



MEASURING LABOUR EXPLOITATION

Labour exploitation is the result of many factors

In hospitality, we know that complex operating structures, competition and cost pressures, and a reliance on already vulnerable workers to undertake 'low-skill' jobs produce a high-risk environment for labour exploitation.

But by its nature, labour **exploitation is hidden**. Those benefitting from it are not advertising the exploitation of their workers. And **exploitation is varied** – it exists on a spectrum, from smaller employment rights abuses (e.g. failure to provide payslips) to modern slavery in the form of forced labour.

So how much 'exploitation' is out there? How should we measure it? And what are the benefits to measuring it?

We need to start treating more common breaches of employment standards as forms of labour exploitation.

Why is it important to measure labour exploitation?

Measurement helps us to advocate for the resources necessary to remedy the root causes of labour exploitation and to provide adequate support to victims.

So how could better measurement aid Shiva Foundation and other organisations to increase funding to prevent labour exploitation?

- 1. Understanding the scale of the problem shows that exploitation is not a deviation from the norm but a by-product of it.** There is a tendency in Government and elsewhere to focus on extreme forms of labour exploitation, where criminals infiltrate an otherwise fair and just labour market. But exploitation is more common and can be usefully expressed as the number of employment rights breaches which occur across many types of work in the UK: including national minimum wage underpayments, withheld sick pay, failures to produce contracts for employees, fees charged for recruitment etc.
- 2. Consistent, accurate measurement allows for improved evaluation of policy interventions.** If you know the scale of the issue in 2020, follow this by implementing a number of initiatives across 2021 and 2022, and then measure the issue again in 2023, you can get some sense of how successful you've been. It is murky and there are other factors involved. For example, Covid-19 and the subsequent economic downturn may increase exploitative incidents regardless of the effectiveness of anti-exploitation measures. But consistent measurement can give you a tool to distinguish between effective and ineffective policy, enabling government and civil society organisations to refine their approach over time.
- 3. The media and politicians treasure what they can measure.** Ministers and the press focus on GDP (Gross Domestic Product) in part because increasing economic output is valuable, but also because it is measurable. Greenhouse gas emissions too are measurable. Covid cases = measurable. We hear about these metrics frequently, often accompanied by what government is (or is not) doing to improve the situation. If we are to convince government and industry to focus on the issue of exploitation then we are best placed if we provide consistent metrics to highlight the evolution of the problem over time.

Modern slavery

The Government's response to modern slavery is a good example where resourcing has not matched the solutions required to tackle the problem. The Modern Slavery Act 2015 has placed responsibility for reporting cases and supporting victims in the hands of resource-strapped NGOs and local authorities, and police constabularies who are understandably focused on catching criminals rather than addressing root causes. Local multi-agency partnerships are doing the best they can in a few counties around the country, but it is an uphill battle without the resource to do the job effectively or consistently.

Separately, the Gangmasters and Labour Abuse Authority have ~100 staff to deal with the problem of labour abuses across all industries within the UK.



But how do we measure labour exploitation?

This is the hard part.

The GLAA states in its 2017 report on the [*Nature and Scale of Labour Exploitation*](#) that 'the prevalence of labour exploitation is difficult to accurately measure'.

For modern slavery, the Walk Free Foundation's Global Slavery Index attempts to provide a UK figure based on estimates in other countries. The Home Office in 2014 provided an early estimate to inform the Modern Slavery Act 2015. Both are considered [unreliable](#) (although well-intentioned) by the Office of National Statistics (ONS). There is a newer National Data Analytics Solution model which uses machine learning to scour police documents and tries to identify previously unreported modern slavery events. Extrapolating from this model's application in the West Midlands, the Centre for Social Justice [gives an estimate](#) of near 100,000 victims of modern slavery in the UK. But again, this tool is a work in progress.



