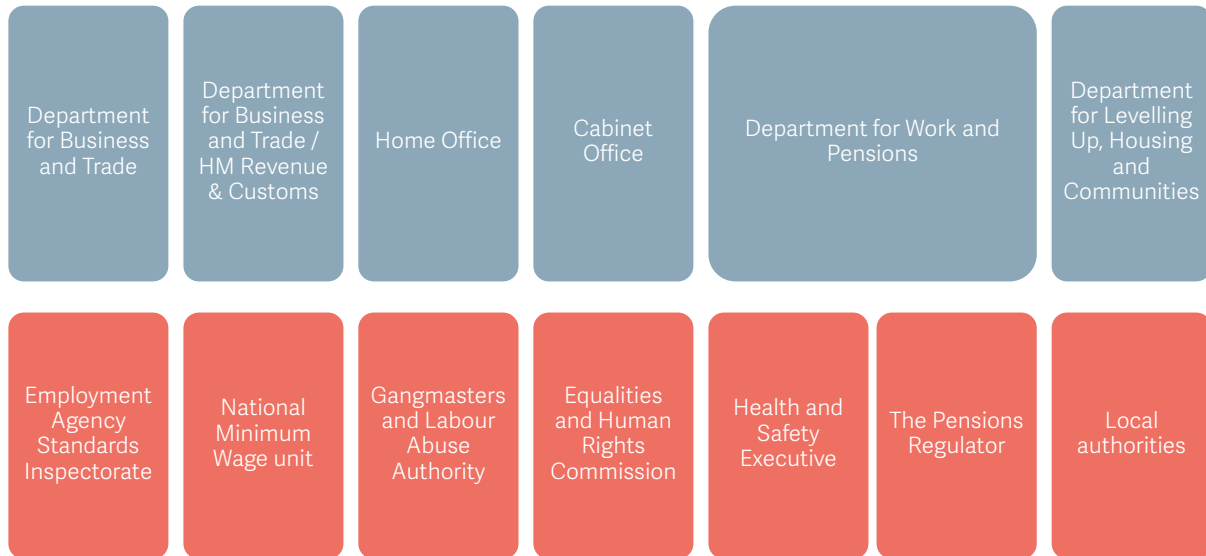
The UK enforcement system is highly fragmented compared to many other countries

So far, we have shown that non-compliance with employment law is all-too-prevalent in the UK labour market today, and particularly affects those workers who lack power in the labour market. But how are the institutions that enforce employment rights on behalf of such workers in the UK set-up? The enforcement of labour market rights is highly fragmented. As Figure 7 shows, it is spread between six core enforcement bodies, plus local authorities which are responsible for enforcing health and safety in some workplaces. The various enforcement bodies are overseen and funded by seven different government departments, from the Department for Business and Trade and Department for Work and Pensions, to the Home Office and the Department for Levelling Up, Housing and Communities. Moreover, each enforcement body gets its powers from a different piece of legislation – from the 1973 Employment Agencies Act to the 2016 Immigration Act.⁴³ Box 2 provides an overview of each of the body's main functions.

⁴³ These are: Employment Agencies Act 1973; Health and Safety at Work etc. Act 1974; National Minimum Wage Act 1998; Conduct of Employment Agencies and Employment Businesses Regulations 2003; Gangmasters (Licensing) Act 2004; Equality Act 2006; Pensions Act 2008; Modern Slavery Act 2015; and Immigration Act 2016.

FIGURE 7: Responsibility for enforcing labour market rights is spread across several government departments

Government departments responsible for enforcing labour market law: England and Wales/GB/UK, March 2023



NOTES: Blue boxes are Government departments; red boxes are enforcement agencies. Each enforcement agency is part of, funded by, and/or has its strategic framework set by ministers from the department(s) above it. EHRC and HSE are GB only, but have direct counterparts in Northern Ireland; EAS is GB only; GLAA covers England and Wales only with respect to modern slavery and the UK for Gangmaster licencing; all other bodies cover the UK.
SOURCE: RF analysis of GOV.UK.

BOX 2: The UK enforcement agencies unpacked

In the UK, labour market rights are enforced by six core enforcement bodies in addition to local authorities. Elsewhere in this report, we discuss the powers and sanctions used by these bodies, but here we briefly outline what each is responsible for and how the different agencies fit into the institutional landscape shown in Figure 7.

- **HM Revenue & Customs National Minimum Wage unit (HMRC NMW)** enforces the minimum wage, although NMW policy is set by the Department for Business and Trade (DBT). DBT also run the NMW Naming Scheme that publishes the details of employers who break minimum wage law and meet certain criteria.⁴⁴
- **The Employment Agency Standards Inspectorate (EAS)**, which is part of DBT, regulates the employment

⁴⁴ HM Government, [National Minimum Wage: policy on enforcement, prosecutions and naming employers who break National Minimum Wage law](#), June 2022.

agency sector and enforces agency workers' rights.⁴⁵ EAS has responsibility for Great Britain only, with agency workers' rights enforced by the Department for the Economy in Northern Ireland.⁴⁶

- **The Gangmasters and Labour Abuse Authority (GLAA)** has two core functions. First, it licenses businesses that supply workers to some of the sectors deemed to be at highest risk of labour exploitation: agriculture, horticulture, shellfish gathering, and any associated processing and packaging. Second, it investigates reports of worker exploitation, human trafficking, forced labour, illegal labour provision, and modern slavery (in England and Wales only).⁴⁷
- **The Pensions Regulator (TPR)** ensures that employers comply with their automatic enrolment duties, in addition to wider responsibilities around protecting pension schemes. It is a public body sponsored by the Department for Work and Pensions (DWP).⁴⁸
- **The Health and Safety Executive (HSE)** enforces health and safety in workplaces deemed higher risk: factories, farms, building sites, mines, schools and colleges, fairgrounds,

gas, electricity and water facilities, hospitals and nursing homes, central and local government premises, and offshore installations. It also sets the strategy, policy and legal framework for health and safety in Great Britain. (HSE has a direct counterpart in Northern Ireland.⁴⁹) Local authorities are responsible for enforcing health and safety in other workplaces, including private offices, shops, hotels, restaurants, leisure premises, nurseries and playgroups, pubs and clubs, private museums, places of worship, sheltered accommodation and care homes.⁵⁰

- **The Equality and Human Rights Commission (EHRC)** is responsible for enforcing anti-discrimination law, including in the workplace. It was formed in 2007 from the merger of the Commission for Racial Equality, the Disability Rights Commission, and the Equal Opportunities Commission, as well as taking on wider responsibility for protecting and promoting equality and human rights.⁵¹ In Northern Ireland, these functions are performed by the Equality Commission for Northern Ireland (ECNI).⁵²

Finally, the strategic direction for HMRC NMW, EAS and GLAA is set by the

⁴⁵ EAS, [About us](#), accessed 22 April 2023.

⁴⁶ Department for the Economy, [Employment Agency Inspectorate](#), accessed 22 April 2023.

⁴⁷ GLAA, [What we do](#), accessed 22 April 2023.

⁴⁸ TPR, [What we do and who we are](#), accessed 22 April 2023.

⁴⁹ HSENI, [About HSENI: Promoting and enforcing health and safety at work standards in Northern Ireland](#), accessed 22 April 2023.

⁵⁰ HSE, [Is HSE the correct enforcing authority for you?](#), accessed 22 April 2023.

⁵¹ EHRC, [Who we are](#), accessed 22 April 2023.

⁵² ECNI, [About us](#), accessed 22 April 2023.

| | |
|--|--|
| Director of Labour Market Enforcement (DLME), currently Margaret Beels. ⁵³ She and her office also coordinate with wider enforcement and regulatory | bodies and undertake research into labour market enforcement more broadly. ⁵⁴ |
|--|--|

This piecemeal picture contrasts strikingly with the practice in many other OECD countries – including those we chose to study in this report – that frequently bring together most of their enforcement functions into a single organisation. Ireland is a leading example: since 2015, the Workplace Relations Commission has had responsibility for enforcing all aspects of individual employment rights working in tandem with a Labour Court. Likewise, the Netherlands Labour Authority (NLA) is responsible for enforcing virtually all aspects of labour law, with a few modest exceptions, such as certain rights of workers in the haulage sector, childcare facilities, mining and working on windmills at sea. In Norway, there are also sector carve outs for the petroleum and aviation industries but again, a national Labour Inspectorate enforces most rights on behalf of the vast majority of workers (anti-discrimination laws are enforced by a specialist Ombudsman however). In France, a single Labour Inspectorate polices the whole labour code for all private sector workers with a contract of employment, comprising 68 per cent of the workforce. Finally, in Australia, the Fair Work Ombudsman enforces most rights for most employees, again with some minor exceptions (the enforcement of pension entitlements is outside its ambit, for example, although the building trade has recently been brought within its purview).⁵⁵

The institutional set-up makes it difficult to build up a comprehensive picture of non-compliance

The fragmented nature of the enforcement system in the UK has a number of very obvious consequences. First, and probably most critically from the workers' perspective, this means there are no bodies responsible for many key employment rights (holiday or sick pay, for example). This leaves workers with no option but to enforce the law in these areas themselves – an issue we return to in Section 5. But even when the bodies do enforce relevant rights, a multitude of different organisations without a coherent identity makes it more difficult for workers to know where to go with a concern.⁵⁶ This is obviously bad news for workers, but it is also bad news for the enforcement bodies, who

⁵³ BEIS, [Margaret Beels appointed as Director of Labour Market Enforcement](#), November 2021.

⁵⁴ M Beels, [Labour Market Enforcement Strategy 2022 to 2023](#), DBT, March 2023.

⁵⁵ Some of our comparator countries had a long tradition of strong labour market enforcement. But for others, the move to a more coherent system is a relatively recent phenomenon: the Netherlands brought together three different inspectorates in 2007, for example, and the Irish Workplace Relations Commission was established in 2015. See Annex 2 for more details.

⁵⁶ See, for example: S Butler, [‘They haven’t the foggiest who we are’: The watchdog fighting to protect Britain’s exploited workers](#), The Guardian, February 2023.

are missing out on valuable data that could help them build up a more comprehensive picture of non-compliance. This is even more so the case for migrant workers who are acutely vulnerable to exploitation, a topic we explore further in Box 3.

BOX 3: The relationship between labour market enforcement and immigration enforcement

One critical way that labour market enforcement agencies are missing out on a wealth of intelligence about the scale and nature of labour market violations is the inhibiting effect of their relationship with Immigration Enforcement (IE). Freedom of Information requests have shown, for example, that although neither HMRC NMW, GLAA, EAS nor HSE have a legal duty to share information with IE about the immigration status of the workers they encounter as part of their operations, in practice all do so routinely (although the frequency and number of reports each makes varies considerably).⁵⁷ Coupled with this, the labour market enforcement agencies conduct joint operations with IE – and, perhaps more critically, are widely known to do so.⁵⁸

This braiding together of the enforcement of labour market rights and immigration law clearly hinders irregular migrant workers from reporting abuse.⁵⁹ But qualitative

studies show that it chokes off reports from lawful migrants too, in large part because their employers play on their lack of knowledge about their status and threaten to report them to IE if they complain. Furthermore, it is concerning that in recent years there has been a rise in the number of Duty to Notify (DtN) reports, whereby certain public bodies in England and Wales must notify the Home Office if they come across a person they suspect may be a victim of modern slavery but who does not consent to voluntarily enter the National Referral Mechanism.⁶⁰ (This is understandable, given that all data in that system is then shared with IE.)

Practice in other countries is often quite different. In Australia, for example, the Fair Work Ombudsman allows for anonymous reporting of breaches available in 16 languages. Moreover, to encourage migrant workers to report violations, the FWO and the Department of Home Affairs developed an ‘Assurance Protocol’

⁵⁷ Labour Exploitation Advisory Group, *Opportunity knocks: Improving responses to labour exploitation with secure reporting*, FLEX, April 2020.

⁵⁸ See, for example: M Åhlberg, E Paesani & L Granada, “If I Could Change Anything About My Work...” Participatory Research With Cleaners In The UK, FLEX, January 2021.

⁵⁹ Some have argued that the surge of interest in labour market enforcement in the mid-2010s was intimately linked to the political imperative to reduce migration (or at least to be seen to be tough on migration). See, for example, J Fudge, *Illegal Working, Migrants and Labour Exploitation in the UK: Liminal Legality and The Immigration Act 2016*, *Oxford Journal of Legal Studies*, 38 (3), 2018.

⁶⁰ M Beels, *Labour Market Enforcement Strategy 2022 to 2023*, March 2023.

which guarantees that a migrant's visa will not be cancelled if they have been exploited. And the Netherlands provides another instructive example. There, migrant workers who experience breaches of their rights are referred

to the Fair Work Foundation, an independent NGO but with funding from government bodies, who offer anonymous advice, and no legal action is taken against migrant workers.⁶¹

But it is not just useful intelligence from workers that is a problem: information-sharing between the bodies can also be a challenge. The various enforcement agencies often struggle to share intelligence across organisational boundaries, in part because legal gateways are lacking – concerns about data protection, which are clearly important, often take precedence – but also because different departmental cultures hinder information exchange.⁶² Moreover, the fragmented nature of the system stymies collaboration with wider labour market institutions and other state agencies outside of the labour market space. In Norway for example, the Labour Inspectorate has successfully built links with wider regulatory organisations such as the Norwegian Food Safety Authority based on their experience that firms breaking the law in one area are likely to be doing so in others.

Finally, it is worth noting that in many other countries, unions have a far more prominent role in labour market enforcement than they do in the UK. Unions have much to offer in this context, including educating workers about their rights and helping their members to seek redress, and building partnerships with unions is a priority for the current Director of Labour Market Enforcement.⁶³ But relationships between unions and the enforcement machinery in the UK are ad hoc at best, and indeed there is evidence things have gone backwards over time (the TUC had a seat on the GLAA board at one point, but that is no longer the case).⁶⁴ This falls far short of the formal relationship between unions and enforcement bodies in countries such as Norway (where collective agreements are enforced by unions) and France (with its long-held practice of social dialogue).

The Director of Labour Market Enforcement plays a key coordination role, but support for the body has fallen over time

All that said, UK policy makers have been far from blind to the structural shortcomings of the labour market enforcement system and have made various bids to improve the situation. In 2016, the Immigration Act established the Director of Labour Market Enforcement (DLME) with a brief to provide strategic oversight to HMRC in its enforcement of the minimum wage; EAS in its endeavours to protect agency workers;

⁶¹ See Annex 2 for further details.

⁶² BIS & HO, *Tackling Exploitation in the Labour Market: Consultation*, October 2015.

⁶³ M Beels, *Labour Market Enforcement Strategy 2022 to 2023*, March 2023.

⁶⁴ GLA, *GLA 35/9.3 Restructure of the Board*, October 2012; GLAA, *New streamlined board appointed*, March 2015.

and the newly established GLAA with its licencing regime and new powers with respect to modern slavery. As David Metcalf, the first Director, set out in his introductory report, this was to be achieved through the production of an annual labour market enforcement strategy which would then need to be endorsed by BEIS and Home Office Secretaries of State, to guide operations of the three main enforcement bodies; the submission of an annual report setting out for Ministers how, collectively, the enforcement bodies had performed relative to that agreed strategy; and the development of an intelligence hub to pool information and learning between the enforcement bodies.⁶⁵

Six years on from its establishment, it is clear that the DLME has played a critical role in improved learning and information sharing between the enforcement bodies and indeed, the broader enforcement community. It has developed a risk model; published important deep dives into sectors such as warehousing,⁶⁶ hotels,⁶⁷ and restaurants;⁶⁸ commissioned a cutting-edge and comprehensive survey on the nature and scale of labour market violations that is currently in the field;⁶⁹ and brokered important data sharing agreements between the various agencies.⁷⁰ Its convening power has also been significant: the Strategic Coordination Group brings together operational and strategic expertise from HMRC, GLAA and EAS, and it has coordinated stakeholders around key consultations and brought international experts into UK policy debates.

But things have been far less straightforward when it comes to other parts of its role. Producing both a strategy and a progress report on the previous year's strategy annually was perhaps always going to tax ministerial capacity. But the strategies have also found themselves snarled up in political delays. Figure 8 shows in graphic form the trajectories of the five annual strategies produced by DLME to date (including an introductory report), and makes clear that although the 2018-19 strategy was signed off by Government in good time, as early as 2019-20, things were beginning to slip. The 2020-21 strategy was not signed off nor published until December 2021 along with the strategy for 2021-22, and neither have received a formal response from Government to date. Most recently, the 2022-23 strategy was only published in March 2023, following delays of around a year since it was written.⁷¹

⁶⁵ D Metcalf, *UK Labour Market Enforcement Strategy: introductory report 2016 to 2017*, HM Government, July 2017.

⁶⁶ A Green et. al., *How has the UK Warehousing sector been affected by the fissuring of the worker-employer relationship in the last 10 years?*, IFF Research, July 2019.

⁶⁷ A Green et. al., *How has the UK Restaurant sector been affected by the fissuring of the worker-employer relationship in the last 10 years?*, IFF Research, July 2019.

⁶⁸ M López-Andreu et. al., *How has the UK Hotel sector been affected by the fissuring of the worker-employer relationship in the last 10 years?*, University of Leicester and University of Keele, July 2019.

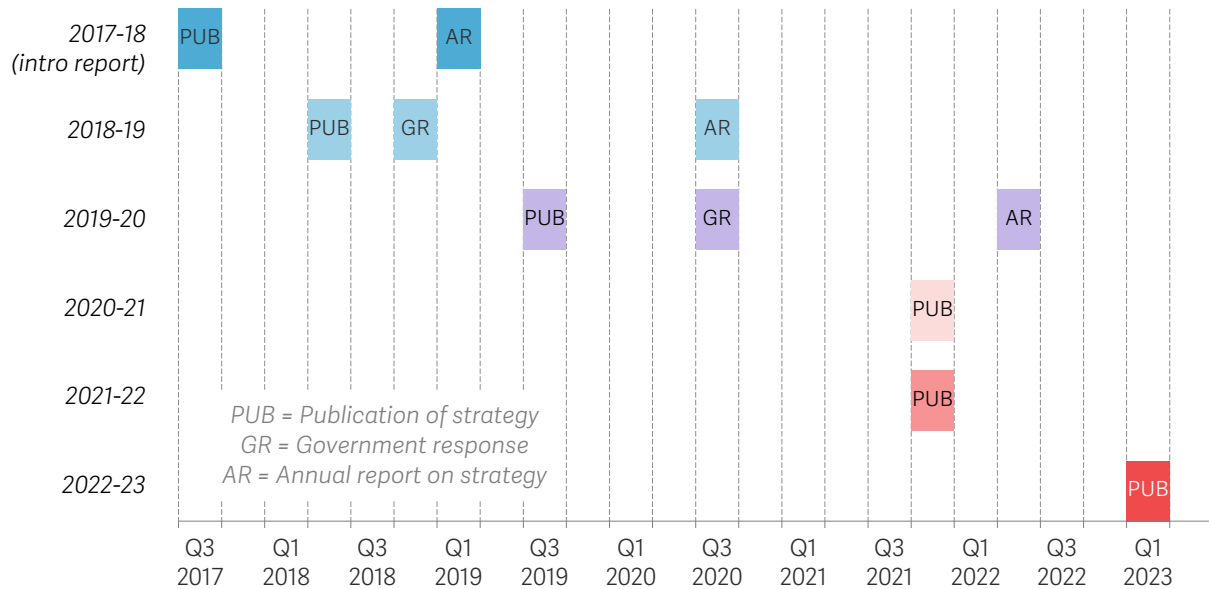
⁶⁹ K Potsch et. al., *Scale and nature of precarious work in the UK*, April 2020.

⁷⁰ See, for example, Section 4 of: D Metcalf, *Labour Market Enforcement: annual report 2017 to 2018*, HM Government, March 2019.

⁷¹ S Butler, *'They haven't the foggiest who we are': The watchdog fighting to protect Britain's exploited workers*, The Guardian, February 2023.

