

# Press release: Director of Labour Market Enforcement calls for measures to tackle exploitation of low paid workers

- [Director of Labour Market Enforcement](#) calls for holiday pay to be enforced and payslips for all workers
- new [independent report](#) includes recommendations for bigger financial penalties for employers who break the law and tougher enforcement of rights for agency workers
- Sir David Metcalf calls for big companies to share responsibility for wrongdoing in the supply chain, including naming firms whose suppliers break employment law
- HMRC stats out today show its enforcement team helped 200,000 workers get pay owed to them

Sir David Metcalf's independent strategy published today (Wednesday 9 May 2018) includes recommendations on:

- higher financial penalties for employers who exploit their workers and pursuing more prosecutions
- enforcing holiday pay and making it the law that employers must provide a statement of rights for employees and a payslip for all workers
- making leading brands jointly responsible for non-compliance in their supply chains. This would be done in private but with public naming of the brand and supplier for failure to correct non-compliance
- more resources to the Employment Agency Standards Inspectorate to enforce current regulations and expanding their remit to cover umbrella companies and intermediaries
- locally or regionally piloting licencing of hand car washes and nail bars, which have been identified as sectors at risk of labour exploitation
- tackling 'phoenixing' – the practice of directors dissolving their companies to avoid paying workers tribunal awards and other enforcement penalties

The report is launched as new HMRC stats show that its enforcement teams have doubled the number of underpaid workers they have recouped money for to 200,000 in 2017.

Sir David Metcalf said:

This strategy sets out how we can toughen up enforcement activity to protect vulnerable workers and ensure that good, compliant firms are not undercut by unscrupulous competitors.

It's important the government has the necessary powers to crack down on bad bosses who exploit and steal from their workers – that includes bigger penalties to put employers off breaking the law.

I'd like to thank all the employers, workers and regulators I have met in the last year that have given me very valuable insights into the labour market.

Sir David Metcalf was appointed in January 2017 to oversee a government crackdown on exploitation in the workplace by setting the strategic priorities for the government's 3 enforcement agencies:

- HMRC's National Minimum Wage (NMW) enforcement team
- the Gangmasters and Labour Abuse Authority (GLAA)
- the Employment Agency Standards Inspectorate (EAS)

In February 2018 the government set out its 'Good Work plan' which introduced new reforms to ensure employment law and practice, giving millions of workers new day-one rights with sick and holiday pay to be enforced for vulnerable workers for the first time. The plan included proposals to increase transparency in the labour market, employment status, agency workers and enforce employment rights, with workers given new rights to get a payslip and a list of their rights when they start a job. In March the government also launched a consultation to improve the UK's corporate governance framework which included proposals to give the Insolvency Service new powers to investigate directors of dissolved companies.

Business Minister Andrew Griffiths said:

We will not accept illegal behaviour from bosses who exploit their workers and cheat the competition which is why we are already cracking down on irresponsible company directors and boosting protections for workers.

We will enforce holiday pay and give new rights for every worker to get a payslip and a list of their rights when they start a job as part of our modern Industrial Strategy plans to build a Britain fit for the future.

I'd like to thank Sir David for his important work looking at enforcement and exploitation in the labour market.

Minister for Crime, Safeguarding and Vulnerability Victoria Atkins said:

Forced labour and other forms of modern slavery are cruel, barbaric crimes no individual should suffer and we will continue to work with Sir David Metcalf and other partners to stop the abuse of vulnerable workers.

Through the Modern Slavery Act and reforms to the Gangmasters and Labour Abuse Authority, our world leading approach means law enforcement have the powers to identify victims, protect vulnerable people and bring offenders to justice.

I am pleased that the Gangmasters and Labour Abuse Authority is using its new powers to tackle worker exploitation across the economy with successful investigations into high risk sectors, such as hand car washes and nail bars.

The government will respond formally to Sir David's report in full later this year.

1. The government's [Good Work plan](#) was published in February 2018, launching consultations on increasing transparency in the labour market, employment status, agency workers and enforcing employment rights. This was in response to [Matthew Taylor's review into modern working practices](#) in July 2017.
2. The government is [consulting on measures](#) to crack down on company directors who unfairly shield themselves from the effects of insolvency and profit from business failures while workers and small suppliers lose out.
3. The Immigration Act 2016 created measures to improve the response to labour market enforcement including creating the role of the Director of Labour Market Enforcement and reforms including widening the remit of the Gangmasters and Labour Abuse Authority (previously the Gangmasters Licensing Authority) and giving it new powers under the Police Criminal Evidence Act 1984 to investigate labour market offences across the entire economy. The Act also introduced new Labour Market Enforcement Undertakings and Orders to tackle serious or persistent offenders.