



**Labour Market Enforcement strategy
2025 to 2026: call for evidence**

Unite the Union response

December 2024

Introduction

This response is made by Unite the Union. Unite is the UK's strongest trade union, representing over one million members across all sectors of the economy including manufacturing, financial services, transport, food and agriculture, construction, energy and utilities, information technology, service industries, hospitality, health, local government and the not-for-profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union.

Part of the DLME call for evidence to inform the LME Strategy 2025 to 2026 is represented here:

<https://www.gov.uk/government/calls-for-evidence/labour-market-enforcement-strategy-2025-to-2026-call-for-evidence/labour-market-enforcement-strategy-2025-to-2026-call-for-evidence>

Elements of these questions are addressed in Unite the Union's responses on government consultations since the general election in July 2024. Unite's responses set out the principles we would expect to be adhered to as the Making Work Pay strategy is developed.

Unite's consultation responses include:

- Making Work Pay: consultation on creating a modern framework for industrial relations¹
- Making Work Pay: consultation on strengthening remedies against abuse of rules on collective redundancy, and fire and rehire²
- Industrial Strategy Green Paper consultation³

And in addition:

- Unite's submission to the Low Pay Commission, made in June 2024, covers many aspects of exploitation across multiple industrial sectors.⁴

The second part of the DLME call asked for stakeholder evidence on sectoral issues. This response addresses this. These responses describe the framework of industrial relations that labour exploitation sits within.

Below are key priorities for Unite about the future framework of industrial relations, including principles that are germane to the development of the Fair Work Agency. The detail on these priorities is contained in the responses referenced above.

¹ <https://www.politicshome.com/ugc-1/1/36/0/Unite%20response%20to%20Consultation%20on%20Cr.pdf>

² <https://www.politicshome.com/ugc-1/1/36/0/December%202024-Unite%20response%20to%20DBT.pdf>

³ Consultation on strengthening remedies against abuse of rules on collective redundancy and fire and re-hire
https://www.politicshome.com/ugc-1/1/36/0/November_2024_Unite%20response%20to%20DBT.pdf

⁴ <https://www.politicshome.com/ugc-1/1/4/0/Unite%20submission%20to%20Low%20Pay%20Commissi.pdf>

This rest of this submission will focus on sector-specific issues, as per the invitation to the sector round tables.

- Governance: it is critical for unions to have seats on the Board of the Fair Work Agency and to be involved in governance and strategy. Unions cannot be ringfenced into an advisory role. Unions have an important and substantial role in enforcing employment rights, preventing abuse, and being a first port of call for workers suffering exploitation. The government is obliged to encourage this role to comply with its legal obligations to promote trade unions and collective bargaining under the UN ILO Conventions 87 and 98. Enforcement of employment rights should be prioritised by the government as part of its legal obligations under these ILO Conventions. See also [Low Pay Commission submission](#)
- Engagement and transparency with unions that raise complaints: Complaints must not disappear into a black hole. Unions need regular updates on investigations, and ongoing cases.
- Resources: the Fair Work Agency must be allocated additional resources that are more than the combined resources of existing enforcement agencies. The government has currently committed only to maintain existing funding. Earlier arguments in support of a single enforcement body for the UK cited ILO Convention 81; that labour inspection should be under a central authority. But Convention 81 also says inspectors should be properly resourced. The government must fulfil these international obligations. See also [Low Pay Commission submission](#)
- The Health and Safety Executive must retain its independent status and not be merged into the Fair Work Agency. See also [Industrial Strategy Green Paper response submission](#)
- A firewall must be created between enforcement of employment rights and immigration authorities. There is significant concern that the Bill in its current form does not provide such a firewall. ILO Conventions do not support close working of labour rights enforcement with immigration and benefits enforcement⁵. Far from it. Research by Focus on Labour Exploitation and others notes that joint working between labour inspectorates and immigration enforcement in the UK undermines the efficacy of UK labour market enforcement with regard to migrant workers.⁶ See also [Low Pay Commission submission](#)
- Transition: arrangements must be in place for transitioning between the existing enforcement agencies and the new body. Experience of the establishment of the Equalities and Human Rights Commission is that it took months if not years for the new body to start functioning effectively. Workers cannot afford a gap in enforcement of their basic rights in addition to the many existing barriers to justice in the workplace.