FIGURE 8: The Government’s Labour Market Enforcement Strategies have suffered from severe delays in recent years

Publication of Labour Market Enforcement Strategies, Annual Reports and Government response, by date: UK



SOURCE: RF analysis of GOV.UK, Collection: Labour market enforcement.

Of course, there are some entirely legitimate explanations for such delays: Covid-19, various changes of Government, and more recently the cost of living crisis have all sucked the oxygen out of many a political process over the past three years. But it is hard not to interpret this picture as evidence of a diminishment of political will on the part of Government when it comes to labour market enforcement. Moreover, for 18 months the office had an Interim Director only, and the post was then left vacant for a further 10 months before the appointment of Margaret Beels, the current head.⁷² Notably, the Interim Director Matthew Taylor wrote in his final strategy: ‘I leave office concerned that the government has not fully grasped the nature of the challenges I describe’.⁷³

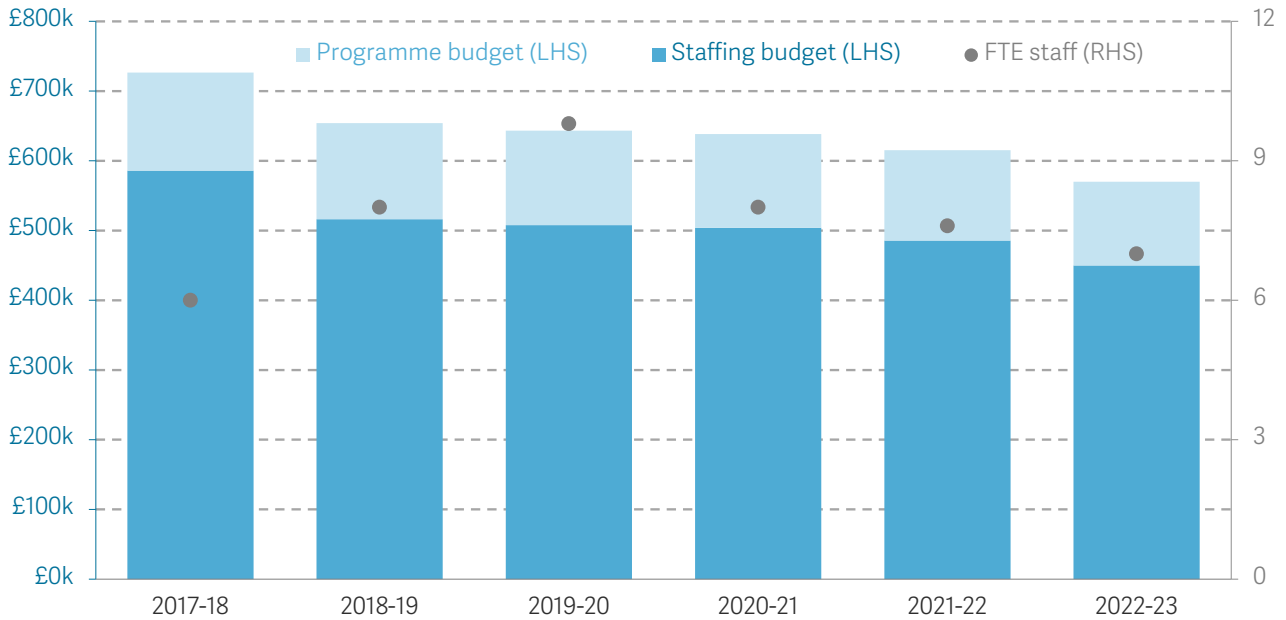
Perhaps even more telling, however, is that the operational funding that DLME has received over the six years of its existence has been flat in cash terms, and therefore fallen in inflation-adjusted terms over time. In Figure 9 we show the staffing and programme budget in 2022-23 prices, which shows that DLME’s budget was worth £727,000 in real terms in 2017-18, compared to £570,000 today (a fall of 22 per cent). As a result, staffing has had to fall, from close to 10 FTE staff in 2019-20 to 6.5 today. Taken together, Government delays in signing off strategies, in making key appointments and in funding the body adequately all suggest declining political commitment to enforcing workers’ rights in recent years.

⁷² BEIS, *Margaret Beels appointed as Director of Labour Market Enforcement*, November 2021.

⁷³ M Taylor, *Labour Market Enforcement Strategy 2021 to 2022*, HM Government, December 2021.

FIGURE 9: The Director of Labour Market Enforcement’s operational budget has fallen by more than one-fifth since its establishment

Director of Labour Market Enforcement operational budget in 2022-23 prices (left-hand axis), and FTE staff (right-hand axis): UK



SOURCE: RF analysis of DLME budget data.

The Government has dialled back on plans for a single labour market enforcement body

Moving towards a single (or at least lead) body for labour market enforcement (SEB) was a natural next step for Government after the establishment of the DLME in 2016 and it signalled its intention to do just that in its Good Work Plan in 2018.⁷⁴ There, it stated:

“We will bring forward proposals in early 2019 for a new, single labour market enforcement agency to better ensure that vulnerable workers are more aware of their rights and have easier access to them and that businesses are supported to comply. This will provide a single point of contact for individuals and employers and will benefit from the additional powers and resources.”

BEIS, Good work plan

The introduction of a SEB subsequently featured as a Conservative Party manifesto commitment in the 2019 election.⁷⁵

Despite majority support from the 111 respondents to the Government’s consultation on the SEB, and a reaffirmed commitment to move forward in its formal response to

⁷⁴ BEIS, *The good work plan*, December 2018.

⁷⁵ Conservative Party, *Conservative Party Manifesto 2019*, November 2019.

the consultation published in June 2021, progress has subsequently stalled.⁷⁶ The Employment Bill that would have brought forward the relevant legislation was delayed by the Covid-19 pandemic, and did not feature in the 2022 Queen's Speech – and by December 2022 the plans appeared to have been shelved.⁷⁷ At an oral evidence session of the Business, Energy and Industrial Strategy Committee, the then-Secretary of State for Business, Energy and Industrial Strategy said that 'we are more interested in ensuring that the bodies that are already in place are operating effectively [than single enforcement bodies]' and that he '[did] not think we have an Employment Bill on the cards per se'.⁷⁸

Of course, the SEB is not a magic bullet. In its planned form, it would have brought together only three of the six main enforcement bodies shown in Figure 7 (not counting local authorities). And the issues of information sharing and effective partnership that the UK grapples with are present in each of the countries we have studied too, whatever their institutional arrangements. But our comparative case studies have also shown that although few (if any) countries have a truly single body that enforces all areas of employment law for all types of workers, it is unusual to find a labour market enforcement system that is quite so fragmented as the UK, or quite so lacking in a clear central body that takes a visible and overarching leadership role.

The Government's stated commitment to stronger enforcement has not been matched by increases in the overall budget

Alongside the political statements and shenanigans with respect to the DLME and the SEB, we can also get a sense of the extent of political commitment to the enforcement mission by examining the funding picture for the various enforcement agencies over time. So, have the Government's warm words on enforcement in recent years translated into an increase in funding for the enforcement bodies?

Overall, the answer appears to be a resounding 'no'. The period 2010-2013 saw a dramatic drop in funding for EHRC and HSE in particular (see Figure 10): EHRC's budget was cut by a huge 68 per cent in inflation-adjusted terms during that four-year period, while HSE's budget fell by a quarter (25 per cent) over the same time.⁷⁹ Since 2014, total funding for all the enforcement agencies has largely been on an even keel, even when we take the growing number of firms into account. But the funding taken out of HSE and EHRC has not been reinstated – and overall, it is hard to read this picture as reflecting a substantive

⁷⁶ BEIS, [Establishing a new single enforcement body for employment rights: Government response](#), June 2021.

⁷⁷ House of Lords Library, [Queen's Speech 2022: Economic affairs and business](#), May 2022.

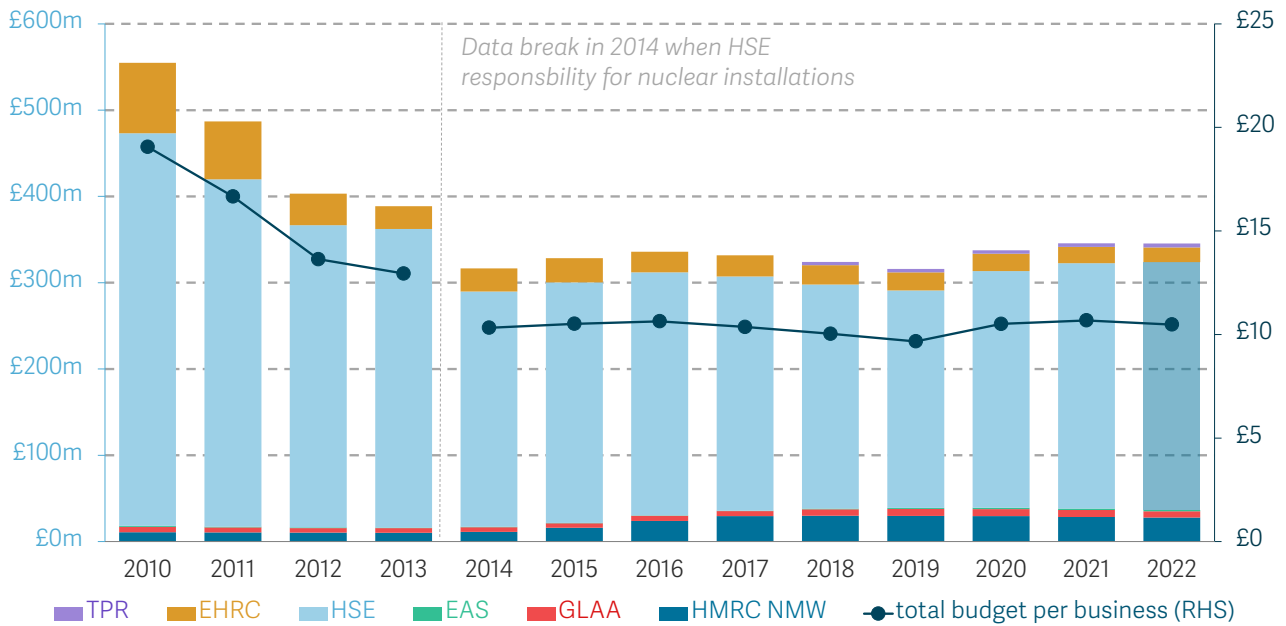
⁷⁸ House of Commons, [Oral evidence: The work of the Business, Energy and Industrial Strategy Department](#), HC 529, December 2022.

⁷⁹ For further discussion of the context underlying the budget cuts of these two agencies, see: L Judge & H Slaughter, [Failed safe?: Enforcing workplace health and safety in the age of Covid-19](#), Resolution Foundation, November 2020; H Slaughter, [Policing prejudice, Enforcing anti-discrimination laws in the workplace](#), Resolution Foundation, November 2022.

commitment to improving labour market enforcement. This is equivalent to a total spend of under £10.50 per worker in 2022.⁸⁰

FIGURE 10: The total budget for labour market enforcement has fallen over time

Total enforcement agency budgets in 2022-23 prices (right-hand axis), and total budget per employed person (left-hand axis): GB/UK



NOTES: Figures converted to 2022-23 prices using CPIH. Data for TPR starts in 2018-19 as that was when the auto-enrolment rollout was complete. GLAA includes data from when it was the GLA. Break in the HSE data series in 2014, when HSE no longer took on responsibility for nuclear installations; the rise in TPR’s budget in the latest two years is linked to bringing some services in-house. HSE 2022 budget is not currently available so is extrapolated based on previous years’ levels and trends.

SOURCE: RF analysis of DLME, Labour Market Enforcement: annual report 2019 to 2020; GLAA, Annual report and accounts, various; HSE, Annual report and accounts, various; EHRC, Annual report and accounts, various; Freedom of Information request to HMRC, FOI2021/07125, April 2021; Freedom of Information request to BEIS, FOI2021/10823, April 2021; Freedom of Information request to HMRC, FOI2023/07301, February 2023; Freedom of Information request to BEIS, FOI2023/03731, February 2023; Freedom of Information request to EHRC, FOI Reference 7285285, February 2023; Freedom of Information request to TPR, FOI-87, February 2023.

That is not to say, however, that there have not been pockets of improvement within individual enforcement agencies. In the left-hand panel of Figure 11, for example, we zoom in on allocations for HMRC NMW enforcement activities over the past 12 years; this shows that the budget has increased significantly over time, even in relation to the growing number of workers paid at the wage floor.⁸¹ Likewise, the right-hand panel shows the budget of EAS which has also grown both in absolute terms and relative to the

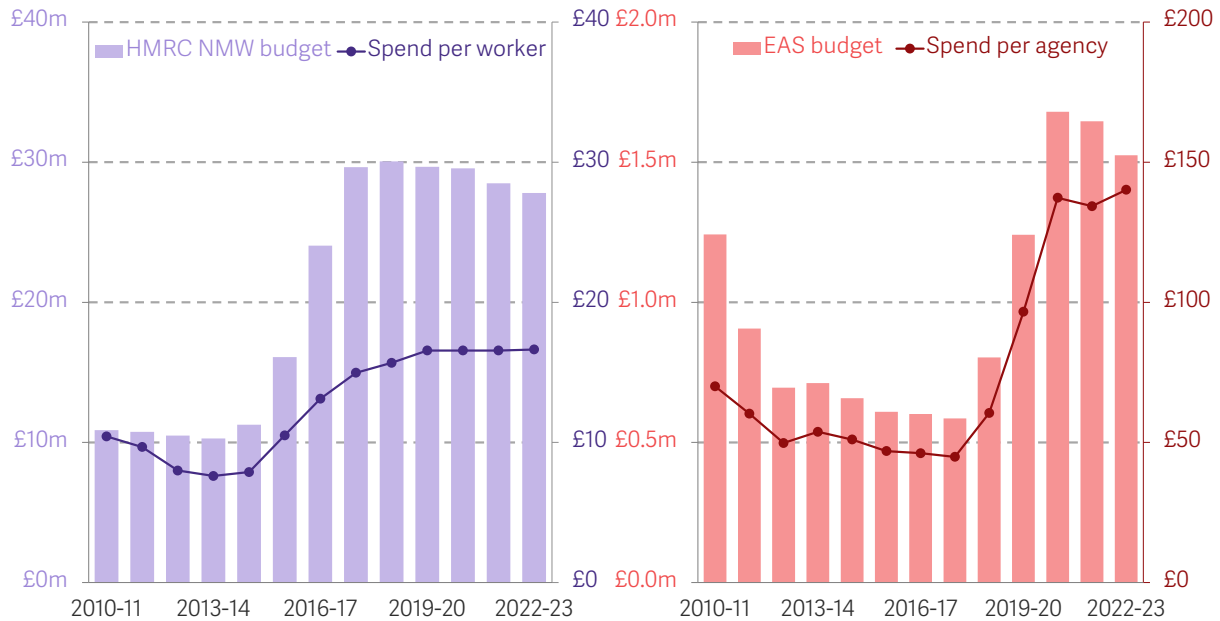
⁸⁰ Note that, although we do not include them in our picture here, local authorities are responsible for enforcing health and safety rules in many workplaces, and we have also seen their budgets cut dramatically over the same period. See, for example: K Ogden, D Phillips & C Sion, *What’s happened and what next for councils?*, Institute for Fiscal Studies, August 2021, which shows that English councils’ non-education spending per resident fell by almost a quarter in real terms between 2009-10 and 2019-20.

⁸¹ Indeed, the ramping up of HMRC NMW’s budget was in large part a response to the growing numbers of workers expected to be brought into scope as the NLW was introduced. See: BEIS, *National Living Wage and National Minimum Wage: government evidence on compliance and enforcement, 2020*, February 2021.

number of agencies it is required to oversee.⁸² But these improvements have not been enough to shift the dial on the overall picture of an underfunded system.

FIGURE 11: Funding for minimum wage enforcement and tackling violations of agency worker rights has increased significantly in recently years

HMRC NMW enforcement budget in 2022-23 prices, total and per 'in scope' worker (left-hand panel) and EAS enforcement budget in 2022-23 prices, total and per temporary agency (right-hand panel): UK



NOTES: The bar on each panel shows the total budget, measured on the left-hand axis; the line the spend per worker/agency, measured on the right-hand axis. For NMW purposes, a worker is considered 'in scope' if they are paid below or within 5 pence of the relevant minimum wage. Agencies are defined as the number of businesses in SIC code 78200 ('Temporary employment agency activities').
 SOURCE: RF analysis of DLME, Labour Market Enforcement: annual report 2019 to 2020; Freedom of Information request to HMRC, FOI2021/07125, April 2021; Freedom of Information request to BEIS, FOI2021/10823, April 2021; Freedom of Information request to HMRC, FOI2023/07301, February 2023; Freedom of Information request to BEIS, FOI2023/03731, February 2023; ONS, Annual Survey of Hours and Earnings; NOMIS, ONS Business Counts.

The UK lags behind its international peers when it comes to resourcing

We can read off from the funding picture over time that there has been no sea-change in commitment to labour market enforcement overall in the UK in recent years, but of course this does not allow us to make any meaningful judgment about how appropriate the current level of funding is given the scale of the task. One useful way to compare different countries' financial commitment to labour market enforcement is to look at the

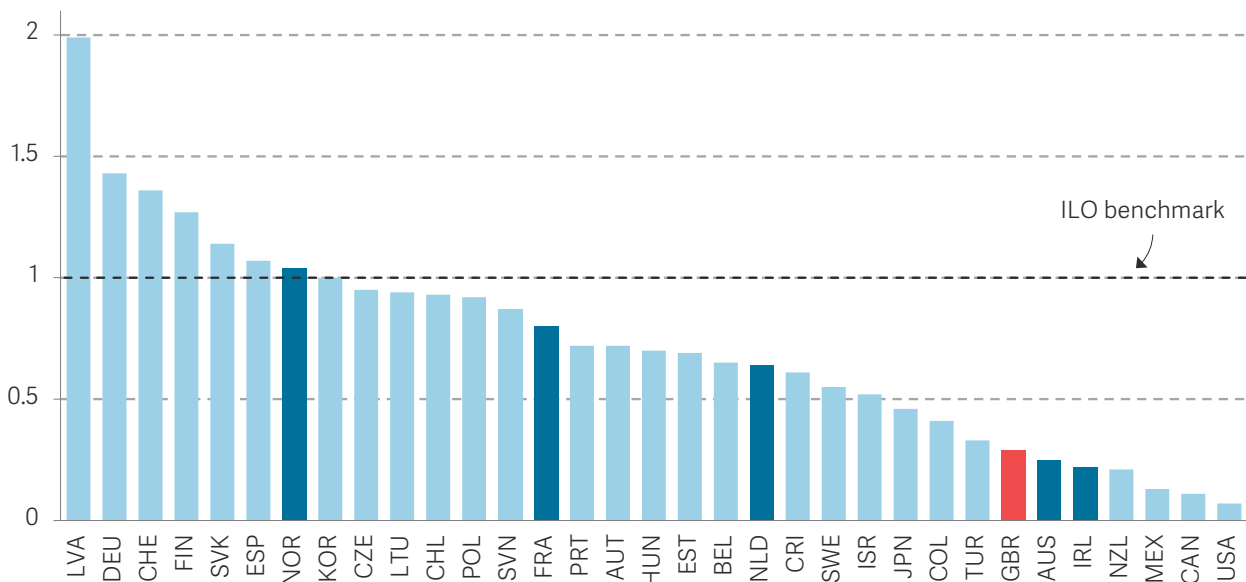
⁸² Increases in the EAS budget in particular were strongly advocated by the DLME in its early strategies. See, for example: D Metcalf, *Labour Market Enforcement Strategy 2018 to 2019*, HM Government, May 2018.

number of labour market inspectors in relation to the size of the workforce.⁸³ So, what do we find?

