

Fear and insecurity mean workers do not report underpayment

Press release

Low Pay Commission report looks at labour market enforcement in Leicester's textiles sector.



The Low Pay Commission (LPC) today publishes [a report on non-compliance and enforcement of the minimum wage in Leicester's textiles manufacturers](#). Since 2020, multiple agencies have carried out large-scale joint enforcement operations in Leicester, partly in response to persistent reports of exploitation and underpayment. Low Pay Commissioners heard evidence on the forces driving non-compliance and what enforcement bodies have found.

At the heart of this evidence is a disconnect: enforcement bodies have found relatively modest non-compliance in Leicester, while Commissioners spoke to other bodies and individuals who believed non-compliance to be widespread and flagrant. Today's report looks at three potential explanations for this disparity.

- Firstly, on the positive side, recent changes within the textiles industry mean some evidence of underpayment may be historic and so less reflective of current situation.
- Secondly, the vulnerability of workers means they may be reluctant to provide information.
- Thirdly, there remains potential for employers to conceal underpayment from investigating bodies.

Bryan Sanderson, Chair of the LPC, said:

The evidence we heard from workers in Leicester was striking. Despite some positive recent progress, job insecurity, a poisonous workplace culture and low expectations leave workers trapped in poor-quality jobs and vulnerable to exploitation. These same factors mean they are unlikely to report abuses, which undermines efforts to enforce workers' rights.

The case of Leicester is not unique. Across the UK, workers in precarious positions face the same obstacles, with the same consequences for enforcement. The problem demands comprehensive action, including to give these workers greater security over their hours and incomes.

Low Pay Commissioners make several recommendations for Government:

- The process for reporting abuses does not work for the most vulnerable low-paid workers; but it also fails to engage the third-party bodies whom workers may trust more, or wider industry networks. Commissioners recommend HMRC looks at ways to address these problems.
- There is an 'information gap' between what industry and civil society groups think they have reported to official bodies, and what those official bodies are able to share and act on. A forthcoming official review of enforcement operations in Leicester should take into account evidence from both sides of this gap.
- Insecure work and uncertainty over hours and incomes are central to the vulnerability of workers to exploitation. Low Pay Commissioners urge the Government to take action on the measures recommended by the Commission in 2018 to address these issues.

NOTES FOR EDITORS

1. The report published today is the Low Pay Commission's fifth standalone report on non-compliance and enforcement, but the first to focus on a single sector and location.
2. The report draws on meetings in March and April 2022 with workers, retailers, supply chain auditors, manufacturers, local government officials and enforcement officers.
3. The Low Pay Commission is an independent body made up of employers, trade unions and experts whose role is to advise the Government on the minimum wage. It will submit recommendations on minimum wage rates for

2023 by the end of October.

4. The Low Pay Commission made recommendations in 2018 on the problem of 'one-sided flexibility'. These recommendations were: a right to switch to a contract which reflects your normal hours; a right to reasonable notice of work schedule; compensation for shift cancellation or curtailment without reasonable notice; provision of a written statement of terms from employers detailing the rights Commissioners proposed. That report can be found here:
<https://www.gov.uk/government/publications/low-pay-commission-response-to-the-government-on-one-sided-flexibility>.
5. The current Low Pay Commissioners are Bryan Sanderson, Professor Patricia Rice, Professor Jonathan Wadsworth, Kate Bell, Kay Carberry, Simon Sapper, Matthew Fell, Louise Fisher and Martin McTague.
6. Bryan Sanderson can be contacted via the Low Pay Commission's press office (07341 098734).

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