Sector issues

Agriculture and Horticulture

⁵ https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C081

⁶ Focus on Labour Exploitation, 1 October 2019

Unite submitted detailed evidence of labour abuses in agriculture and horticulture for the call for evidence in 2020. This was based on interviews with Unite branch secretaries in rural areas, and their knowledge of workers facing abuse and exploitation.

As far as we are aware, nearly five years later, none of these cases were followed up in any way by any of the enforcement agencies.

The 2020 submission is a separate document.

Construction

Construction is rife with human rights abuses. Bonded labour, delayed wages, abysmal working and living conditions, withholding of construction workers passports and limitations of movement are all forms of Modern Day Slavery.

Earlier this year, Unite described a new report by the Gangmasters and Labour Abuse Authority (GLAA) as 'hitting the nail on the head' in identifying the reasons why exploitation and modern slavery are so prevalent in the construction industry.

The report *The Natures and Scale of Labour Exploitation across all Sectors within the United Kingdom*, said: ***"The often convoluted supply chains in the industry makes identifying potential exploitation and ending illegal practices challenging."***

Despite being registered as self-employed, many workers will have in fact worked exclusively for one company for many years. Furthermore, the manner in which workers are directed to undertake work is unlikely to meet the criteria to be correctly defined as self-employed."

The use of exploitative payment methods utilized by UK construction companies such as umbrella companies makes these matters even more confusing. Unite is stepping up activities and naming and shaming companies that are allowing exploitation on their sites. The conspiracy of silence must end.

Abuses in the construction sector are widespread and not helped by the make-up of the sector that is beset with lengthy supply chains, fragmented sub-contracting, and labour-only providers acting in a similar vein to gangmasters.

For decades the construction labour market suffered from exploitative employment practices, long working hours, sometimes abysmal working and living conditions, and more recently with the increase in migrant workers in the sector supply chains, limitations of movement and symptoms such as passports being withheld. These are all identifiable forms of Modern Day Slavery that have become apparent to Unite within the confines of the construction sector in Scotland.

Our officers and members report that employment through umbrella companies creates many problems. A report by UCATT⁷ (now joined with the construction section of Unite) confirms the problems faced by workers employed by umbrella companies:

"By using these middle men to pay workers, employment agencies have engineered a situation where the amount a construction worker receives in their pay packet is often a lot less than the rate agreed when he or she took on the job."

A Unite member working in construction on a publicly funded rail contract summed up the experience of working through an umbrella company:

"I wait for a text every Friday to say if I will be working the following week. If I book a holiday and go away with my family there's a real chance that my place at work will be taken by another worker and I'll have no work. If I take a day off I might be replaced, if I call in sick I might be replaced, if I don't work every shift I'm offered, no matter how short noticed, I might be replaced."

I pay an umbrella company up to £100 a week to get my own wages. I have no holiday pay, no sick pay, no unpaid holiday pay. I can't work anywhere else if there's no work for a few weeks. In the rail industry I can only have 1 sponsor. My 'holiday pay' is actually a % of my net income that's taken off, then when I get it back it's at gross, so is taxed twice. I also pay both employers and employees NI contributions."

Unite is currently campaigning to ensure that major infrastructure projects across the UK require the main contractor to adopt the following policies and for all sub-contractors to be required to follow them. The policies are:

- **National industrial agreements to be adopted and adhered to projects**
- **All workers to be directly employed and not falsely self-employed**
- **Umbrella companies and other forms of exploitative employment models to be barred from the project**
- **The adoption of the highest levels of health and safety**
- **Construction unions and their representatives to be given full and fair access to the workplace.**

Case study - London Refurb Site

Unite accused Westminster council and the Health and Safety Executive of inaction which could place workers lives in danger, after it notified both organisations of workers illegally living on a construction site in St Johns' Wood.

Unite was alerted that workers were living on the construction site at Abercorn Place, The Cricketers Estate, in St Johns Wood. A situation that is highly dangerous.

⁷ Umbrella Company Con-Trick (UCATT, 2014) - [URL](#)

Unite investigated these concerns and found a group of migrant workers who were involved in renovating several apartment blocks were indeed living on the site. The renovation is being undertaken by Kunta Kinte Ltd.

Case study Engineering Construction

Babcock & Wilcox Vølund, which is building an energy from waste project in Rotherham worth £165 million, sub-contracts large chunks of their work to Croatian company Duro Dakovic which pays workers as little as the minimum wage of £7.50 an hour. The industry agreement (NAECI) has a basic rate of £16.97 an hour with an hourly bonus of £2.37 an hour.