In Figure 12, we show how Britain ranks compared to 32 other OECD countries when it comes to number of labour inspectors per 10,000 employed people. As the chart makes clear, we are not a strong performer: we rank 27th and, with just 0.29 inspectors per 10,000 workers, are less than a third of the way to meeting the international benchmark of one labour inspector per 10,000 workers, set as a minimum standard by the International Labour Organisation (ILO).⁸⁴ For a Government committed to being a ‘global leader’ in the area of workers’ rights, there is clearly a long way to go.⁸⁵

FIGURE 12: The UK has fewer inspectors per worker than most other OECD countries

Number of labour inspectors per 10,000 employed persons, by OECD country: 2019-2021



NOTES: Data points cover the latest available data in each country, ranging from 2019 to 2022. Bars highlighted are the case study countries commissioned for the report. All figures come from the ILO database, except for Australia and the Netherlands (for which data is not available from the ILO) which we draw from our partner-commissioned work. In these latter two cases, however, we note that the figures may not be perfectly comparable: for example, the figure for Australia does not include smaller numbers of inspectors operating at the state, rather than federal, level.

SOURCE: ILO, Inspectors per 10,000 employed persons; reports from RF-commissioned international partners.

⁸³ In an ideal world, we would compare different countries’ enforcement budgets, but measurement discrepancies mean that this is hard to do in a meaningful way.

⁸⁴ ILO, [ILO calls for strengthening labour inspection worldwide](#), November 2006.

⁸⁵ HM Government, [Future of Work Review: Matt Warman MP Response](#), September 2022.

Taken all together, the evidence is clear: we are not currently taking the enforcement of workers' rights seriously in the UK. The system is highly fragmented compared to many other countries; efforts in recent years to address this have suffered from a palpable lack of political commitment; and although some individuals agencies' budgets have seen welcome increases, overall the funding levels for labour market enforcement puts us close to the bottom of the international comparator pack. All of this has real implications for operational enforcement in the UK today – the topic we turn to in the next section.

Section 4

The UK's approach to labour market enforcement

In this section we examine how the UK's labour market enforcement bodies operate on a day-to-day basis. We show that they deliberately focus much of their energy on supporting and educating firms to comply with the law and so minimise the number of violations. But when they do uncover non-compliant behaviour, there is still a presumption that firms want to 'do the right thing'. As a result, much non-compliant behaviour often goes unsanctioned. But even when penalties are applied, the effect is limited. The maximum fine that agencies can levy is too low to act as a meaningful deterrent when combined with low rates of detection. And although disliked by firms, reputational levers have only a limited impact on behaviours.

Educating firms to comply with the law is a key part of the UK's enforcement approach

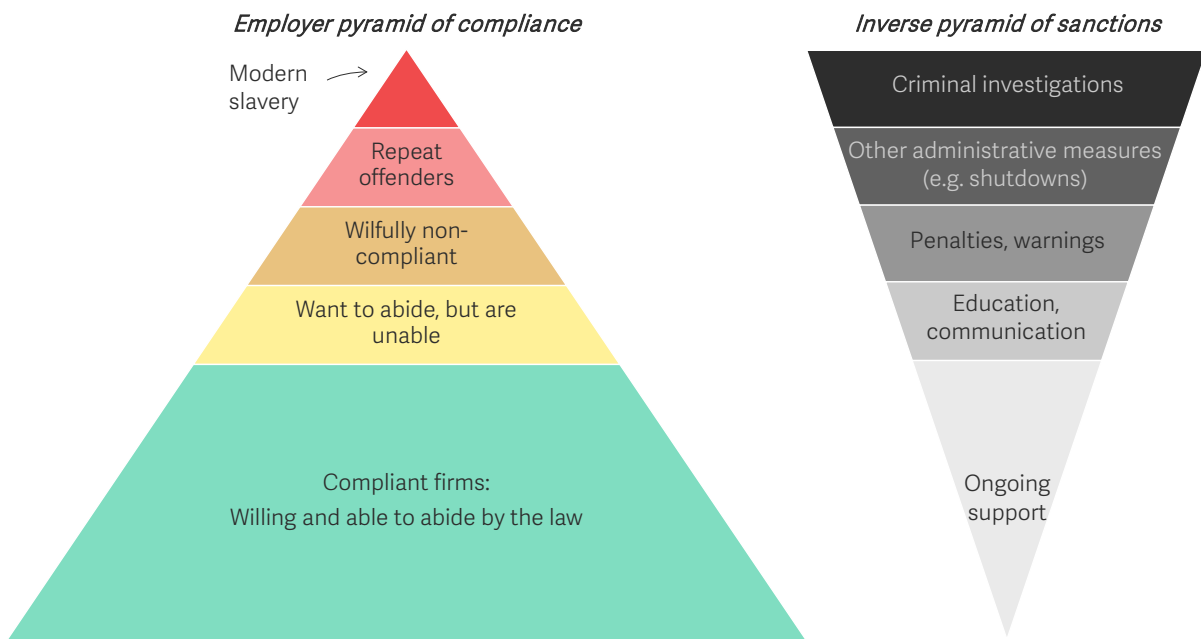
It is well recognised that enforcement agencies of all stripes have to strike a balance between activities that foster compliance (educating firms about their responsibilities and supporting them to comply with the rules) and deterrence (detecting violations and then imposing sanctions to deter offenders and others from breaking the rules).⁸⁶ For the vast majority of employers who are (or at least want to be) compliant, support, education and ongoing communication are likely to be the most appropriate approach. But as non-compliance becomes more serious, deliberate, or recurrent, penalties to deter such behaviour are required. These come in the form of financial sanctions, shutting down (temporarily or permanently) firms where there are more serious risks, or, in the extreme, criminal investigations. Figure 13 provides a stylised illustration of how enforcement bodies operationalise compliance and enforcement activity depending on the form of non-compliance.⁸⁷

⁸⁶ The concept of a compliance-deterrence spectrum is propounded by many, including the academic Professor Judy Fudge. See, for example, Box 2 of: D Metcalf, *Labour Market Enforcement Strategy 2018 to 2019*, May 2018.

⁸⁷ This diagram is adapted from Figure 1 of: Nederlandse Arbeidsinspectie, *Meerjarenplan Nederlandse Arbeidsinspectie 2023-2026*, November 2022. See also: I Ayres & J Braithwaite, *Responsive regulation: Transcending the deregulation debate*, Oxford University Press, 1992.

FIGURE 13: Enforcement bodies employ a wide range of approaches to realise labour market rights

Stylised pyramid of employer (non-)compliance and enforcement sanctions: UK



NOTES: Not to scale. Sanctions are illustrative only – enforcement bodies can and do use a multiplicity of sanctions and support for all firms.
 SOURCE: Adapted from Nederlandse Arbeidsinspectie, Meerjarenplan Nederlandse Arbeidsinspectie 2023-2026, November 2022.

This approach has its provenance in the ‘Better regulation’ agenda of the New Labour years when, in 1997, the Blair Government set up a task force to examine how regulation was stifling businesses. This theme was developed further in the 2005 Hampton Report (which made clear regulators should only intervene when there is a clear case for protection) and the 2006 Macrory Review (which set out a number of principles for effective enforcement and sanctioning).⁸⁸ This thinking then found legal form in the Regulatory Enforcement and Sanctions Act 2008, which effectively codified the pyramid we show in Figure 13 in UK law, and more recently has been restated in the Regulators’ Code that came into effect in 2014.⁸⁹

As a result, enforcement bodies in the UK must abide by five key principles, namely that they should be transparent, accountable, proportionate, consistent and targeted in all their endeavours. They are required to take a ‘risk-based approach’ to operations, assess the likelihood of non-compliance against the severity of its consequences, and target their strongest efforts at firms that are considered ‘high risk’. Finally, when non-compliance is uncovered, best practice requires enforcement bodies to move through a hierarchy of actions, usually giving firms the opportunity to make good before ratcheting

⁸⁸ For a useful summary of both reviews, see Appendix A in: *The Speaker’s Committee on the Electoral Commission: Third Report*, March 2013, accessed October 2020.

⁸⁹ Better Regulation Delivery Office, *Regulators’ Code*, BIS, April 2014.

up to more prescriptive measures. Overall, this approach is very clearly framed in terms of fostering growth.⁹⁰

Enforcement agencies have a wide range of tools at their disposal when they do detect non-compliance

So how does this theory play out in practice? All the UK enforcement bodies put a great deal of effort into educating firms on their responsibilities, running campaigns, doing outreach work and the like.⁹¹ But the agencies also have a range of actions they can take when they do uncover breaches of the law designed both to correct the behaviour of the non-compliant firm and, just as critically, to deter others from behaving in the same way. We set out the sanctioning powers that the various agencies have in Table 2.

TABLE 2: The UK enforcement agencies have a range of powers they can use when they detect non-compliance with employment law

Powers of UK enforcement agencies: England and Wales/GB/UK, April 2023

| | Warning | Reputational sanction | Civil penalties | Improvement order | Prohibition notice | Criminal |
|-----------------|---|--|-----------------|-------------------------|----------------------------------|---------------|
| HMRC NMW | Self-correction | Name and shame | Yes | LME order / undertaking | No | Yes |
| EAS | Warning letter | Publishes names of people banned from running an agency | No | LME order / undertaking | Yes (via an employment tribunal) | Yes |
| GLAA | Warning letter | Publishes names of firms whose licences are revoked | No | LME order / undertaking | Licence revocation | Yes |
| TPR | Compliance notice / unpaid contributions notice | Publishes names of firms subject to escalating penalties | Yes | No | No | Yes |
| HSE | Yes | Publishes details of prosecutions | Yes | Improvement notice | Yes | Yes |
| EHRC | Agreements | Publishes investigation outcomes | No | No | Injunctions (via the courts) | Interventions |

NOTES: EHRC and HSE are GB only, but have direct counterparts in Northern Ireland; EAS is GB only; GLAA covers England and Wales only with respect to modern slavery and UK for Gangmaster licencing; all other bodies cover the UK.

SOURCE: RF analysis of enforcement agencies' websites.

⁹⁰ The first article of the Regulators' Code states: 'Regulators should carry out their activities in a way that supports those they regulate to comply and grow.'

⁹¹ HMRC NMW's awareness-raising activities are outlined in Box 2 of: BEIS, [National Living Wage and National Minimum Wage: government evidence on enforcement and compliance, 2021](#), May 2022. Those of EAS are detailed in the 'Advise' section of: EAS, [Employment Agency Standards \(EAS\) Inspectorate: annual report, 2020 to 2021](#), June 2022. GLAA's resources, including podcasts and leaflets, are outlined in: GLAA, [Resources](#), accessed 23 April 2023. TPR's outreach activities are detailed in the 'Education, communications and promotion' section of: TPR, [Business impact target](#), accessed 23 April 2023. For an example of an EHRC awareness campaign, see: EHRC, [Cleaners' rights](#), accessed 23 April 2023. Finally, an example of an industry-specific HSE campaign is summarised in: HSE, [Campaigns and initiatives](#), accessed 23 April 2023.

To begin, all of the bodies can apply a reputational sanction on non-compliant firms by publishing their name in some form. Beyond that, HMRC NMW and TPR can impose civil penalties, and although EHRC and EAS do not have the power to impose fines, non-compliant firms can eventually face a financial penalty if their case is then taken to court. All can also require non-compliant firms act to right the wrongs uncovered: HSE can issue an improvement notice, for example, and HMRC can require the payment of arrears.

At the more severe end of the spectrum, EAS and HSE can prohibit firms or individuals from trading in cases of serious non-compliance. Since 2016, HMRC NMW, EAS and GLAA have all had the power to issue a Labour Market Enforcement Undertaking (LMEU) or Order (LMEO), which sets out what the employer must do to rectify non-compliance. The breaching of these can lead to prosecution. Other criminal sanctions are also available in the most extreme cases.⁹²

Reputational levers are used more in the UK than elsewhere, but to limited effect

Many of the powers outlined in Table 2 are similar to those available to the labour market enforcement bodies in our comparator countries. But the UK is distinctive in applying reputational levers to discourage non-compliance. Perhaps the most well-known of those is the NMW naming scheme which publishes the names of employers that are found to have underpaid their workers with arrears of £500 or more.⁹³ TPR also publishes the names of firms that have been subject to an escalating penalty notice.⁹⁴ Meanwhile EHRC publicises the outcomes of its investigations,⁹⁵ HSE publishes details of prosecutions it has made,⁹⁶ and the list of people that EAS has banned from running an employment agency is available online.⁹⁷ This contrasts with practice in France which does not use reputation levers at all; the Netherlands where examples of non-compliance are publicised but always anonymously; and schemes in Australia and Ireland which are narrower in scope than the UK.⁹⁸

⁹² For further details, see: HM Government, [Labour market enforcement undertakings and orders: code of practice](#), November 2016.

⁹³ There are a handful of exceptions, such as if naming the employer would constitute a breach to national security. For further details of the Government's naming policy, see: BEIS & HMRC, [Policy on naming employers who break National Minimum Wage law](#), June 2022.

⁹⁴ TPR, [Penalty notices](#), accessed 6 April 2023.

⁹⁵ EHRC, [Inquiries and investigations](#), accessed 6 April 2023.

⁹⁶ HSE, [Prosecution](#), accessed 11 April 2023.

⁹⁷ EAS, [List of people banned from running an employment agency or business](#), January 2022.

⁹⁸ See Annex 2 for further details.

Such sanctions are innovative and provide a very low-cost tool, but often to limited effect. In previous research we found that, while firms are fearful of losing custom from other businesses in the event of a scandal, the impact of reputational penalties was muted beyond the short-term.⁹⁹ Larger businesses, who are more likely to get caught, often have the resources and established brand name to manage a scandal, and reputational hits are often short lived especially if stakeholders perceive the incident as being accidental and/or actively addressed. Moreover, quantitative analysis found that, although sectors with more naming do tend to see a subsequent reduction in NMW underpayment, the size of the effect was small.¹⁰⁰ It is also worth noting that the naming scheme was suspended between July 2018 and February 2020 and, at the time of writing, there has been no naming round since December 2021.¹⁰¹

Even when non-compliance is uncovered, it often goes unsanctioned

Reputational levers may have only a weak effect but our research on the topic made clear that the threat of a hit to the bottom line is a far more powerful motivator for firms. So, how powerful a deterrent are the civil penalties that the agencies can impose? Figure 14 begins by showing that TPR often does not penalise firms who fail to auto-enrol their workers, or do not pay their due contributions. In 2022, just two-fifths (39 per cent) of cases where non-compliance was detected were given a fixed penalty notice.

There are two reasons behind this. First, TPR does not pursue every case: for example, it may not intervene if it believes the employer is already acting to remedy their non-compliance. In 2022, TPR took some form of action in 91 per cent of cases it identified.¹⁰² Second, and more importantly, employers have a chance to self-correct before a fine is levied (accounting for 52 per cent of identified cases in 2022). In keeping with its focus on supporting and educating employers to comply, TPR initially sends non-compliant employers a compliance notice or unpaid contributions notice setting out what they need to do to self-correct.¹⁰³

⁹⁹ H Slaughter, *No shame, no gain?: The role of reputation in labour market enforcement*, Resolution Foundation, November 2021.

¹⁰⁰ If the chance that underpayment is featured on the naming-and-shaming list moves from the 25th to the 75th percentile across a particular sub sector, then that sub sector will see only a 0.3 percentage point fall in the underpayment rate, all else equal.

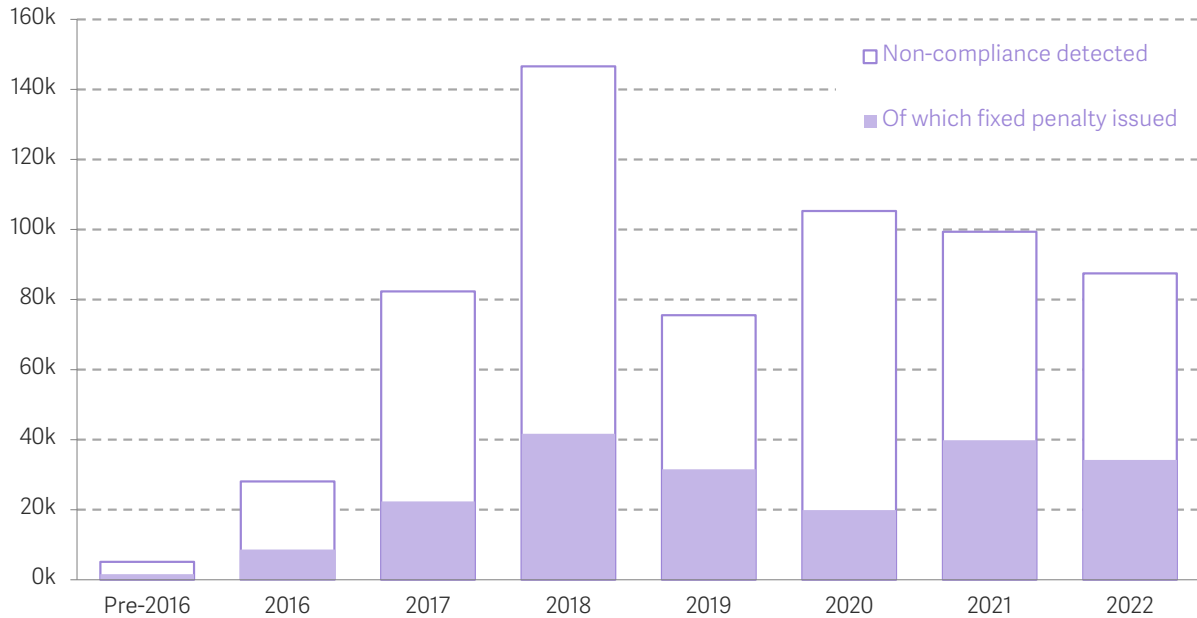
¹⁰¹ Department for Business and Trade, *National Living Wage and National Minimum Wage: government evidence on enforcement and compliance, 2022*, April 2023.

¹⁰² RF analysis of TPR, Compliance and enforcement bulletin, various.

¹⁰³ For further details, see: H Slaughter, *Enrol up!: The case for strengthening auto-enrolment enforcement*, Resolution Foundation, August 2020.

FIGURE 14: Only a minority of firms who have found to be non-compliant with respect to auto-enrolment face a penalty

Number of closed auto-enrolment cases and number of fixed penalty notices issued by TPR: UK



Notes: The figure for detected non-compliance refers to cases closed in the period, which may have begun in the previous year. Fixed penalty notices are £400 and are issued if a firm fails to comply with an initial notice setting out what they need to do to self-correct. The steep increase in cases of detected non-compliance reflects the rollout of auto-enrolment, which took place between 2013 and February 2018 depending on employer size.

SOURCE: TPR, Compliance and enforcement bulletin, various.

HMRC takes a similar approach and also allows for self-correction when it identifies minimum wage underpayment. In some cases – for example, when firms discover underpayment themselves following an HMRC information campaign – employers can self-correct by paying arrears to workers and notifying HMRC to avoid a penalty.¹⁰⁴ As Figure 15 shows, self-correction accounted for 41 per cent of arrears in 2021-22 – or, put differently, two-fifths of NMW arrears faced no penalty at all. Some of this might be employers genuinely noticing and putting right mistakes they had inadvertently made.