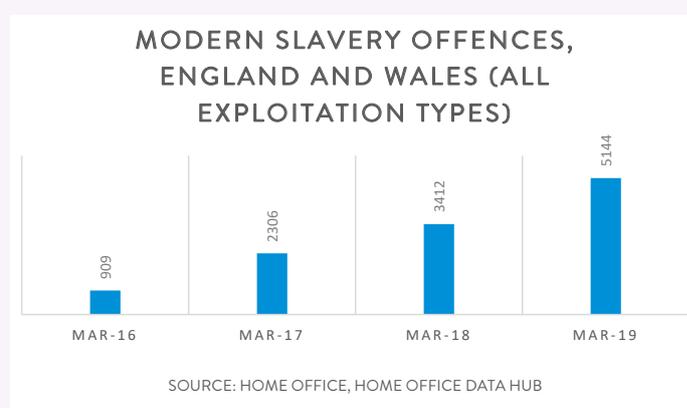
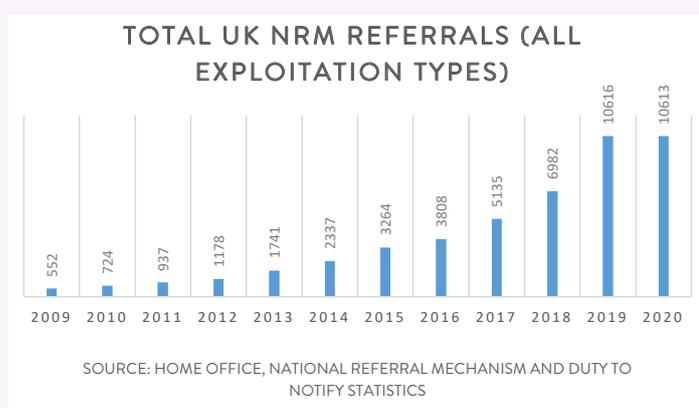
The ONS has focused on developing a [series of 'indicators'](#), rather than provide an overall figure of victims. And there are limits to the ONS indicators too. For example, inconsistent practice across police forces has led to under-recording of modern slavery offences. Many other organisations and individuals are still not aware of the tools available to report potential cases of modern slavery. And many victims will not come forward because they are afraid of the consequences or are not even aware they are victims. Therefore, even taken together, the indicators cannot provide the full extent of the crime in the UK. But it is the best we have currently for modern slavery, including forced labour.



The prevalence of labour exploitation is difficult to accurately measure.

The indicators include:

Indicator	Explanation	Figures for labour exploitation from <u>ONS data unless otherwise linked</u>
Police recorded crime	The number of police recorded modern slavery offences.	For year ending March 2019: <ul style="list-style-type: none"> 1,240 offences (England and Wales) 144 (Scotland) 0 (Northern Ireland)
National Referral Mechanism	The number of suspected modern slavery cases reported by police, government and charities through the NRM, a UK-wide process for identifying and aiding victims.	For the year ending <u>December 2020</u> : <ul style="list-style-type: none"> 2,241 referrals were made UK-wide
Criminal Justice System	The number of defendants prosecuted for offences relating to modern slavery.	For the year ending December 2018: <ul style="list-style-type: none"> 74 prosecutions (E&W) 7% of these resulted in convictions Very few (0-9) prosecutions (Scotland) 0 prosecutions (NI)
Charity Support	The number and profile of victims accepting support by UK charities through the NRM.	For the year ending June 2019: <ul style="list-style-type: none"> 1,072 victims received support (E&W) For the year ending March 2019: <ul style="list-style-type: none"> 123 received support (Scotland) 37 received support (NI)
Modern Slavery Helpline	The charity Unseen operates the helpline, which is free to call, and gathers information on the type of exploitation occurring.	For the year ending <u>December 2020</u> : <ul style="list-style-type: none"> 578 cases were raised, indicating 1,889 potential victims in the UK.



Common forms of labour exploitation

But we need to start treating more common breaches of employment standards as forms of labour exploitation. Tracking the prevalence of modern slavery is important, but monitoring these indicators will give us a more accurate picture of exploitation in the workplace:

Minimum wage avoidance: [HMRC estimates](#) underpayment of 347,000 workers paid below the applicable Minimum Wage rate in April 2020, equivalent to 1.5% of all jobs held by employees.

Holiday pay avoidance: [the Resolution Foundation](#) found in 2019 that 1/20 workers report having no paid holiday.