Case study Engineering Construction

Burmeister & Wain Scandinavian Contractor is the principal contractor at a project in Sandwich in Kent worth £175 million. The company refuses to allow trade union access to the workforce and does not pay the hourly bonus, industry sick pay, enhanced holiday pay, travel and accommodation allowances and other benefits.

Both projects are being financed by Copenhagen Infrastructure Partners, the investment arm of Pension Denmark. The organisation has clear corporate social responsibility policies which should apply to the supply chains both domestically and abroad, however these policies are being flouted.

The Danish government has clear policies in place, due to the way it has interpreted the Posted Workers Directive, which prevents these forms of undercutting and exploitation occurring in Denmark. However this does not legally prevent Danish companies from exploiting workers when they operate abroad.

Case study construction - civil engineering project

Unite, the construction union discovered workers on the government's flagship HS2 development being denied their proper holiday entitlement and workers are losing over a hundred pounds a week in underpaid overtime pay. Unite received multiple payslips from workers employed by labour supplier Bowercross Construction Ltd (BCL) on the enabling work being undertaken at Euston by the Costain/Skanska Joint Venture (CSJV), which reveals the denial of nationally agreed holiday entitlement and overtime rates.

All contracts on the multi-billion pound project are supposed to comply with a 'framework agreement' signed between HS2 and the TUC in April 2016. Under the framework agreement there is "a commitment by HS2 Ltd and its suppliers that the latter will recognise and apply relevant national agreements". The framework further sets out "that suppliers work constructively with trade unions party to this agreement, acknowledging their legitimate role in employee relations."

From the payslips that Unite has seen workers are only receiving their standard rate of pay for overtime on Monday to Friday, instead of the time and half stated in the CIJC agreement. For a Saturday the workers get an additional £3.50 an hour, while the CIJC agreement states workers should receive time and a half for the first four hours and double time thereafter.

The full scale of the pay abuses on the CSJV project is difficult to fully ascertain as management on the project are currently preventing Unite from having access to the workforce in the canteen during break times, when workers could raise any concerns with a Unite officer. The CSJV has justified this action by claiming that the presence of a Unite officer in the canteen would compromise their “health, safety and welfare”.

Further exploitation of both vulnerable UK and migrant workers within the construction sector can be around the following, but not exhaustive, areas:

- **Non-payment of Holiday Pay**
- **Illegal deductions from wages (payments that are employers responsibility eg Apprenticeship Training levies)**
- **Withholding of pay-slips**
- **Charging of money for receipt of pay slips**
- **No provision of personal protective equipment (PPE)**
- **Non-payment of national minimum/living wage**
- **Workers being housed in unsuitable, inhumane accommodation**
- **Undercutting of national wage agreements**
- **Exploitation of posted workers**
- **Confiscation of passports**
- **Payment of Administration fees**

Unite construction sector campaigns

Licensing

Unite is calling for licensing of both construction companies and workers. There currently exists in construction a voluntary system of certification known as the Construction Skills Certification Scheme, and while larger employers use this to monitor competency, and requires a degree of safety awareness. The fact of the matter is that it has been a failure in terms of preventing employment rights exploitation in the sector.

Public procurement

Unite is campaigning on public procurement so that clients show leadership to create a new way to achieve better societal outcomes from construction investment. If we are to discuss a new way of regulating construction within the public sector financial envelope it isn't

difficult to frame the central principles on which any 'new way' has to be based. The recognition of trades unions and the right to free collective bargaining must be a condition. The banning of the use of so-called 'umbrella' companies along with known blacklisting companies must be included. Finally it should be mandatory on such contracts that nationally negotiated pay rates should be paid to all workers. It's not that complicated to create a better way.

The central problem of this whole issue is the engagement of workers in various industrial sectors, construction being a key area, whereby employers refuse to accept obligations which they have to those engaged under their management, supervision and control. This is the silver bullet in this debate.

The reality is that only by forcing companies to comply with legal obligations and embedding a culture of direct employment will the government get the taxation returns due from the construction sector and all workers, including migrant workers, receive dignity and respect in employment.

Further information:

<https://unitetheunion.org/news-events/news/2019/march/ellesmere-port-energy-from-waste-site-accused-of-race-to-the-bottom/>

<https://unitetheunion.org/news-events/news/2019/march/unite-reveals-hs2-workers-denied-holiday-pay-and-correct-overtime-rates/>

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