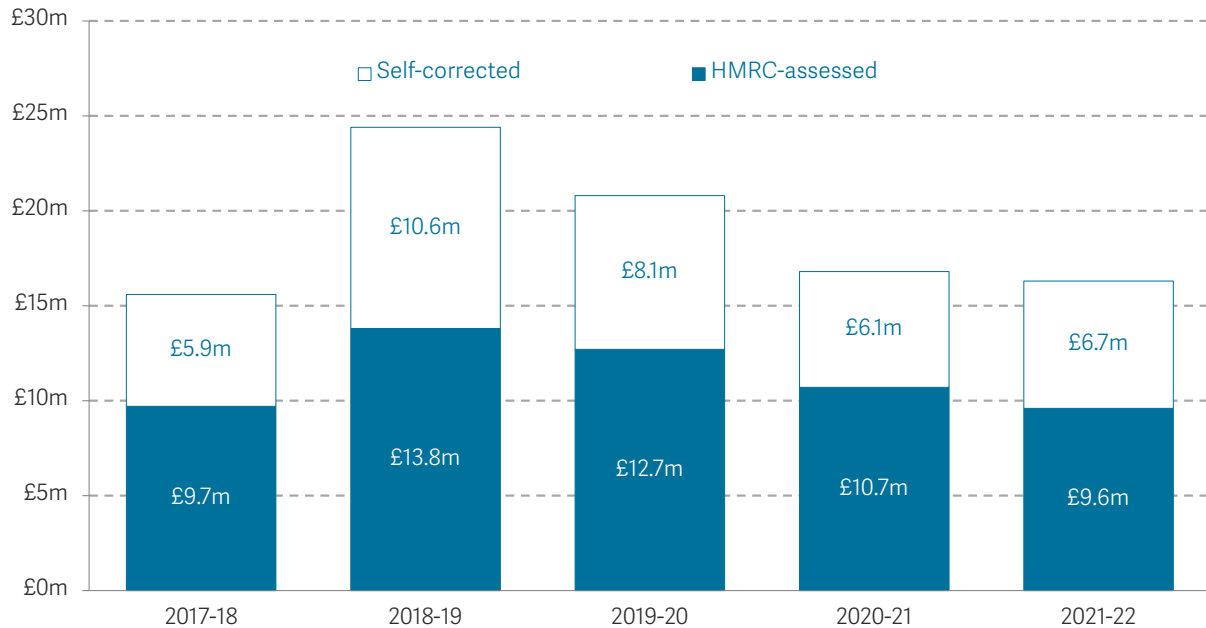
But it may also reflect firms who have been revealed to be intentionally non-compliant - for example, those who have had underpayment raised by a worker and are self-correcting to avoid a harsher penalty if the worker were to alert HMRC to the

¹⁰⁴ BEIS & HMRC, National Minimum Wage: policy on enforcement, prosecutions and naming employers who break National Minimum Wage law, June 2022.

underpayment – being let off the hook. Moreover, it may not always be the case that a penalty is applied when a case is HMRC-assessed: compliance officers still have discretion over whether to issue a formal notice.¹⁰⁵

FIGURE 15: Around two-fifths of uncovered NMW arrears attract no penalty

National Minimum Wage arrears identified, by whether HMRC-assessed or self-corrected: UK



NOTES: £6m of self-corrected arrears in 2018-19 and £0.25m in 2019-20 were the result of the Social Care Compliance Scheme, which opened in November 2017 and closed to new applications in December 2018. SOURCE: M Beels, Labour Market Enforcement: annual report 2019 to 2020, June 2022; M Beels, Labour Market Enforcement Strategy 2022 to 2023, March 2023.

The presumption that firms want to ‘do the right thing’ explains the light touch approach to financial penalties

The infrequency with which financial penalties are applied seems to reflect a belief that most violations are made out of ignorance. Time and again over the course of our research we came across the notion of an unintentional or ‘technical’ breach – where the law is either complex (think, for example, the accommodation offset in the context of the NMW), or has recently changed (an uplift in the NMW, for example, or a change in

¹⁰⁵ See: BEIS & HMRC, [National Minimum Wage: policy on enforcement, prosecutions and naming employers who break National Minimum Wage law](#), June 2022, which states: ‘HMRC compliance officers have discretion over whether to issue an NoU [Notice of Underpayment], based on their assessment of the facts of the particular case. ... Each decision to issue an NoU should be made on a case by case basis.’

workwear policy) – and an employer fails foul of the rules without actively choosing to do so.¹⁰⁶ There is a strong presumption in such cases that no penalty should be imposed and education is the appropriate response.¹⁰⁷

As we have suggested before, however, there is no bright line between accidental and deliberate non-compliance: employers have an obligation to understand their responsibilities, and no matter how complex the law, negligence should not be an excuse for underpaying workers or violating other employment rights.¹⁰⁸ Moreover, the state does not take such a lenient approach to other complex areas of law, such as tax, for which firms would generally employ an accountant to help them ensure compliance. Equally, the benefit of the doubt is certainly not extended to benefit claimants who make mistakes, the vast majority of whom are far less well equipped to understand the niceties of the law than an employer.

Overall, we conclude that the eminently sensible ‘compliance-first’ approach Britain has adopted to labour market enforcement is also spilling over to an unhelpful degree when violations actually are detected. And here we are missing a trick: as the guidance becomes ever clearer, and enforcement bodies continue to inform employers of their obligations, there is less and less excuse for firms to be non-compliant. In this case, non-compliance is much more likely to be deliberate (or at least the result of employer negligence) – and enforcement bodies have a stronger case to impose financial penalties or take other action against firms that still break the rules.

Financial penalties are often too low to act as a meaningful deterrent

Even when enforcement bodies do impose financial penalties, they are likely too low to act as a meaningful deterrent. In the case of HMRC NMW, for example, the maximum financial penalty that can be levied is twice the arrears owed – and if the employer pays promptly, the penalty is reduced to 100 per cent of the arrears. In previous work, reproduced in Figure 16, we showed that a penalty of 200 per cent would need to be coupled with a detection rate of one-third (i.e. one-in-three firms paying below the wage floor are caught) for there to be an economic case to pay staff the NMW. And in the case of a penalty that is the same size as the arrears, the detection rate would need to be 50

¹⁰⁶ Another example here is given in our recent research on the social care workforce and the vexed issue of travel time – see: N Cominetti, *Who cares?: The experience of social care workers, and the enforcement of employment rights in the sector*, Resolution Foundation, January 2023.

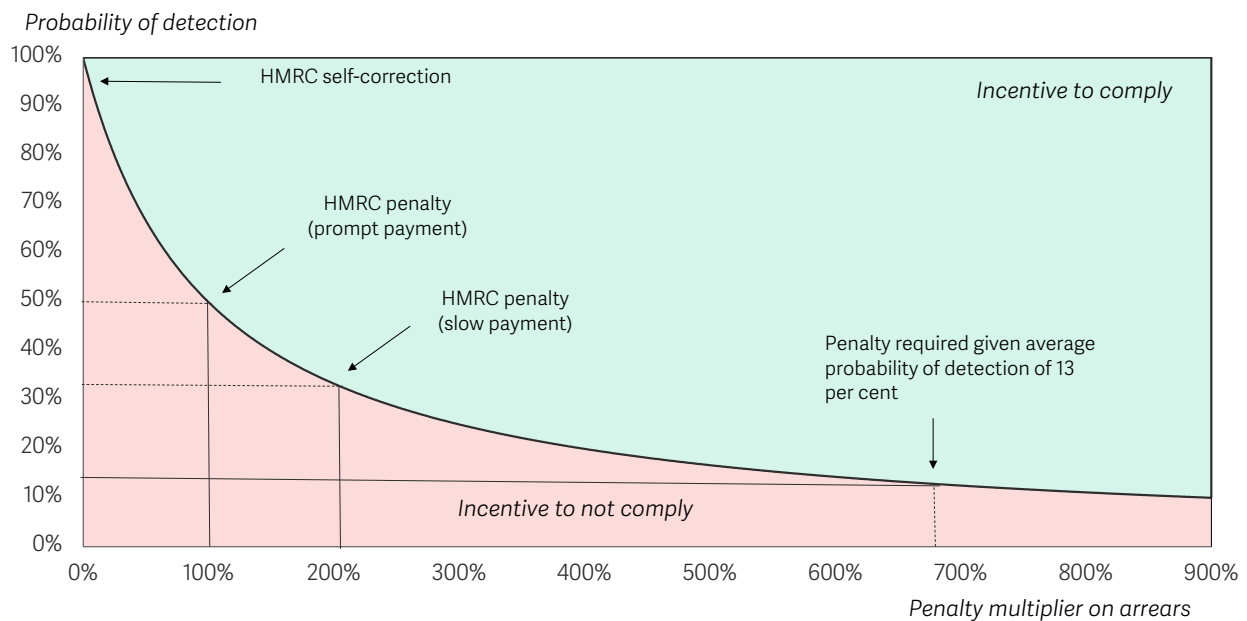
¹⁰⁷ See Section 2.2 of: D Metcalf, *Labour Market Enforcement Strategy 2018 to 2019*, HM Government, May 2018, which states: ‘where employers may have breached labour laws unintentionally – and sometimes because of a technical breach – then it is arguable that a compliance based approach is more appropriate in seeking to guide and educate the employer towards being compliant in the future.’

¹⁰⁸ See, for example: L Judge & A Stansbury, *Under the wage floor: Exploring firms’ incentives to comply with the minimum wage*, Resolution Foundation, January 2020; H Slaughter, *No shame, no gain?: The role of reputation in labour market enforcement*, Resolution Foundation, November 2021.

per cent.¹⁰⁹ In fact, at the time of writing, our estimates suggest an absolute upper bound detection rate of 13 per cent for minimum wage underpayment, a figure that would have to be combined with penalties 6.7 times the size of the arrears for fines to act as a meaningful deterrent.

FIGURE 16: Fines are not high enough to deter non-compliance, given the chances of detection

Required probability of detection, and magnitude of penalties required, to incentivise NMW compliance



SOURCE: RF calculations based on Table 3 from Low Pay Commission, *Non-compliance and enforcement of the National Minimum Wage*, April 2019; Freedom of Information Request to HMRC, FOI2019/01761, August 2019.

The DLME has also been seized of this issue in the past, and in the 2018-19 strategy called fulsomely for ‘the use and imposition of much more severe financial penalties to act as a greater deterrent against non-compliance. The NMW penalty multiplier should be reviewed and increased again to a level that would ensure that there is an incentive to comply with the legislation.’¹¹⁰ This recommendation was rejected by Government, however. It argued penalties of 200 per cent had not been in place for a sufficient length of time for their deterrent effect to be assessed. It also expressed a concern that larger penalties could stray into the space at which they would be deemed criminal rather than civil.¹¹¹

¹⁰⁹ See Figure 9 of: L Judge & A Stansbury, *Under the wage floor: Exploring firms’ incentives to comply with the minimum wage*, Resolution Foundation, January 2020.

¹¹⁰ D Metcalf, *Labour Market Enforcement Strategy 2018 to 2019*, HM Government, May 2018.

¹¹¹ HM Government, *Labour Market Enforcement Strategy 2018 to 2019: government response*, December 2018.

The first of these arguments grows weaker over time given that the 200 per cent penalty multiplier was introduced in April 2016 (DLME also noted that no study was made of the deterrent effect of the penalty for the two years between 2014 and 2016 when it stood at 100 per cent). But what of the latter? NMW penalties are not unbounded given they are already subject to a maximum of £20,000 a worker.¹¹² It would be perfectly plausible to increase the multiplier and leave that cap untouched. It is also worth noting that no such objection is made to the penalty regime for employing irregular workers, where the starting penalty for each worker is £15,000 if the employer has no track record of unlawful employment in the previous three years, and £20,000 if they do.¹¹³

Moreover, our country case studies are potentially instructive despite difficulties in comparing penalties across countries. In this context, the UK is unique in calculating fines on the basis of arrears owed, for example, and other countries often take into account factors such as the number of workers affected.¹¹⁴ Figure 17 models the fine that a firm in each of our comparator countries would be liable for in the case of its underpaying one worker the minimum wage by £1,000, expressed as the effective multiplier of the arrears amount.¹¹⁵ As this makes clear, the UK sits very much at the bottom end of the spectrum: its arrears multiplier of one for prompt payment, and two for late payment, compares with 1.3 and 2.2 for France and Ireland respectively, a up to 2.6 in the Netherlands, and up to 44 for a firm (and 8.9 for an individual) in Australia and an extraordinary 126 in Norway.¹¹⁶ For Australia and Norway, these multipliers are maximum fines that may not be levied, and, in practice, enforcement bodies take into account several other factors when deciding on the penalty. Nonetheless, it's obvious that these fines go way beyond those UK enforcement agencies have the power to apply.

¹¹² See Section 3.8 of: BEIS & HMRC, [National Minimum Wage: policy on enforcement, prosecutions and naming employers who break National Minimum Wage law](#), June 2022.

¹¹³ A number of reductions can then be made if there are mitigating circumstances such as cooperating with Immigration Enforcement. See: Home Office, [Illegal working penalties: codes of practice for employers](#), March 2022.

¹¹⁴ See Annex 2 for further details.

¹¹⁵ Because the other countries featured tend to use fixed penalty amounts, the multiplier will vary mechanically by different levels of arrears – the multiplier would be larger, for example, if the arrears were lower than the £1,000 modelled here. This exercise is, therefore, only illustrative.

¹¹⁶ In the Netherlands, the financial penalty per underpaid employee is decided based on (i) the extent of underpayment (as a proportion of the minimum wage) and (ii) the duration of the underpayment. The example given here is the highest penalty that could be levied in practice if the £1,000 arrears related to a single employee. This would be lower under different assumptions about the extent and duration of underpayment, but if the underpayment related to more than one employee the multiplier could be far higher.

FIGURE 17: Enforcement bodies in some other countries can levy far higher penalties than those in the UK

Potential penalty multiplier for a firm underpaying a worker the NMW by £1,000, by country and scenario: 2023



NOTES: The horizontal axis uses a log scale to better display the range of effective multipliers. This chart estimates the penalty multiplier for a firm underpaying a single employee the equivalent of £1,000; multipliers vary with the amount of arrears (except for the UK) and, in some cases, by the number of employees to whom the arrears relate.

SOURCE: RF analysis of data in Annex 2.

Strong action to address labour market breaches is rare

Finally, it is worth noting that the strongest of actions that the agencies have at their disposal are applied rarely and only in the most egregious of cases. HSE only closes firms when there is an immediate risk of serious injury or a major hazard, for example,¹¹⁷ an issue that was flagged with some power in the Levitt Review of Boohoo’s supply chain in Leicester in 2020.¹¹⁸ Since their introduction in 2017 to 2020-21, only 84 LMEUs and just four LMEOs have been issued by HMRC NMW, GLAA and EAS combined.¹¹⁹ And while all bodies can impose some form of criminal sanction, these are rarely used: since 2007, just 18 employers have been prosecuted for NMW underpayment for example.¹²⁰

Overall, we conclude that focusing on supporting and educating firms is eminently sensible. The majority of firms do comply with the law (or at least want to do so), and

¹¹⁷ Specifically, prohibition notices are served ‘when an inspector is of the opinion that there is a risk of serious personal injury associated with a particular work activity or process or, if a serious deficiency in measures is identified, to prevent or mitigate the effects of major hazards’. See paragraph 10.4 of: HSE, [Enforcement Policy Statement](#), October 2015.

¹¹⁸ A Levitt, [Independent Review into the boohoo Group PLC’s Leicester supply chain states](#), September 2020 states: ‘Given what we saw in the short space of time we were in Leicester, it was truly shocking that the statutory powers in relation to health and safety were not acted sooner’.

¹¹⁹ See Annex B of: M Beels, [Labour Market Enforcement Strategy 2022 to 2023](#), Department for Business and Trade, March 2023.

¹²⁰ DBT, [National Living Wage and National Minimum Wage: government evidence on enforcement and compliance, 2022](#), April 2023.

supporting compliance plays a key part in ensuring that employers do not violate labour market rights through a simple lack of awareness. But arguably, the presumption that firms want to 'do the right thing' also influences enforcement agencies' approach when they uncover non-compliance. In practice, this means deterrence is weak, and many workers are left having to enforce their own rights. In the next section we turn to these individual routes of labour market enforcement.

Section 5

Individual enforcement of labour market rights

In the preceding sections we have shown that the state enforcement system is patchy and weak. Too often, this leaves workers left alone to enforce their labour market rights with many not even knowing the right body to approach. One way that individuals can deal with poor treatment is to leave their organisation; another is to get help from an outside body such as Acas or Citizens' Advice. Going to an Employment Tribunal (ET), the most serious action an individual can take against an abusive employer, is not a practical option for all workers. Small surprise, then that we find that low-paid workers and the youngest and oldest workers – among the very groups that we showed in Section 2 are most at risk of having their rights breached – are the least likely to take a case to an ET.

One-in-twenty private sector workers would take no action if their employment rights were denied

This report so far has argued that the state system of labour market enforcement is ill-equipped to handle the high (and likely growing) risk of violations. But where would workers turn if they were concerned that their employer was not complying with the law? Figure 18 shows that, unsurprisingly, the majority of employees in the private sector would raise the matter internally: more than three-fifths (62 per cent) would speak to their line manager or senior management, rising to 70 per cent among the highest paid. But, concerningly, Figure 18 also shows one-in-twenty workers (5 per cent) would do nothing if they thought their employer was violated their rights.¹²¹

¹²¹ Workers in the bottom income quintile are more likely than those in the top income quintile to report that they would not take any steps (6 per cent vs 3 per cent) but the difference is not statistically significant.

FIGURE 18: Most private sector employees would raise concerns about non-compliance internally

Proportion of private sector employees who would take relevant action if they were worried that their employer was not complying with employment law, by personal income quintile: UK, 10-14 March 2023



NOTES: Question wording: 'Please imagine you were worried that your employer was not complying with employment law – for example, if they were paying you or a colleague below the minimum wage, or providing unsafe working conditions. Which, if any, of the following steps do you think you would be likely to take?' Base = all private sector employees (n=2,011). Base by subcategories: bottom income quintile n=565, top income quintile n=223. 'Raise with management' includes line manager and/or senior management. Multiple responses allowed; however, "don't know" and "would not take any steps" are mutually exclusive from the other options. The 'all' bars include those who did not give a pay figure. These figures have been analysed independently by the Resolution Foundation.

SOURCE: RF analysis of YouGov, March 2023 survey.

At times when there is widespread awareness of risk in the workplace the results may be very different, however. In a survey we ran in September 2020 where we asked about whether employees had raised concerns about the transmission of Covid-19 in the workplace, only two-in-five workers had not spoken out about their worries.¹²² There are a number of reasons why the result is so high however. To begin, this was of course an extreme circumstance, and second, that survey also public as well as private sector workers. While some of this gap may reflect small differences in the question asked, it arguably implies that public sector workers are more likely than those in the private sector to know where to go for advice and recourse in the event that their rights are denied.

¹²² The question in that survey was slightly different in that it referred to concerns specifically about the risk of Covid-19 transmission in the workplace rather than employment law breaches writ large. For further details, see: L Judge & H Slaughter, [Failed safe?: Enforcing workplace health and safety in the age of Covid-19](#), Resolution Foundation, November 2020.

Enforcement bodies are not a natural port of call for workers worried about their rights

Other than raising the issue internally or taking no action, what else would workers do if they were concerned about their employment rights? As Figure 18 showed, nearly a quarter (24 per cent) of workers said they would report the issue to an outside body and Figure 19 gives us a sense of where they might turn. To begin, we find levels of knowledge are low: three-fifths (61 per cent) of private sector employees say that in the first instance, they would not know of any organisation to approach, although those in the top income quintile are slightly more likely to have an idea of where they could seek recourse.¹²³ This compares with close to one-in-two (47 per cent) of all employees who said they would not know where to go with a concern about health and safety in the workplace in our Covid-19 survey.¹²⁴

Comparing our previous survey with the private sector sample in Figure 19 also highlights another key discrepancy between different groups of workers: the role of unions. Among all workers in September 2020, 16 per cent said that a union would be their choice of outside body – twice as many as our private sector sample in Figure 19 (8 per cent of whom said they would approach a union). This reflects the gap in unionisation between the two sectors: public-sector workers are four times more likely to be in a union than those in the private sector.¹²⁵ But it also raises concerns about how the long-term decline of unions is impacting individuals' ability to enforce their own rights: lower levels of unionisation means that an important channel for workers to flag issues – both via union reps within their organisation (Figure 18) and as a place to turn externally – is diminishing.

Beyond unions, the two bodies private sector employees said they were most likely to approach in the event of their employment rights being denied were the Advisory, Conciliation and Arbitration Service (Acas) and Citizens Advice, cited by 7 per cent of respondents each. Both clearly play important roles in helping individuals enforce their rights. For one thing, they can both help inform workers about their rights and advise them on what to do if they are concerned about a breach, including pointing them to the appropriate enforcement body. And since 2014, workers have been obligated to at least consider early conciliation via Acas before taking the case to court.¹²⁶

¹²³ This is true of 46 per cent of those who responded to the question in Figure 18 by saying they would report their employer to an outside body. Source: RF analysis of YouGov, March 2023 survey. Base = all private sector employees who said they would report their employer to an outside body if they were concerned about a breach of employment rights (n=440). These figures have been analysed independently by the Resolution Foundation.