Failure to receive a payslip: [the Resolution Foundation](#) found in 2019 that 1/10 workers report not being given a payslip.

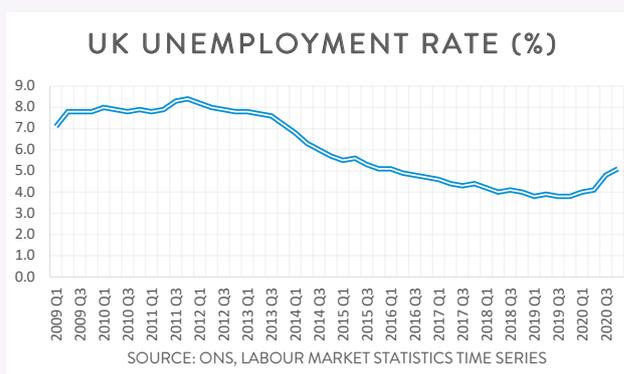
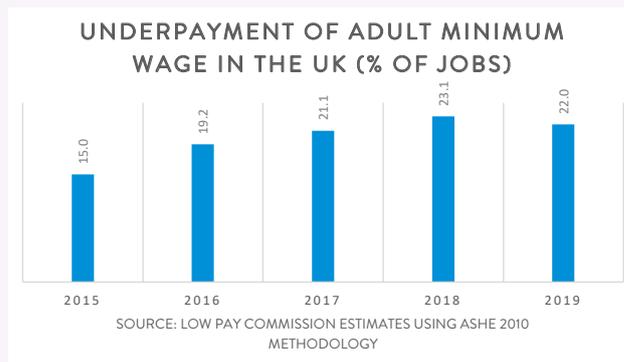
Employment tribunal applications: [single employment tribunal claims](#) increased by 25% for October to December 2020 compared with a year earlier, and the caseload outstanding by 36%. The figures for multiple employment tribunal claims (i.e. those brought by more than one person) increased by 82% and the outstanding caseload by 12%.

Macroeconomic data related to exploitation

And we should keep abreast of macroeconomic trends given that their relationship to the risk of exploitation is clear:

Unemployment: when there is less work and more people desperate for it, employers will find it easier to exploit workers. The [ONS estimates](#) unemployment at 5% between Nov 2020 – Jan 2021, 1.1% higher than in the same period a year earlier. Underemployment, a measure of those employed that are seeking more hours rose from 7.7% in December 2019 to 9% by December 2020.

We should keep track of the environments that lead to heightened vulnerability - rough sleeping, drug abuse, unemployment - so that we can predict increases in exploitation and attempt to stymie them.



Household debt: vulnerability is exacerbated by owing others and having little capital to fall back on. [The ONS shows](#) that total household financial debt rose by 11% in April 2016 – March 2018 compared with the subsequent two years.

Median monthly rent: [The ONS calculates](#) median monthly rent of £725 for homes in England, recorded between October 2019 and September 2020; this is the highest ever recorded. Higher rents means less money to spend on everything else, especially if earnings growth is slow (in the year to April 2020, [the ONS finds](#) that median weekly earnings fell by 0.9% when you take into account the increasing price of goods).

Where to from here?

It may be futile to try and calculate an overall figure for modern slavery or labour exploitation.

At least for now, NGOs should advocate for more consistent measurement of exploitation, across a range of indicators, that taken together tell us something true about whether labour exploitation is increasing or decreasing. We should keep track of the environments that lead to heightened vulnerability – rough sleeping, drug abuse, unemployment – so that we can predict increases in exploitation and attempt to stymie them.

The measures above are a starting point. But it is in our interest to formalise a set of metrics that we can refer to in our publications, that we can use in conversation with government and business, and which the media may decide to use in their next story on exploitation. We want to start a dialogue on this issue and welcome any ideas you might have about how we can better keep track of labour exploitation in the UK.

Improved measurement will help us:

1. Encourage government to provide strategic direction for local partnerships and to recognise the value for money proposition of investing early to prevent labour exploitation.
2. Encourage businesses to lead by example, invest in higher wages to reduce worker vulnerability, and robustly audit suppliers to weed out exploitation in supply chains.

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