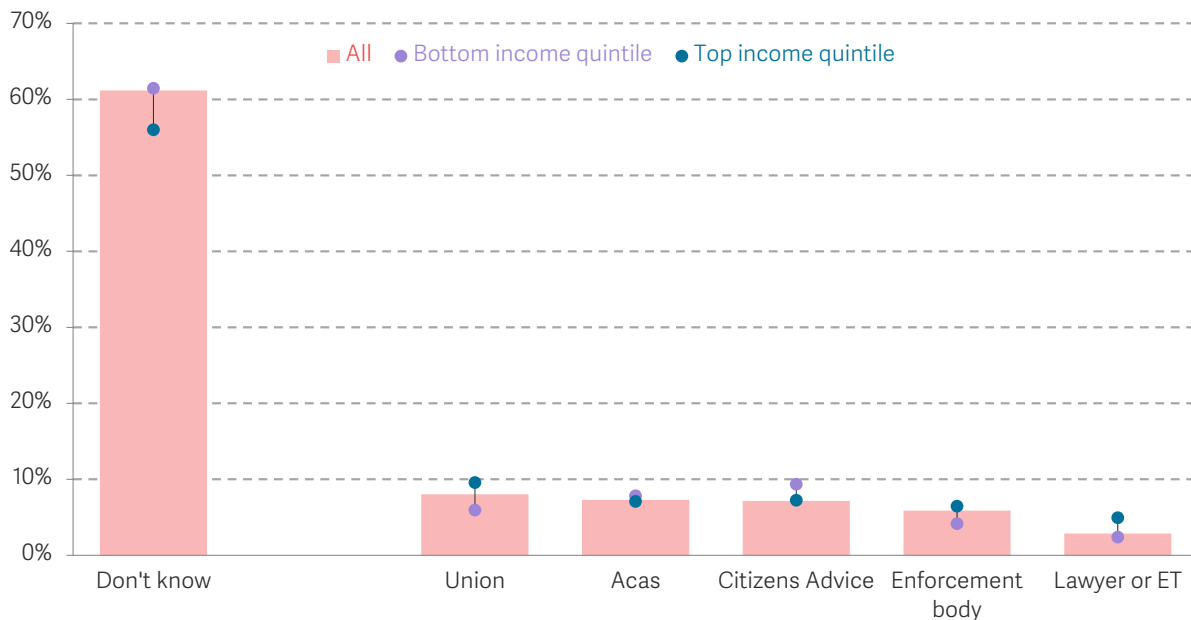
¹²⁴ L Judge & H Slaughter, *Failed safe?: Enforcing workplace health and safety in the age of Covid-19*, Resolution Foundation, November 2020.

¹²⁵ U Altunbuken et al., *Power plays: The shifting balance of employer and worker power in the UK labour market*, Resolution Foundation, July 2022.

¹²⁶ Acas, *Early conciliation*, accessed 15 April 2023.

FIGURE 19: Three-in-five private sector workers would not know who to approach with a concern about non-compliance

Bodies that private sector employees would approach if they were worried that their employer was not complying with employment law and they were to complain outside of their organisation, by personal income quintile: UK, 10-14 March 2023



NOTES: Question wording: ‘Please imagine you were worried that your employer was not complying with employment law, and that you raised the issue with your management and they did not respond. Who would you approach to formally complain to outside of your organisation?’ Base = all private sector employees, excluding those whose answers implied the question was not relevant in some way, for example because they said they were self-employed (n=2,002). Base by subcategories: bottom income quintile n=563; top income quintile n=223. This was a free text question, therefore multiple responses were allowed; however, “don’t know” includes only those respondents who had not mentioned any other organisation. For the ‘enforcement body’ category, we included (among other things) respondents who said a ‘regulatory body’, ‘government department’, ‘government helpline’ or ‘relevant authorities’ but not mentions of a government department that was explicitly not an enforcement agency (for example, DWP or the Low Pay Commission). Not all response categories are shown on this chart. These figures have been analysed independently by the Resolution Foundation.
SOURCE: RF analysis of YouGov, March 2023 survey.

Overall, though, our survey evidence brings home how limited workers’ awareness is of the enforcement bodies themselves: just 6 per cent of private sector employees said they would approach one of the state enforcement bodies in the event of a concern. In this, the results differ very little from what we found when we surveyed the total workforce about Covid-19 concerns: then we found that 8 per cent said they would approach HSE, and 6 per cent their local authority in that instance.¹²⁷ But as Section 3 argued, this low level of recognition is, at the very least, not helped by the fragmented nature of state enforcement in the UK.

¹²⁷ L Judge & H Slaughter, *Failed safe?: Enforcing workplace health and safety in the age of Covid-19*, Resolution Foundation, November 2020.

Leaving a bad employer is an option for some workers – but is not easy for everyone

In Figure 18, we also note that a sizable share of private sector employees (15 per cent) said that, if they were concerned about a breach of their rights, they would simply leave their employer and find another job. Moving jobs is a well-established route through which individuals can improve their lot, and can drive up standards throughout the labour market if employers have to compete with other firms to retain and attract workers.¹²⁸ Doing so should be easier than ever before: there were over a million vacancies across the UK at the start of the year and unemployment is close to record lows.¹²⁹ But structural changes in the labour market in recent decades mean that finding a better job is not always so straightforward. Employers are providing less transferrable training than they were a decade ago, for example, making it harder for workers to switch employers. And the risks of leaving a job are greater: the rising prevalence of insecure work means that the alternative jobs that are out there are becoming less attractive, while falling unemployment benefits relative to average earnings means that workers are less able to risk a spell out of work.¹³⁰

In a range of ways, then, outside options – the extent to which workers can move jobs if they are not satisfied with how they are being treated – are in decline. This is affecting low-paid workers more than most: poor-quality jobs are concentrated in lower-paying occupations,¹³¹ for example, while low-paid workers get less (and less-useful) training than higher earners.¹³² Moreover, the picture varies widely across different areas of the UK. There is broad literature showing that the strength of local labour markets matters greatly for workers' wages: if there are plenty of suitable jobs nearby, workers are more likely to be able to move jobs and bargain for higher pay.¹³³ This is even more important for those with fewer formal qualifications and younger workers, for example, who tend to be restricted to smaller local labour markets.¹³⁴

In the US, research has been able to go further and show that weak local labour markets raise the risk of minimum wage underpayment, as workers have little choice but to put up with poor treatment.¹³⁵ This chimes with previous focus group research by the Resolution Foundation during which workers in stronger local labour markets – such as those nearer London – indicated that they had far more agency over the type of work they did; while

¹²⁸ N Cominetti, [How to get a pay rise](#), Resolution Foundation, August 2019.

¹²⁹ ONS, [Labour market overview, UK: April 2023](#), April 2023.

¹³⁰ U Altunbuken et al., [Power plays: The shifting balance of employer and worker power in the UK labour market](#), Resolution Foundation, July 2022.

¹³¹ N Cominetti et al., [Low Pay Britain 2023: Improving low-paid work through higher minimum standards](#), Resolution Foundation, April 2023.

¹³² N Cominetti et al., [Train in vain? Skills, tasks, and training in the UK labour market](#), Resolution Foundation, December 2022.

¹³³ See, for example: W Abel, S Tenreyro & G Thwaites, [The balance of power: monopsony, unions and wages in the United Kingdom](#), August 2020; G Schubert, A Stansbury & B Taska, [Employer Concentration and Outside Options](#), December 2022.

¹³⁴ ONS, [Travel to work area analysis in Great Britain: 2016](#), September 2016.

¹³⁵ I Marinescu, Y Qiu & Aaron Sojourner, [Wage Inequality and Labor Rights Violations](#), NBER Working Paper 28475, February 2021.

those in areas where most of the jobs were low paid and insecure felt they had little choice.¹³⁶ And the importance of local areas was brought into sharp focus in 2020, when widespread violations of employment rights were uncovered in the textile industry in Leicester.¹³⁷ The concentration of non-compliant businesses in the local area, meaning that workers in those firms could not escape unlawful practices even by switching to another employer, almost certainly contributed to what a LPC report referred to as a 'race to the bottom' in terms of both production costs and workers' rights.¹³⁸

Those most at risk of labour market violations are the least likely to go to an employment tribunal

A final form of individual action that workers can take is to go to an employment tribunal. This is often a last resort for workers – and only a tiny minority of cases go to an ET. For example, in Table 1, we showed that 400,000 workers were underpaid the NMW in 2022, with Acas receiving just 5,170 minimum wage enquiries in 2021-22 (of which 1,970 were enquiries about non-payment of the minimum wage),¹³⁹ and the employment tribunal system received as few as around 1,500 minimum wage-related cases in the same period.¹⁴⁰ In addition, only 3 per cent of workers in Figure 19 said they would take a legal route. This was not helped by the introduction of ET fees in July 2013: case receipts fell sharply, from 192,000 in 2012-13 to 61,000 in 2014-15 (down 68 per cent), and though fees have since been abolished ET receipts are yet to recover to their previous levels.¹⁴¹

Moreover, the groups of workers who are most vulnerable to labour market abuses are the least likely to take individual action through the courts. Section 2 showed that some of the groups most likely to experience violations of their rights to paid holiday and a payslip are the youngest workers, those on a temporary contract, those working in the smallest businesses and the lowest-paid workers. But as Figure 20 makes clear, these workers are among the least likely to take a case to an ET.¹⁴² Workers aged under 25 were just two-fifths as likely as those aged 25-44 to take a case to an employment tribunal, for example (1.5 versus 4.0 ET cases per 10,000 workers), while those in the smallest

¹³⁶ L Judge, *The good, the bad and the ugly: The experience of agency workers and the policy response*, Resolution Foundation, November 2018.

¹³⁷ Coincidentally, Leicester was also one of the areas in our prior focus groups where agency workers spoke of the lack of options available to them. See: L Judge, *The good, the bad and the ugly: The experience of agency workers and the policy response*, Resolution Foundation, November 2018.

¹³⁸ LPC, *Minimum wage underpayment in Leicester textiles manufacturers*, July 2022.

¹³⁹ Department for Business and Trade, *National Living Wage and National Minimum Wage: government evidence on enforcement and compliance, 2022*, April 2023.

¹⁴⁰ Ministry of Justice, *Tribunal Statistics Quarterly: October to December 2022*, March 2023. Data for the first quarter of 2021-22 is unavailable and so we assume that the rate for that quarter is equal to the average of the other three quarters of the financial year.

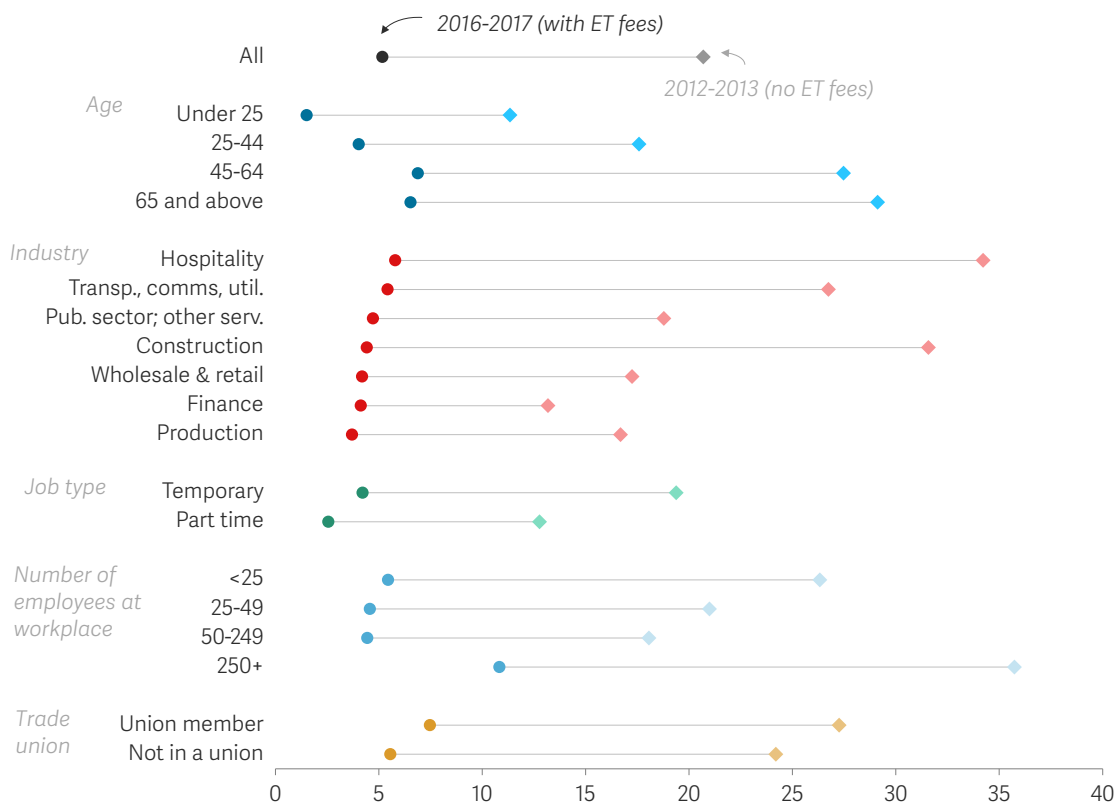
¹⁴¹ Ministry of Justice, *Tribunal Statistics Quarterly: October to December 2022*, March 2023.

¹⁴² This is not always the case – the high numbers of ET cases among hospitality workers, for example, reflect the above-average likelihood of violations in that sector – but overall, there are clear signs that large groups of vulnerable workers are under-represented in the court system relative to their need for redress.

workplaces were half as likely to go to court as those in the largest businesses (5.5 per 10,000 workers in workplaces with fewer than 25 employees, compared to 10.8 in those with 250 or more workers).

FIGURE 20: The groups who are the most likely to face violations are often the least likely to take a case to court

Number of single-jurisdiction applicants to employment tribunal per 10,000 employees, by selected characteristics: GB, January 2012-January 2013 and October 2016-October 2017



NOTES: Industry, job type, number of employees at workplace, and annual pay band refer to the applicant's job with the employer the case was brought against. In the industry bars, 'hospitality' refers to accommodation and food services; 'Trans., comms, util.' refers to transport, IT and communications, and utilities (electricity, gas, and water/waste); 'pub. sector, other serv.' refers to public administration, education, health, professional services, arts/recreation, and other services; and 'production' refers to agriculture, mining/quarrying and manufacturing. Survey samples single jurisdiction applicants only (i.e. those that relate to only one jurisdiction, such as age discrimination or national minimum wage), which comprised around half of all applications to the ET in 2012. Employment tribunal fees were introduced in July 2013. They were declared unlawful by the Supreme Court in July 2017, at which point ET claims no longer attracted a fee with immediate effect. In practice, this means that none of the claims covered in the 2012-2013 data, and virtually all claims covered in the 2016-2017 data, were made while fees were in operation.

SOURCE: RF analysis of BEIS, Survey of Employment Tribunal Applications; ONS, Labour Force Survey.

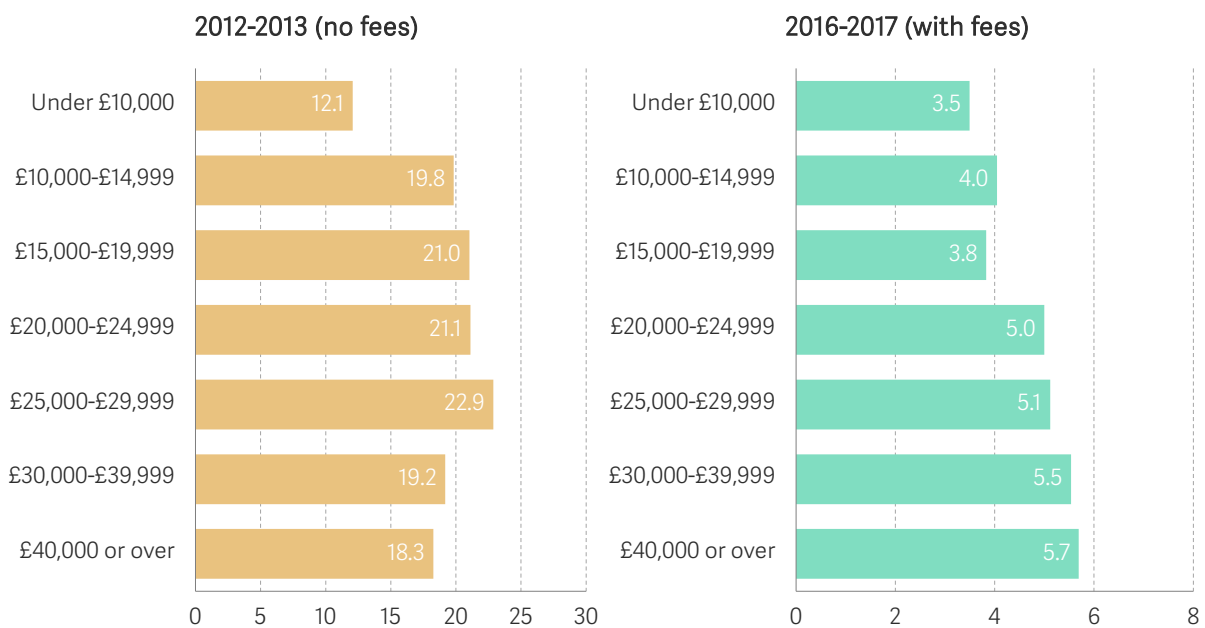
On top of decreasing the overall number of cases, the introduction of ET fees also appears to have disproportionately put off low-paid workers from bringing their case to court, as we show in Figure 21.¹⁴³ The left-hand panel illustrates that even in the absence

¹⁴³ Figure 21 first appeared in: N Cominetti, C McCurdy & H Slaughter, *Low Pay Britain 2021*, Resolution Foundation, June 2021.

of fees, the very lowest earners were the least likely to take a case to an ET, at 12.1 cases per 10,000 workers compared to rates of between 18 and 23 cases per 10,000 workers for higher paid workers (although among those earning over £10,000 the pay gradient is much less clear). But by 2016-2017, covering the period when fees were in force, there was a far clearer relationship between workers’ pay and the chance of taking a case to an ET (and the number of cases fell among all pay groups). Among workers earning below £20,000 a year, there were fewer than 4 cases per 10,000 workers; above £20,000 a year, there were more than 5 cases per 10,000 workers, rising to 5.7 among those on salaries of over £40,000.

FIGURE 21: Low-paid workers are the least likely to take their employer to a tribunal

Number of single jurisdiction applicants to employment tribunal per 10,000 employees, by annual pay band (CPIH-adjusted to 2016-2017 prices): GB, January 2012-January 2013 and October 2016-October 2017



NOTES: Pay bands refer to applicants’ salary while working for the employer the case was brought against, and the 2012-2013 salaries have been adjusted using CPIH to 2016-2017 prices. Survey samples single jurisdiction applicants only (i.e. those that relate to only one jurisdiction, such as age discrimination or national minimum wage), which comprised around half of all applications to the ET in 2012. Employment tribunal fees were introduced in July 2013. They were declared unlawful by the Supreme Court in July 2017, at which point ET claims no longer attracted a fee with immediate effect. In practice, this means that none of the claims covered in the 2012-2013 data, and virtually all claims covered in the 2016-2017 data, were made while fees were in operation.

SOURCE: RF analysis of BEIS, Survey of Employment Tribunal Applications; ONS, Labour Force Survey.

In many ways, it is unsurprising that those with fewer financial resources are less likely to take cases to an ET. Even without ET fees, the legal costs of taking a case can be significant – and while legal support for those on low incomes does exist (for example, through Law Centres), the organisations providing such support do not have the resources to take on every viable case.¹⁴⁴ Given that ET awards are often linked to earnings, people in low-paid work also tend to have less to gain from going through the process. And in addition, these workers – as well as the youngest workers – may have less capacity to manage the non-financial costs of taking a case to an ET (such as time and stress).¹⁴⁵ This may be one reason why Figure 20 shows that union members are slightly more likely to take a case to an ET: unions can provide workers with support, financial or otherwise, to seek redress.¹⁴⁶ Finally, data shows when workers are successful at ET, over half (51 per cent) of awards go unpaid, in full or in part,¹⁴⁷ and the Government's promise to 'name and shame' employers who do not pay up has yet to be delivered on.¹⁴⁸

Clearly, then, the approach of relying on individual action is not working for low-paid workers, which is worrying given these workers are those who most need their rights to be enforced. There is a case for the ET system to be strengthened for those cases that need adjudication (discrimination cases being a prime example). But in most cases, the onus should fall on the state to provide robust enforcement of workers' rights. This policy failure needs to be addressed and in the next section we outline a five-point plan to transform labour market enforcement in the UK, addressing the systemic failures of both state enforcement and individual routes of redress.

¹⁴⁴ Citizens Advice, [Check what it might cost to make an employment tribunal claim](#), accessed 15 April 2023.

¹⁴⁵ See also: H Slaughter, [Policing prejudice, Enforcing anti-discrimination laws in the workplace](#), Resolution Foundation, November 2022.

¹⁴⁶ Unions can also take cases to an ET on behalf of members, in addition to supporting workers through the different stages of a grievance process. See: TUC, [Enforcing your rights](#), accessed 15 April 2023.

¹⁴⁷ Department for Business, Innovation and Skills, [Payment of employment tribunal awards](#), IFF Research, November 2013. For efforts that have been made recently to address this issue, see also: Labour Pains, [A hollow victory? Enforcement of unpaid ET awards](#), April 2023.

¹⁴⁸ See: D Lavelle, [UK's rogue boss name and shame register still blank after four years](#), The Guardian, April 2023.

Section 6

A five-point plan for labour market enforcement in the 2020s and beyond

This report makes clear that a sea change is required when it comes to enforcing labour market rights in the UK. In this final section, we present a five-point plan with wholesale recommendations for change when it comes to institutions, ways of working, relationships and powers. Taken together, these changes would ensure effective enforcement when it comes to worker rights, an essential requirement if we want good jobs, a level playing field for firms and a stronger economy for all.

In each section of this report, we have demonstrated that something is not right when it comes to labour market enforcement. The levels of a wide range of labour market violations are unacceptably high; low-paid and other vulnerable workers are at the sharp end of unlawful employer practice, but the least able to assert their rights themselves; our state enforcement system is incoherent and patchy and its ability to detect violations is limited; and our standard approach to malfeasance when it is uncovered is weak. So, what should the country do differently?

There are some broad systemic changes that would clearly reduce the risk of labour market violations: changing the immigration system so workers are not tied to employers for example, and aligning the tax treatment of employees and the self-employed to reduce the incentive to classify workers as the latter. But when it comes to labour market enforcement itself, we set out five recommendations that together we believe would make the system fit for the 2020s and beyond.

Recommendation 1: Introduce a single enforcement body that covers all worker rights unless reserved to another body

To begin, the Government should reinstate its commitment to introduce a single enforcement body (SEB), but this should go beyond simply bringing together GLAA, HMRC NMW and EAS, as previously pledged in 2018. There are legitimate policy reasons

why both health and safety and workplace discrimination should have a dedicated body: specialist inspectors are required in the first case, and a high degree of adjudication in the second. But all other workplace rights – including those that do not currently sit within any enforcement body such as holiday pay, sick pay, and maternity pay – should be within the purview of the new SEB. Moreover, there must be a firewall between the new SEB and Immigration Enforcement to ensure safe reporting and improved protection for the most vulnerable migrants.

We do not underestimate the challenge of creating a new body of this type, but there is precedent for mergers of a similar scale: bringing together Inland Revenue and HM Customs and Excise in 2004, for example, was not without its trials and tribulations but is largely viewed as successful.¹⁴⁹ This would bring the UK into line with other countries that we have studied as part of this report, demonstrate a real commitment from the Government to enhancing workers' rights, and set the stage for the further strategic improvements we outline below.

Recommendation 2: Build social partnership into labour market enforcement institutions

Second, the Government should take the opportunity of a refreshed institutional set-up to embed a genuine model of social partnership in the new SEB, giving workers (or worker representatives) seats on its board as well as businesses and experts. Again, this would be an about-turn in the current set-up of labour market enforcement bodies. None of the four enforcement bodies (HMRC NMW, GLAA, EAS and TPR), whose responsibilities we propose bringing together into a single body, have worker representation on their boards. (EHRC and HSE have board members who have previous trade-union experience, but they do not sit on the boards in that capacity).¹⁵⁰ Instead, the SEB should follow the model of the LPC whose members are drawn from employee, employer and academic backgrounds.¹⁵¹ This ensures that both workers and firms as well as independent experts have a say in the approach that enforcement bodies take, rather than – as is the case now – the business view being dominant.

¹⁴⁹ See, for example: Treasury Committee, [The merger of Customs & Excise and the Inland Revenue](#), Ninth report of Session 2033004, House of Commons, November 2004; N McPherson, [The HMRC decade](#), GOV.UK, June 2015.

¹⁵⁰ GLAA, [The GLAA Board](#), accessed 20 April 2023; BEIS, [Our governance](#), accessed 20 April 2023 (EAS does not have its own board so we instead use as a proxy that of the government department within which it sits); HMRC, [Our governance](#), accessed 20 April 2023; TPR, [The Board](#), accessed 20 April 2023; EHRC, [About our Commissioners](#), accessed 20 April 2023; HSE, [Our management](#), accessed 20 April 2023.

¹⁵¹ LPC, [About us](#), accessed 20 April 2023.

Recommendation 3: Give designated worker and business bodies the standing to bring a ‘super-complaint’ to the SEB

Third, a range of designated worker and business bodies should be able to make a ‘super-complaint’ to the new SEB when they identify systemic problems with respect to labour market violations. This would be a similar model to that of the Competition and Markets Authority (CMA) whereby bodies such as Which, the National Consumer Council and Citizens Advice can complain about anti-competitive practices ‘that are harming the interests of consumers.’¹⁵² Bodies able to make a super-complaint to the SEB could include those representing workers (such as unions and Citizens Advice) as well as business groups (such as the British Chambers of Commerce, FSB and the REC), recognising the fact that for compliant businesses it is anti-competitive for others to be cutting corners on workers’ rights.

In response, the SEB should, for example, be able to investigate issues of systemic concern in the labour market (such as the gig economy, worker status or umbrella companies, for example). It could then respond to the enforcement implications in a number of ways: by changing policy and practice in-house; passing on issues to other relevant institutions; or making recommendations to the Government about priority policy issues to address.

One past scenario where such a function would have made a difference is the case of Leicester, where reports of widespread abuse in the garment industry emerged as early as 2015, but went un-investigated until a Sunday Times report during the Covid-19 pandemic prompted a formal review.¹⁵³ Enforcement bodies responded by co-ordinating a multi-agency enforcement drive known as ‘Operation Tacit’, including unannounced visits to factory premises.¹⁵⁴ This is exactly the kind of situation where a super-complaint could have brought such deep-rooted structural issues to the fore sooner, helping the agencies to prioritise proactive intervention at an earlier stage.

Recommendation 4: Get serious about deterring non-compliance by increasing the number of inspectors and scale of penalties

Simplifying the UK’s fragmented enforcement landscape, giving workers a say in how it is run, and empowering employer and worker groups to bring group complaints would substantially improve our labour market enforcement in the UK today. But this must also be matched with a greater commitment to deterring non-compliance.

¹⁵² See, for example: CMA, [What is a super complaint?](#), May 2015.

¹⁵³ For further discussion of this case study, see: LPC, [Minimum wage underpayment in Leicester textiles manufacturers](#), July 2022, as well as Box 2 of: H Slaughter, [No shame, no gain?: The role of reputation in labour market enforcement](#), Resolution Foundation, November 2021..

¹⁵⁴ GLAA, [Further joint visits to Leicester garment factories](#), August 2020.

First, this requires getting better at detecting violations in the first place. Bringing together much of the enforcement capacity into one body will help with intelligence sharing, and the Government should also bring forward legislation to allow appropriate data sharing between the SEB and the bodies that remain outside it. But the main way to detect non-compliance is to get more ‘boots on ground’. We therefore recommend initially doubling the number of inspectors to 1,800 (up from our current number of approximately 900), bringing us more than halfway to the ILO benchmark of 1 inspector for everyone 10,000 workers. When this level is achieved the UK should seek to go further.¹⁵⁵

Second, when firms are found to be non-compliant, they must face a financial sanction. We recommend introducing financial penalties for all labour market violations that can be easily proved one way or the other (for example, whether a firm did or did not pay their worker correctly). These should be set at four-times the arrears owed – that is, twice as high as the current multiplier for minimum wage underpayment – while keeping the cap of £20,000 per worker over a three-year period.¹⁵⁶ Higher fines are entirely justified if enforcement bodies continue their outreach and education campaigns, as well as keep their guidance under review so that it remains fit for purpose in a changing labour market, as non-compliance will be negligent at best, and deliberate at worst.

Increasing the number of labour inspectors would, of course, come at a cost: we estimate that this would require an additional £34 million per year, or just under 10 per cent of today’s enforcement budget.¹⁵⁷ We note, however, that the cost to the public purse could be offset to some extent, as any revenue raised in additional fines would accrue to the Treasury.¹⁵⁸ Indeed, HMRC NMW’s takings in financial sanctions currently cover around half its running costs.¹⁵⁹ A penalty multiplier of 400 per cent of any losses a worker experiences would need to be coupled with a detection rate of 20 per cent to be a meaningful deterrent.¹⁶⁰

Recommendation 5: Strengthen the employment tribunal system for those cases that require adjudication

Our first four recommendations focus on enforcement by the state – and, given the challenges that vulnerable workers often face in taking their employer to task

¹⁵⁵ This baseline number of inspectors comes from: ILOSTAT, [Number of labour inspectors by sex](#), accessed 20 April 2023.

¹⁵⁶ As discussed in Section 4, keeping the cap of £20,000 per worker over three years would allay the Government’s concerns that higher penalties could stray into the realm of criminal (rather than civil) law.

¹⁵⁷ For this calculation, we assume a salary of £30,000 per inspector (drawing on advertised civil service salaries for regulatory compliance officers) uplifted by 25 per cent to account for non-wage labour costs.

¹⁵⁸ Rather than accruing to enforcement bodies directly, receipts from financial penalties would go to the Exchequer via the Treasury’s consolidated fund. See: HM Treasury, [HMT central funds](#), October 2022.

¹⁵⁹ In 2021-22, HMRC NMW received £13 million in penalties from non-compliant employers, while its budget was £26.4 million. Source: Freedom of Information request to HMRC, FOI2023/07301, February 2023.

¹⁶⁰ See Figure 16 for further details.

by themselves, our view is that state enforcement should be the primary means of enforcement in most cases. But we do recognise that some areas of enforcement are not questions of fact, and instead require adjudication: discrimination or unfair dismissal cases, for example, or complex decisions on worker status. Our final recommendation, therefore, is to ensure the ET system operates as designed, providing a relatively quick and inexpensive resolution for more complex cases, and ensuring it is accessible for those on the lowest incomes.¹⁶¹

Enhancing state enforcement should free up capacity in the courts by taking those cases that are easier to adjudicate out of the system. In 2022, for example, 23 per cent of cases received by the ET system related to unlawful wage deductions – and although some of these cases may also have involved more complex issues such as discrimination, many could likely be taken on by a new SEB with wider-ranging powers than the current institutions. But the Government should invest additional resource to expand ET capacity and clear the backlogs; extend the time that workers have to bring a case to court from three months to six months; provide additional support for low earners; and ensure that ET awards are actually enforced.¹⁶²

The SEB should also work closely with the ET system. It could potentially refer cases to ACAS as a precursor to an ET directly if there are components that it cannot adjudicate on and coordinate multiple claims (i.e. when employees bring a case jointly against an employer). In return, an ET should be able to request that the SEB provides evidence as part of a case, for example if the firm's record in other areas of labour market rights could constitute an aggravating factor.

Reform of this wholesale nature is clearly ambitious. But tolerating high rates of non-compliance with labour market laws both short-changes workers and taxes the majority of firms who do play by the rules. And it is not just worker groups calling for change: in recent years business bodies have come out in favour of tougher measures to prevent rogue businesses from undercutting the compliant majority when it comes to employment rights.¹⁶³ For 30 years we have treated employment regulation and its enforcement as a drag on businesses and growth. But the labour market has changed and so, too, have the challenges we face when it comes to kickstarting economic growth.¹⁶⁴ In the 2020s and beyond, it is time to start treating enforcement as growth-enhancing and not growth-inhibiting, to the benefit of workers, firms and the economy alike.

¹⁶¹ CIPD, *The role of employment tribunals*, August 2022.

¹⁶² For more details on these recommendations, see: H Slaughter, *Policing prejudice, Enforcing anti-discrimination laws in the workplace*, Resolution Foundation, November 2022.

¹⁶³ See, for example: FSB, *Federation of Small Businesses Response to BEIS Committee Inquiry on the UK Labour Market*, July 2022.

¹⁶⁴ The Economy 2030 Inquiry, *Stagnation Nation: Navigating a route to a fairer and more prosperous Britain*, Resolution Foundation July 2022.

Annex 1: Papers and key findings

N Cominetti & L Judge, From rights to reality: Enforcing labour market laws in the UK, September 2019

This briefing note shows that official data does allow us to understand the broad shape of the enforcement challenge. It shows, for example, that there is widespread non-compliance, and that those with the lowest level of connection to the labour market, in elementary occupations, and in fragmented types of work are the most at risk of being on the receiving end of unlawful behaviour from employers. We note that firm and job characteristics are stronger predictors of non-compliance than the personal characteristics of workers. And finally, the data also tells us that those most at risk of violations are some of the least likely to take formal action on their own behalf.

L Judge & A Stansbury, Under the wage floor: Exploring firms' incentives to comply with the minimum wage, January 2020

This briefing note explored the incentives for firms to comply with the National Living Wage/National Minimum Wage (NLW/NMW). In it, we documented the penalties that firms are subject to both in theory and in practice if caught underpaying the NLW/NMW; estimate their current upper bound rate of detection; and show that even if detection rates increased significantly they would need to go hand-in-hand with higher financial penalties to provide firms with a hard, economic incentive to comply with the law.

H Slaughter, Enrol up!: The case for strengthening auto-enrolment enforcement, August 2020

This briefing note analysed the extent of non-compliance with pensions auto-enrolment, and whether there are 'under-enrolment' hotspots that require closer scrutiny. We estimated that around 3 per cent of eligible employees were not enrolled in a pension scheme by their employers, and had not opted-out, with non-compliance more likely to affect part-time and temporary workers, agency workers, and those in lower-paying sectors. With the policy fully rolled out, we recommended that the Pensions Regulator (TPR) should shift to undertake more proactive enforcement of the auto-enrolment rules, and get tougher, quicker when non-compliance is detected.

T Bell, N Cominetti & H Slaughter: A new settlement for the low paid: Beyond the minimum wage to dignity and respect, June 2020

This report, written in the early days of the Covid-19 pandemic, highlighted the need for a significant re-evaluation of the approach we take as a society towards lower-paid workers. The introduction of the National Living Wage led to the share of the workforce

that is low-paid falling to 15 per cent in 2019, the lowest level in four decades (it has since fallen to 9 per cent in 2022) but the lack of wider progress in improving the wider world of low-paid work including when it comes to enforcement stands in stark contrast. Post-crisis, how we ensure that that low-paid workers are treated in a similar way to higher-paid ones is a central question to which policy makers should attend.

L Judge & H Slaughter, *Failed Safe: Enforcing workplace health and safety in the age of Covid-19*, November 2020

This briefing note used a new survey of 6,000-plus UK working-age adults fielded in September 2020, and administrative data from the enforcement agencies themselves, to explore how workers, employers and the regulators responded to the threat of Covid-19 transmission in the workplace over the previous six months. The study highlighted that while the risk-based enforcement model we use in the UK has its virtues, without adequate resourcing, a more systematic use of employee intelligence and in some circumstances, a more precautionary approach to enforcement, poor and unlawful employer practice could continue unchecked.

K Henehan & L Judge, *Home and Away: The UK labour market in a post-Brexit world*, December 2020

This briefing note considered a number of ways in which the labour market could be affected as the UK moves to a tighter, post-Brexit immigration regime in January 2021. Under the new rules, legal avenues for low-skilled migrant workers to enter the UK will be more restrictively drawn, with implications for firms, resident foreign-born workers and prospective migrant workers alike. We argue that although theory suggests firms should improve pay and conditions to attract and retain staff, there is a risk instead that they employ migrant workers outside of the law. This poses a challenge for the Government's labour market enforcement strategy, as abuse is more likely to go unreported and hence undetected in such conditions.

N Cominetti, C McCurdy & H Slaughter, *Low Pay Britain 2021*, June 2021

This report looked at the impact of the Covid-19 crisis on low-paid workers and what that might mean for such workers as the economy starts to recover. Workers in lower-paid jobs have faced greater health and economic risks than high-paid workers; central to whether this is a recovery that 'builds back better' is whether it is one that benefits low paid workers, which means improvements in both pay and job quality. A key conclusion from our analysis is that policy makers should not assume that minimum wage policy and the reopening of the economy – while hugely beneficial – are sufficient to achieve this. In fact, there are major risks – in the shape of higher unemployment, decreasing job security and infringements of labour market rights.

H Slaughter, No Shame, No Gain? The role of reputation in labour market enforcement, November 2021

This briefing note combined qualitative and quantitative research to explore how powerfully reputational concerns determine firms' behaviour when it comes to worker rights. Overall, our analysis suggested that reputation is a useful part of the labour market enforcement toolkit but far more could be done to leverage it to greater effect, including wider and better-targeted publicization and eliminating so-called 'accidental' underpayment by ensuring that employers are clear on what is expected of them. Moreover, reputational tools must be seen as a complement to, rather than a substitute for, financial penalties.

H Slaughter, Policing Prejudice: Enforcing anti-discrimination laws in the workplace, November 2022

In this paper we investigate the scale and nature of workplace discrimination, and consider how anti-discrimination rules can be enforced to greater effect. Drawing on a new survey of over 3,000 working-age adults, we find that one-in-five (20 per cent) of 18-65-year-olds reported experiencing some form of discrimination either at work or when applying for a job over the past year, with those from ethnic minority backgrounds and those with disabilities most affected. Overall, our analysis suggests that there is room for improvement when it comes to enforcing anti-discrimination law in the workplace. Individual adjudication is arguably more important than for other forms of labour market enforcement, but could be made both more accessible and efficient. But improving state enforcement of anti-discrimination laws via bodies like the EHRC remains critical to supporting those workers, particularly lower earners, who are unlikely to take a case to court.

N Cominetti, Who cares? The experience of social care workers, and the enforcement of employment rights in the sector, January 2023

The social care sector is an important employer, with 1.7 million social care jobs across the UK in 2022. Jobs in social care have many positive aspects, but there are many challenges too. Pay is low – and likely unlawfully low for many workers in the domiciliary sector once their travel time is accounted for. We recommend that there should be a sector minimum rate of pay £2 above the minimum wage. This would materially reduce the chance of minimum wage underpayment, and help resolve the current recruitment and retention problems. Domiciliary workers must also be paid for their travel time. And finally, greater effort should be made to improve the security of workers in the 'personal assistant' part of the workforce, where insecure and informal employment relationships are commonplace.

Annex 2: International comparators

This annex summarises some of the main findings from the reports commissioned from our international partners.

Australia

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| <p>Worker statuses</p> | <p>For the purposes of employment rights, people engaged in work are typically either employees or self-employed. There is no common intermediate category in law as in the UK.</p> <p>Legal protections mostly (but not entirely) apply to employees but not the self-employed.</p> |
| <p>Atypical work</p> | <p>Around a quarter of employees are in ‘casual’ employment. These workers have no entitlements to annual or sick leave and are technically hired on a shift-by-shift basis (their employment contract only lasts for their current shift and can be terminated without compensation). In practice, however, the majority of ‘casual’ employees work regular shifts and do so for many months or years.</p> |
| <p>Enforcement bodies</p> | <p>Enforcement of the Fair Work Act is undertaken by the Fair Work Ombudsman (FWO), a federal government agency staffed by public servants.</p> <p>Until recently, compliance in the building and construction industry was the responsibility of the Australian Building and Construction Commission (ABCC); however, this was abolished in December 2022.</p> <p>Enforcement of entitlements in state jurisdictions is undertaken by various state government agencies specific to those states.</p> <p>Where disputes arise over certain entitlements (for example, unfair dismissal) the dispute is heard, conciliated and potentially arbitrated by the Fair Work Commission.</p> <p>Superannuation entitlements are enforced by the Australian Taxation Office (ATO).</p> |

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| <p>Powers</p> | <p>The FWO has powers of inspection. Fines are issued by the courts, but the courts act after receiving recommendations from the FWO.</p> <p>The FWO can also use devices such as ‘enforceable undertakings’ and ‘contrition payments’. The latter is a payment made if a company admits it did wrong – sometimes via self-disclosure – and wishes to avoid paying a fine, which could be higher (see below for further details).</p> |
| <p>Individual enforcement</p> | <p>Only a small minority of cases that go to the FWC go to arbitration; most are either withdrawn or settled before that stage. Although there are no direct fees, the cost of obtaining legal representation and the cap on compensation discourage most complainants from proceeding to arbitration.</p> <p>If the FWO does not intend to pursue a matter via formal litigation, an employee can take the matter directly to the Small Claims Court (if the amount concerned is small enough) or the Federal Magistrate’s Court themselves. They rarely do so, however.</p> <p>Unions may take some cases to arbitration or court, usually if they think they have a strong case and there is a precedent or point they wish to establish.</p> |
| <p>Role of unions</p> | <p>Unions no longer have a significant role in enforcement, other than in representing employees in claims in the courts. They do, however, have limited rights of entry to access records at a workplace if they reasonably suspect specific breaches of the FW Act affecting their members in that workplace.</p> |

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| <p>Coordination</p> | <p>There is limited co-ordination between enforcement agencies. In part, this is because the FWO covers many of the matters that might be covered by multiple agencies in other countries.</p> <p>Low coordination between the FWO and ATO may be linked to the two bodies having quite different attitudes to enforcement, with the ATO perhaps more likely to take a strict interpretation of the law in ensuring compliance and prosecuting non-compliance.</p> <p>There appears to have been some greater of coordination between the FWO and WHS agencies during Covid-19.</p> |
| <p>Working alongside legal system</p> | <p>The FWO cannot fine law-breaking employers directly. Instead it can prosecute them, with cases heard in the Federal Court or the Federal Magistrates Court. The Courts can issue civil penalties against employers and order compensation be paid to employees.</p> |
| <p>Operating budgets</p> | <p>The FWO is encompassed within the program: ‘Education Services and Compliance Activities - To educate employers, employees, organisation and contractors about the workplace relations system and to ensure compliance with workplace laws.’</p> <p>Expenditure on that program in 2021-22 was \$168.1m and the budget in 2022-23 was \$167.0m. In the November Budget Estimates, the budget for the FWO was then set to increase by \$69.9m because of transfer of responsibilities from the ABCC. How much of this increase will be spent on compliance by employers, as opposed to by unions and employees, is not yet clear.</p> |
| <p>Budget per worker/firm</p> | <p>A budget of AUD 167 million would be equivalent to approximately AUD 12.33 (GBP 6.67) per employed person and AUD 14.76 (GBP 8.12) per employee.</p> <p>An AUD 167 million budget would be approximately AUD 145 (GBP 80) per employing business.</p> <p>These figures do not account for the fact that not all employees/ employers are in the national system.</p> |

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| <p>Budget allocation (e.g. split between compliance and enforcement)</p> | <p>It is unclear how much of the FWO’s budget is allocated to compliance versus enforcement activity. However, the philosophy of the FWO is ‘In our experience, most employers want to do the right thing’, and the main program outcome sought is ‘compliance with workplace relations legislation by employees and employers through advice, education and, where necessary, enforcement’.</p> |
| <p>Reporting by workers</p> | <p>There are two main channels for reporting unlawful working practices to the FWO.</p> <p>The first (and most dominant) reporting mechanism is to lodge a ‘request for assistance involving a workplace dispute’ (RFA). This generally requires the employee to be identified.</p> <p>The second way in which to report unlawful working practices is via the FWO’s anonymous reporting tool, which was introduced in 2016. Anonymous reports may be made by a range of different actors, including employees, trade unions, competitor employers, concerned members of the public and the media. However, the anonymous reporting mechanism is principally a data collection tool, and rarely leads to a direct investigation by a FW Inspector.</p> |
| <p>Reactive vs proactive</p> | <p>Unclear from available data. However, in 2021-22, 77 per cent of all RFAs were finalised through education and advice, rather than investigation and enforcement action, and the number of businesses that have been the subject of an audit (otherwise referred to as a ‘targeted compliance activity’) has dropped significantly in the post-pandemic period.</p> |
| <p>Inspectors per 10k workers</p> | <p>Approximately one FW Inspector for every 41,000 employees (or around 0.25 FW Inspectors for every 10,000 employees).</p> |
| <p>Cases of non-compliance found</p> | <p>Data on the number of contraventions identified by the FWO through either reactive or proactive channels is not publicly available.</p> <p>The numbers of businesses found to be non-compliant in proactive audits (otherwise known as targeted compliance activities) increased from 34 per cent in 2014-15 to 78 per cent in 2021-22. This increase likely reflects the refinement of the FWO’s risk assessments and targeting strategies in recent years.</p> |

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| <p>Risk modelling</p> | <p>Since 2019, the FWO has publicly announced a set of priority issues, cohorts and sectors to guide their education and enforcement activities, focusing on ‘industries or sectors that are at significant risk of non-compliance, as well as emerging issues that are of considerable public concern’, generally determined through a combination of stakeholder consultation, operational intelligence, experience, data, technology and risk analysis.</p> <p>In 2022-23 these priorities included some industries (e.g. agriculture, contract cleaning), broader sectors (e.g. large corporates and universities) and other categories (e.g. supporting workers and businesses as they recover from the impacts of Covid-19; sham contracting).</p> |
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| <p>Outcomes</p> | <p>The vast majority of RFAs are resolved without any enforcement action being taken by the FWO.</p> <p>The FWO can issue a range of warning letters or notifications at the conclusion of an inquiry or investigation, including ‘Assessment Letters’ (advising the parties of the outcome of the investigation or inquiry, including where there has been no contraventions identified), ‘Letters of Caution’ (advising an employer to take steps to prevent a future contravention) and ‘Contravention Letters’ (which can be issued where a FW Inspector is satisfied that there has been a contravention of a relevant provision).</p> <p>The FWO does not have a general power to issue fines in relation to every civil remedy provision under the FW Act, but has a more limited power to issue an ‘infringement notice’ in relation to discrete types of contraventions, mainly relating to record-keeping and pay slip obligations. This requires the recipient to pay a penalty for committing a contravention, and the fine cannot exceed 10% of the maximum pecuniary penalty ordinarily available for the contravention. As at 31 December 2022, an infringement notice issued against an individual is set at \$1,332 per contravention (for a corporation, the fine is \$6,660 per contravention).</p> <p>A compliance notice may be issued by a FW Inspector where they reasonably believe that a relevant contravention has occurred. The notice ordinarily requires the employer to take steps to remedy the contravention within a set timeframe and provide evidence of their compliance (e.g. by rectifying any backpay owing to their employees). An alternative mechanism available to a FW Inspector who reasonably believes that a contravention has occurred is to enter into an enforceable undertaking with the alleged wrongdoer. Broadly speaking, enforceable undertakings are statutory agreements that</p> |
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| <p>Outcomes (cont.)</p> | <p>contain a set of commitments or promises designed to address past wrongdoing and prevent future contraventions.</p> <p>Currently, there are very few criminal offences in the FW Act. Instead, the majority of contraventions, including wage theft/underpayment contraventions, are framed as a ‘civil remedy provisions’ under the FW Act. Breach of a civil remedy provision allows the FWO to bring enforcement proceedings against the alleged wrongdoer.</p> |
| <p>Size of penalties for minimum wage underpayment</p> | <p>For a monetary contravention (e.g. a failure to pay the minimum wage), the maximum penalty would be \$16,500 per contravention for an individual wrongdoer or \$82,500 per contravention for companies.</p> <p>If the contravention is found to be ‘serious’, a multiplier of 10 is applied (so the maximum pecuniary penalty would increase to \$165,000 per contravention for an individual or \$825,000 per contravention for companies).</p> |
| <p>Campaigns to raise awareness</p> | <p>The FWO has been proactive in seeking to enhance awareness of workplace rights and responsibilities amongst workers and employers through a range of channels, including via social media, its website and telephone helpline, My Account (customer service portal), and community outreach services. In priority sectors, the FWO has sought to ensure that the information is industry-specific and interactive. The FWO has also been focused on ensuring that key resources are available in languages other than English.</p> <p>More generally, there is a range of online education and compliance tools available on the FWO’s website, such as the Pay and Conditions calculator (known as PACT), fact sheets, best practice guides and an ‘Online Learning Centre’ which is designed to teach skills and strategies for managing various workplace issues, such as navigating difficult conversations.</p> <p>In July 2021, the FWO also established the ‘Employer Advisory Service’ which is designed to assist small businesses to understand their rights and obligations.</p> |

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| <p>Reputation</p> | <p>The FWO has sought to leverage reputational concerns in various ways over the past decade. For example, prior to the Protecting Vulnerable Worker reforms which extended liability for underpayment contraventions to franchisors, the agency sought to encourage franchisors to take steps to address systemic non-compliance in their franchise networks as a form of brand protection. They sought to formalise these arrangements via a voluntary instrument called ‘proactive compliance deeds’.</p> <p>While the FWO will often publish media releases at the start and conclusion of civil litigation, and also publishes the terms of signed enforceable undertakings, it does not necessarily use reputational mechanisms in a more systematic or strategic way (e.g. there is no Australian equivalent to the ‘name and shame’ approach adopted by</p> |
| <p>Migrant workers</p> | <p>The Australian government works in conjunction with a range of agencies like the FWO, the ATO, the Department of Foreign Affairs and Trade, and the Australian Federal Police in relation to workplace rights of migrants. FWO involvement includes education, engagement, and enforcement activities. This education can be through free webinars or online information and available resources about workplace rights delivered via the Fair Work website.</p> <p>If a perceived breach occurs, a migrant worker (or a member of public) can notify the FWO via ‘Anonymous reporting’, which is available in 16 different languages. As noted above, however, anonymous reporting rarely leads to a direct investigation. To encourage migrants to report workplace exploitation without fear of visa cancellation, the Department of Home Affairs and the FWO developed an Assurance Protocol, under which a migrant’s visa would not be cancelled if the person had been exploited at work, sought assistance from the FWO, committed to adhere to visa conditions in the future, and there was no other ground (such as character or security issue) for visa cancellation. However, migrant workers (and other vulnerable groups) often fear potential coordination amongst government agencies, so they rarely lodge complaints.</p> |

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| <p>Migrant workers (cont.)</p> | <p>According to the FWO Annual Report, in 2021-22 migrant workers made up around 4 per cent of the Australian workforce, but in 2020-21 they made up 16 per cent of all disputes completed, 18 per cent of all anonymous reports received, and 26 per cent of all litigations initiated.</p> |
| <p>Agency/atypical workers</p> | <p>For contractors (aside from road transport drivers), the main issue on which assistance can be provided is in relation to misclassification (i.e. where they should be classed as employees instead of contractors).</p> <p>There is presently no national scheme to regulate the agency ('labour hire') sector. New laws regulating the sector, including licensing as well as legislating 'to guarantee that labour hire workers receive the same pay and conditions as directly employed workers doing the same work', are expected to be introduced in 2023. 'Same job, same pay' laws would feasibly be enforced by the FWO.</p> |
| <p>Sectoral targeting</p> | <p>Among the priorities of the FWO are industries with what it considers are high non-compliance rates and higher proportions of vulnerable workers, such as fast food, restaurant, and cafes (FRAC), horticulture and cleaning.</p> <p>Extensive media coverages of breaches by 7-Eleven prompted more action by the FWO on franchising, and also the passage of amendments to the Fair Work Act enabling franchisors to be held accountable where they 'knew or could reasonably be expected to have known' of a contravention.</p> |

France

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| <p>Worker statuses</p> | <p>The total group of workers can be split in two groups: workers with a contract of employment (employees) and self-employed. Employees make up the vast majority (87 per cent) of the total group</p> |
| <p>Atypical work</p> | <p>7.7 per cent of the workforce are on short-term contracts, 2.9 per cent are interns/apprentices, and 2 per cent are agency workers.</p> |

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| Enforcement bodies | Enforcement is coordinated centrally by the DGT (Direction générale du travail), which is part of the labour ministry. Powers are devolved to individual labour inspectors, each of whom covers a geographic area. Inspectors have a lot of autonomy/discretion over both which rights they focus on and which firms they inspect, but some priority themes are set centrally. |
| Powers | Labour inspectors have the right to enter any firm (day or night), without prior notice; interview employers and employees; consult documents; and request checks and measurements. |
| Role of unions | There is a long-term and ongoing practice of national level social dialogue. At the firm level, collective bargaining is compulsory for all employers with 50+ workers. |
| Coordination | Historically, the system has been highly decentralised and inspectors have had a lot of autonomy. In recent years, however, the DGT has centralised some of its policy by defining priority themes and requiring more systematic reporting by inspectors. |
| Working alongside legal system | Labour inspectors have the power to sanction directly, but for more serious offences, their duty is to refer to the competent legal authority. |
| Operating budgets | Unclear. In 2021, €83.8 million was spent on “labour policy”, including €54.7 million for social dialogue, €24.2 million for health and safety, and €4.9 million for “the quality and effectiveness of the law”. Labour inspectorate should be part of this last section, but it is not clear whether this budget also concerns other expenses, includes all relevant resourcing (e.g. inspectors’ wages), or how it is allocated. |
| Budget per worker/firm | Extremely unclear. The definition above divided by the number of private sector employees gives a figure of €0.24 (£0.21) per worker or €2.72 per firm, but we have an extremely low level of confidence in this. |
| Budget allocation (e.g. split between compliance and enforcement) | Unknown. However, the system tends to take a compliance-based approach, sees advice as a core part of tackling the root causes of non-compliance. |

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| Reporting by workers | There are 140 physical points of contact (at least 1 per department) or people can contact the labour inspectorate by post, email or phone. Reporting is anonymous. The labour law inquiry service took 570,000 enquiries in 2021. |
| Reactive vs proactive | Unknown. |
| Inspectors per 10k workers | In 2021, there were 1,841 agents (inspectors and controllers). On average, this means there is one agent per 1,000 firms or one agent per 10,900 workers in scope. |
| Cases of non-compliance found | In 2021, there were 255,647 interventions, 88 per cent of which resulted in follow-up action. |
| Risk modelling | None. Priority themes are set (for 2020-2022, these are: international posted workers, illegal employment, gender equality in the workplace, and occupational health) but not via risk modelling. |
| Outcomes | Sanctions are rare: in 2021, only 2,160 direct sanctions were levied (0.7 per cent of interventions) with an average amount of €1,047. Sanctions are seen as a last resort, and the main objective is to correct the violation, not to punish it. If a fine is to be imposed/case taken to court, these can be lifted if an employer self-corrects within a certain timeframe. |
| Size of penalties for minimum wage underpayment | Fixed at €1,500 per employee for a first offence and €3,000 for a subsequent offence within one year. If the worker goes to court, compensation is determined by the judge and will be higher if they can prove the underpayment was done in bad faith. |
| Campaigns to raise awareness | A digital information strategy has recently been implemented. For example, a digital labour code put on new website in January 2020; this is an interactive tool that addresses concrete questions with simulators (e.g. net/gross salary, leave entitlement). |
| Reputation | Not used. |

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| Migrant workers | There is no specific direct support to migrant workers, but there is an indirect focus via the priority theme of international posted workers. These central priorities are the only channel through which vulnerable workers are targeted in any kind of systematic way, although individual inspectors may target enforcement within their region. |
| Agency/atypical workers | Only indirectly: the priority theme of health and safety means that the construction sector, which makes a lot of use of agency workers and subcontracting, is a particular focus. |
| Sectoral targeting | Only indirectly: the priority theme of health and safety means that sectors like construction and manufacturing face particular scrutiny. |

Ireland

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| Worker statuses | Unlike the UK there is no statutorily defined category of ‘worker’: a person is either an employee or not an employee. Those people with contracts of employment (employees) are covered by all aspects of employment legislation; those who do not have a contract of employment are deemed ‘self-employed’ or casual and are largely exempt from these rights. |
| Atypical work | One-in-eight Irish employees are on a temporary contract. |
| Enforcement bodies | <p>The Workplace Relations Commission (WRC) was established in 2015 and is now the sole body dealing with complaints under employment legislation and industrial relations disputes. The WRC has five regional offices around Ireland.</p> <p>The Labour Court was established in 1946, and its primary function is to assist in the resolution of industrial relations issues. It is now the primary legal appellate body for cases decided initially by adjudicators of the WRC in respect of individual employment law, and its decisions are legally binding.</p> |

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| <p>Powers</p> | <p>The Labour Inspectorate section of the WRC has powers to inspect places of work and, where necessary, issue proceedings or order the enforcement of employment rights. Inspectors can enter premises (announced or unannounced), inspect records, and interview relevant people.</p> <p>If non-compliance is found, inspectors may (depending on the area of legislation involved) issue a compliance notice or fixed payment notice or initiate legal proceedings. However, employers are afforded every reasonable opportunity to rectify any contraventions.</p> <p>While the WRC doesn't have the power to legislate, it does have a significant role in advising the government with respect to potential or proposed developments in this area.</p> |
| <p>Individual enforcement</p> | <p>Adjudication cases go through the WRC.</p> |
| <p>Role of unions</p> | <p>Union density has fallen significantly in Ireland, from around 64 per cent in 1980 to 23 per cent today. Collective bargaining coverage is estimated to be 43 per cent, varying from 23 per cent in the private sector to 78 per cent in the public sector.</p> <p>The current system of labour market enforcement was established in response to collective bargaining being replaced with individually-oriented legislation.</p> |

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| <p>Coordination</p> | <p>The Inspectorate, the Garda Siochana (Police), the Revenue Commissioners and the Department of Social protection formally co-ordinate (share information and work together) regarding enforcement, investigations, inspections, and campaigns targeted at specific issues/sectors.</p> <p>At an international level, the WRC engage in international co-operation with Europol and the European labour Authority (ELA) in relation to issues such as human trafficking and criminal gang activity. The WRC also liaises with EMPACT (European Multidisciplinary Platform Against Criminal Threats) which is ‘a security initiative driven by EU Member States to identify, prioritise and address threats posed by organised and serious international crime.’</p> |
| <p>Working alongside legal system</p> | <p>The WRC forms part of the legal process for cases taken under employment legislation. If a complaint is made, a case is heard in the first instance by an Adjudicator appointed to the case by the WRC.</p> <p>The WRC’s decisions can be appealed to the Labour Court, which is linked to the broader court system.</p> |
| <p>Operating budgets</p> | <p>In 2022, the WRC’s budget was €15.7 million. In 2021, the Labour Court’s budget was €2.89 million.</p> <p>The WRC had 204 permanent employees at the end of 2021, 60 of whom were labour inspectors. A further 10 inspectors were hired in 2022. There are a further 42 adjudication officers who are contracted in on a case by case basis.</p> |
| <p>Budget per worker/firm</p> | <p>The WRC’s €15.7 million budget amounts to €6.15 (£5.45) per employed person or €6.63 (£5.88) per employee.</p> |
| <p>Budget allocation (e.g. split between compliance and enforcement)</p> | <p>Unknown. However, approximately 30 of the WRC’s 204 permanent staff work solely in the information and outreach section.</p> |

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| <p>Reporting by workers</p> | <p>In order to report unlawful practices, workers can either lodge a specific complaint against their employer or provide details of the suspected employment rights breaches to labour inspectors.</p> <p>Specific complaints are made via a web portal. They are confidential, but not anonymous: details of both the employee and the employer must be provided on the form.</p> <p>Complaints to labour inspectors are made via email, and can be anonymous.</p> |
| <p>Reactive vs proactive</p> | <p>Of the 4,432 inspections carried out in 2021, only 588 (13.2 per cent) were as a result of specific complaints received, indicating a significantly proactive approach.</p> |
| <p>Inspectors per 10k workers</p> | <p>There are currently 70 labour inspectors in Ireland, amounting to 0.2 inspectors per 10,000 workers. This has been increasing steadily, however, and a further 10 inspectors are expected to be appointed in 2023.</p> |
| <p>Cases of non-compliance found</p> | <p>In 2021, breaches were found in 28 per cent of inspections.</p> |
| <p>Risk modelling</p> | <p>A data driven system called Employment Rights Compliance Enforcement System (ERCES) records all complaints received, inspections, recorded breaches etc. Over time this has enabled the WRC to build profiles of high-risk sectors: focuses in 2020 and 2021 included fishing, agriculture, meat processing and hospitality.</p> <p>The WRC is now working with the ELA on more sophisticated risk modelling with an international dimension.</p> |
| <p>Outcomes</p> | <p>In 2021, there were: 1,112 requests for individual mediation; 56 requests for workplace mediation, with a 52 per cent success rate; 12,014 complaints submitted for adjudication, with 3,320 hearings, 1,549 decision, and a 40 per cent success rate (mainly monetary awards); 89 conciliation requests and 926 conciliation conferences, with an 86 per cent success rate; 270 industrial relations cases received by the Labour Court, with recommendations made in 190 of these; and 308 employment rights cases received by the Labour Court.</p> |

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| <p>Size of penalties for minimum wage underpayment</p> | <p>Failure to pay the minimum wage is punishable by a fine not exceeding €2,500.</p> |
| <p>Campaigns to raise awareness</p> | <p>One of the functions of the WRC is information and customer service. Information is provided through a range of channels. Channels include an Infoline, social media, information leaflets, and tailored outreach presentations to stakeholders. Three-quarters of people who contact the WRC’s helpline are employees (one-fifth employers).</p> <p>Recent outreach examples include an EU-wide campaign on seasonal workers, a social media campaign around young workers in hospitality, and engaging with LGBT+ advocacy groups to promote the role of the WRC in tackling discrimination.</p> |
| <p>Reputation</p> | <p>The names of parties to any case before the WRC are published, and the WRC Annual Report contains a full list of companies who have been prosecuted.</p> |
| <p>Migrant workers</p> | <p>Many migrants work in high-risk sectors (e.g. agriculture, meat-packing) – but there is a two-tier work permit system. Those with ‘critical skills work permits’ tend to have greater employment rights and full access to the labour market. On the other hand, those with ‘general work permits’ face more restrictive conditions and so find it harder to exercise their rights, largely because the employer holds the permit on their behalf and it is very difficult to move employer.</p> <p>While there is no specific statutory support for migrant workers, the labour inspectorate service of the WRC are active in monitoring, inspecting, and following through with prosecutions relating to breaches of worker rights in sectors predominantly employing migrant workers. The WRC also run information campaigns targeted at workers in migrant-heavy sectors.</p> <p>The WRC liaises with the Revenue and Garda to enforce immigration status, usually identifying suspect employers (e.g. nail bars) and conducting raids looking for irregular migrant workers.</p> |

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| Agency/atypical workers | Out of a total of over 5,900 complaints lodged in 2021, only 15 related specifically to agency work. (However, agency workers may have lodged complaints under other pieces of legislation.) |
| Sectoral targeting | Some low-paid sectors have Joint Labour Committees (JLCs) to oversee and, in some sectors, monitor and enforce employment standards (e.g. contract cleaning, security, care, agriculture - many of which are also heavy in migrants, young people, and women). However, the voluntarist system is such that the enforcement is largely ineffective because many employers in JLC sectors refuse to participate or engage with a JLC. |

The Netherlands

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| Worker statuses | The Dutch labour market has two different employment statuses: employee and self-employed. Until 2020, civil servants were a separate category. |
| Atypical work | Employees with flexible contracts account for 28 per cent of employment, although a fifth of this is people in a probation period for a permanent contract. A further 15.7 per cent of workers are self-employed (the majority of these, 11.6 per cent of the total workforce, are solo self-employed). Flexible contracts and self-employment (especially solo self-employment) have grown faster than overall employment since 2007. |
| Enforcement bodies | <p>The Netherlands Labour Authority (NLA), which is part of the Ministry of Social Affairs and Employment, is responsible for virtually all areas of labour market enforcement. There are specialist enforcement bodies for the haulage and childcare sectors, and health and safety in mining/windmills at sea is enforced on behalf of the NLA by the State Supervision of Mines.</p> <p>The NLA was created in 2012 by combining the labour inspectorate with two other inspectorates. The primary motivation for this was a 20 per cent budget cut, and the three original institutions still seem to function separately from each other to some extent.</p> |

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| Powers | <p>NLA inspectors have the powers to impose fees and shut down operations, and investigate criminal acts. They can also investigate criminal acts (and the financial damage resulting from such acts, i.e. the gains obtained by the perpetrators) and prepare procès-verbal for the public prosecutor; it is the latter, however, who then takes the decision about bringing the cases to court or not.</p> |
| Individual enforcement | <p>The NLA's approach is entirely focused on employers and their behaviour. Contractual relations between employers and individuals are in principle governed by private law (with some exceptions).</p> |
| Role of unions | <p>Union density in the Netherlands was 15.4 per cent in 2019, down from 20.2 per cent in 2007. Collective bargaining coverage is far higher than union density, at 75.6 per cent of all employees (though this has fallen from 82.7 per cent in 2007, and as self-employment has increased there is a higher number of workers out of scope).</p> <p>Trade unions do not have a formal role in labour market enforcement but do support workers. For example, they may support agency workers by merging similar cases and going to court together, and play a central role on information campaigning among labour migrants in particular, as well as supporting them in cases when they experience a breach of their rights.</p> |
| Coordination | <p>The NLA coordinates at a general level with the ten other national inspectorates (including those for education, food safety, and mining). They also coordinate with other organisations such as the National Centre for Information and Expertise which helps tackle organised crime. Almost all inspections on major hazards are done jointly with other relevant institutions.</p> <p>The NLA receives 'signals' (intelligence) from other cooperating inspectorates and institutions, such as municipalities, as well as from staff from other areas of the NLA (for example, if inspectors on a Health & Safety inspection notice problems of Fair Work).</p> |
| Working alongside legal system | <p>Criminal measures are small in number and have declined over time, from 67 in 2013 to 50 in 2019 (not including labour exploitation and trafficking).</p> |

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| <p>Operating budgets</p> | <p>The NLA had an annual budget of €162 million in 2021. Between 2018-2022, the structural budget was increased by €50 million with the aim of strengthening enforcement (although this followed major cuts as the single NLA was introduced – see above). Overall, the NLA’s budget has increased 27 per cent in real terms since 2007.</p> <p>The NLA’s workforce fell by 25 per cent between 2007 and 2017 (from 1,422 to 1,068 FTE). However, this had increased to 1,536 FTE by 2022 and is set to increase further to 1,685 FTE by 2026.</p> |
| <p>Budget per worker/firm</p> | <p>The NLA’s €162 million budget is roughly equivalent to €16.55 (£14.69) per person in employment, €20.00 (£17.76) per employee, €475 per firm with more than one employee, or €348 per workplace.</p> |
| <p>Budget allocation (e.g. split between compliance and enforcement)</p> | <p>The split between compliance and enforcement is unknown. However, 50 per cent of the workforce is allocated for ‘Fair Work’, 34 per cent to health and safety, 13 per cent to major hazard control, 2 per cent to labour market discrimination and 1 per cent to ‘work and income’ (including, for example, benefit fraud).</p> |
| <p>Reporting by workers</p> | <p>The website tool for registering complaints offers a clear option of doing so anonymously. Of the 4,500 cases that were investigated by the NLA in 2021, 34 per cent (excluding those related to Covid-19) were anonymous – and given that submissions by other institutions and NLA staff, which amount to roughly half of the total, cannot be anonymous, this means that anonymous complaints made up the majority of worker reports.</p> |
| <p>Reactive vs proactive</p> | <p>The reactive/proactive split is unknown overall. But for health and safety, 25 per cent of interventions were proactive, with the remaining 75 per cent reactive.</p> |
| <p>Inspectors per 10k workers</p> | <p>In 2021, the NLA had 590 FTE inspectors: 319 for health and safety (including major hazard control), and 271 for fair work. This is equivalent to 0.41 health and safety inspectors per 10,000 employees, or 0.64 overall inspectors per 10,000 employees.</p> |

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| <p>Cases of non-compliance found</p> | <p>Non-compliance was found in 47 per cent of Fair Work inspections and 45 per cent of health and safety inspections in 2019. In 42 per cent of Fair Work cases and 16 per cent of health and safety cases, the firm is still non-compliant at follow-up inspection (though the former fell to 20 per cent in 2021). High rates of detected non-compliance in part reflect the success of the NLA’s targeting.</p> <p>The authors estimate that around 1.7 per cent of firms were non-compliant in 2021, down from 2.5 per cent in 2007.</p> |
| <p>Risk modelling</p> | <p>Active detection of non-compliance is based on the NLA’s own risk model. The model is renewed with each multi-annual plan, and currently version 5.0 for the period 2023-2026 is in place. The risk model is backed up with a study of relevant trends and developments in technology, the economy, labour market, society, policy and governance.</p> |
| <p>Outcomes</p> | <p>The NLA itself can issue written warnings, impose fines, impose damages until compliance is reached, give a warning of shutdown, or immediately shut down business operations (partly or fully). Penalties are proposed by inspectors but legally considered and decided by a special department of the NLA and subsequently collected by another, independent department.</p> <p>In 2021, 6,396 administrative enforcement measures were undertaken. Two-fifths (44 per cent) of these were ‘heavy’ measures (fines and shutdowns), of which 30 per cent were shutdowns. The number of fines imposed has fallen sharply from 3,685 (worth €39.4 million) in 2016 to 1,424 (worth €12.8 million) in 2021. Causes include time-consuming investigations of accidents in 2018 and a shift of focus to communication in 2019.</p> |
| <p>Size of penalties for minimum wage underpayment</p> | <p>Depends on the extent of underpayment and the duration of underpayment. The minimum fine is €500 per employee, rising to €10,000 in the most egregious cases (underpayment of 50 per cent or more lasting for six months or longer).</p> |

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| <p>Campaigns to raise awareness</p> | <p>In recent years, the NLA has especially increased the attention that is paid to communication, advised by in-house behavioural experts. This is done via social media campaigns, information campaigns, letters sent to certain categories of employers, and a self-inspection tool (in addition to sector-based checklists). The NLA also provides downloadable flyers and fact sheets on their website. Broadly speaking, the NLA mainly focuses on employers rather than raising awareness among employees.</p> |
| <p>Reputation</p> | <p>The NLA shares examples of misbehaviour via the press and on its website, as well as in its annual reports. However, this is always done anonymously.</p> |
| <p>Migrant workers</p> | <p>A migrant worker taskforce has been established and has published two reports (on the Covid-19 crisis and on long-term solutions to protect migrant workers), and the Dutch government has committed to implementing several of their proposals.</p> <p>A government-run website, targeting migrant workers and available in multiple languages, offers information on rights and obligations. Migrant workers who experience breaches of their rights are referred to the Fair Work Foundation, an independent non-governmental organisation that offers individual and anonymous advice and support to workers. Trade unions also play an important role in informing and supporting migrant workers. The NLA targets the employer (not the employee) and does not take legal action against migrant workers.</p> |
| <p>Agency/atypical workers</p> | <p>Since 2012, temporary work agencies have had to register with the Chamber of Commerce. There are additional protections in place for agency workers, and the agency sector is seen as high risk. The NLA targeted employment agencies between 2016-2019, including the companies using agency workers as well as the agencies themselves.</p> |

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| <p>Sectoral targeting</p> | <p>The NLA has specialised programmes in eight sectors: construction and infrastructure, temporary employment agencies / distribution centres, transport / logistics, agricultural / green sector, cleaning, health care, catering / retail, and industrial labour. These sectors have been singled out because of their increased risk of violations of statutory rights.</p> <p>The NLA has also developed a self-assessment toolkit for employers to analyse their own compliance with rules and regulations in three further sectors: the temporary work agencies sector, the cleaning industry, and companies that work with hazardous and toxic substances.</p> |
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Norway

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| <p>Worker statuses</p> | <p>According to the 2005 Working Environment Act, you are either an employee or not an employee. All employees are covered by the Act (and the 1998 Holiday Act), with the exception of those working in shipping, hunting fishing and military aviation.</p> <p>Note that in Norway, there is no statutory minimum wage. Wages are regulated by industry-level collective agreements or individual agreements. However, nine industry-level agreements have been made generally applicable (although these do not apply to freelancers/the self-employed).</p> |
| <p>Atypical work</p> | <p>In 2015, 29 per cent of workers were in part-time or temporary work or were solo self-employed. The share of fixed-term contracts and solo self-employment has remained stable since 2000, but temporary agency work has increased (to 2 per cent).</p> |

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| <p>Enforcement bodies</p> | <p>State enforcement is mainly done through the Labour Inspectorate (LI). However, some sectors have their own bodies (e.g. petroleum, aviation), and discrimination is enforced by the Equality and Anti-Discrimination Ombud and Tribunal.</p> <p>Collective agreements are enforced by unions, unless the agreement is generally applicable, in which case the LI enforces it. In the latter, case there is also joint and several liability for wage payment: contractors and subcontractors that contract out work or hire employees are liable in the same way as the employer for payment of wages, overtime pay, and holiday pay.</p> |
| <p>Powers</p> | <p>The LI can: order an employer to do what is necessary to comply, impose a continuous coercive fine, halt work, or impose an administrative fine. Breaches of the WEA can also be subject to fines and/or imprisonment for up to one year.</p> |
| <p>Individual enforcement</p> | <p>Where wages are set through an individual agreement, the individual has to enforce it. Individuals also have to enforce some other provisions, e.g. those covering whistleblowing, discrimination, and dismissal. There is a Dispute Resolution Board where employees (or their union) can bring cases for decision; this is designed to make it easier/quicker to settle smaller cases.</p> <p>Individuals can submit a case to the Equality and Anti-Discrimination Tribunal, although this can also be done by the Ombud.</p> |
| <p>Role of unions</p> | <p>Collective agreements play an important role in the Norwegian labour market and are legally binding. These agreements can provide stricter regulations than the WEA, as well as regulations in areas where there is not legislation (e.g. minimum wages). All employees in the public sector are covered by an agreement, but only around half of employees in the private sector.</p> <p>Trade unions enforce collective agreements, but the Labour Inspectorate has a role in enforcing generally applicable collective agreements.</p> |

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| <p>Coordination</p> | <p>There is established cooperation between several state institutions, based on the fact that companies that break the law often do so in multiple ways.</p> <p>The Service Centre for Foreign Workers provides advice for migrant workers and their employers and is staffed by employees from the LI, tax authorities, Directorate of Immigration and the police. Labour crime centres are practical investigation centres including the LI, tax authorities, welfare authorities, police, and customs; these agencies also coordinate with other public bodies and local municipalities.</p> <p>There is also good cooperation between the LI and employer organisations / trade unions (for example, union reps often give the LI tip-offs about non-compliant firms).</p> |
| <p>Working alongside legal system</p> | <p>Discrimination cases are enforced through a tribunal.</p> |
| <p>Operating budgets</p> | <p>In 2021, the Labour Inspectorate’s budget was NOK 837.5 million. Its budget has increased in recent years, both in absolute terms numbers and as a share of workers/firms, but this is partly because its responsibilities have grown.</p> |
| <p>Budget per worker/firm</p> | <p>In 2021, the LI’s budget was equivalent to 303 NOK per person in employment or NOK 1,330 per firm.</p> |
| <p>Budget allocation (e.g. split between compliance and enforcement)</p> | <p>The majority of resources – around three-fifths of the LI’s budget, excluding work-related crime – are allocated to ‘supervision’ (as opposed to advisory services, applications and approvals, etc.). This term includes inspections, but also visiting and supervising employers.</p> |
| <p>Reporting by workers</p> | <p>The LI has information on their website in Norwegian, English and Polish on how to report, but advises reporting internally (to management or a union rep) first. If a person reports wrongdoing in their own workplace, this is seen as whistleblowing, so protections apply; a person can also report wrongdoings in another workplace. Reporting can be anonymous.</p> |

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| Reactive vs proactive | No data available, but a survey of inspectors suggests that tip-offs have become a more important source of intelligence. |
| Inspectors per 10k workers | 43 inspections per 10,000 workers. (According to ILO data, there are 1.04 inspectors per 10,000 workers.) |
| Cases of non-compliance found | The share of inspections with at least one violation has declined from 73 per cent in 2017, to 64 per cent in 2019, to 50 per cent in 2021. |
| Risk modelling | The LI prioritises its activities based on risk assessments of work groups and industries, identified using a range of information including the Inspectorate's own data. Recently the Inspectorate has developed tools to directly identify individual businesses that are in the risk zone. |
| Outcomes | <p>The LI can: issue orders to rectify non-compliance (with time limits, although they can require measures to be implemented immediately); impose a continuous coercive fine (i.e. a fine for each day/week/month that the violation isn't rectified); halt work; impose an administrative fine (the maximum is 15 times the National Insurance basic amount, which is currently €11,000); or initiate a criminal procedure resulting in penalty fines and/or imprisonment of up to a year.</p> <p>In 2021, the share of inspections where at least one action was taken was 46 per cent. (Given that violations were found in 50 per cent of inspections, this implies that action was taken in the majority of these cases.) Coercive fines were imposed in 4 per cent of inspections, and administrative fines in 2 per cent of inspections.</p> |
| Size of penalties for minimum wage underpayment | The maximum administrative fine is equivalent to 15 times the National Insurance basic amount (the basic amount for 2022 was NOK 111,000). Several factors are considered when deciding the size of the fine, including the seriousness of the infringement and the degree of guilt. |

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| <p>Campaigns to raise awareness</p> | <p>The main approach to improving awareness is the ongoing educational work and inspections by the LI. Additionally, the LI has launched some campaigns to targeted groups: for example, in 2020 they launched a health and safety campaign targeted at agricultural workers that reached 36 per cent of farmers, and awareness campaigns in the carwash sector have included a campaign directed at consumers.</p> <p>In 2020-2021 there was a campaign directed at migrants from Central and Eastern European countries called 'Know your rights', focused on social media and directing workers to info about their rights in several languages.</p> |
| <p>Migrant workers</p> | <p>Support to migrant workers is mainly conducted through the Service Centre for Foreign Workers (see above). Activities directed towards migrant workers are also part of the drive to combat work-related crime, mostly through inspections and standard education activities. However, as part of the inspections, the LI uses multilingual inspectors or translators to ease the communication with migrant workers, and hands out information to workers so they can contact them at a later date.</p> <p>The LI is obliged to notify the immigration authorities if they suspect that visa conditions have been breached or that a foreign national does not hold a necessary residence permit.</p> |
| <p>Agency/atypical workers</p> | <p>The LI has paid special attention to temporary agency workers. In addition to inspections, they have also carried out a project to find out whether the staffing agencies have the information they need to ensure that they are complying with equal treatment regulations.</p> |
| <p>Sectoral targeting</p> | <p>Tripartite programmes have been put in place in high-risk sectors, including cleaning, transport, and car washes. These bring together the LI/other relevant agencies, employer organisations, and trade unions.</p> |



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