

Good Work Plan: establishing a new Single Enforcement Body for employment rights

Initial response from the Director of Labour Market Enforcement

5th November 2019

[Matthew Taylor](#) was appointed Interim Director of Labour Market Enforcement in late summer 2019. In July, the Department for Business, Energy and Industrial Strategy (BEIS) launched the public consultation '*Good work plan: establishing a new single enforcement body for employment rights*' seeking views on whether establishing a new single enforcement body for employment rights could:

- improve enforcement for vulnerable workers
- create a level playing field for the majority of businesses who are complying with the law.

The consultation closed in October. This document sets out the Director's initial thoughts on the subject. Having been recently appointed, much of this is focussed on setting out the questions that need to be asked rather than having all the answers. Implementing a single enforcement body would be a significant change in labour market enforcement and will involve many debates and decisions. The Director was keen for his first thoughts on these to be made public to support open discussions with stakeholders about some of the difficult issues that would need to be resolved.

The views in this document do not represent Government policy. However, the Director will have an important role to play in shaping the new organisation, should this be a direction the Government decides to take post-consultation.

If you have any feedback on the content of this document, please email LMEDirectorsoffice@beis.gov.uk

1. INTRODUCTION

I have taken on the role of Director of Labour Market Enforcement (DLME) at an interesting time. The current consultation on the option of establishing a new Single Enforcement Body (SEB) is an opportunity for better enforcement in the labour market. Clearly, the current system with a multitude of agencies with different powers, statuses, priorities and remits is not ideal and, were the system to be created from scratch, this is not what would be designed. Creating a SEB could certainly address some of the shortcomings of the current set up.

However, in the excitement of the opportunity to create something new, the risks of doing so should not be underestimated. The new body needs to be carefully thought through to make sure that is effective, builds on the solid expertise and knowledge of the current three

bodies, and learns from the experience of similar mergers and formations of new organisations.

Despite having been in post for just a matter of weeks, I welcome this opportunity to respond to and feed into government's thinking in this area. As such, in this document I set out my initial thoughts to the Government's proposal. Assuming Government decides to go ahead post consultation, consideration of a SEB will also be an issue I return to after the publication of my 2020/21 Strategy that is to be delivered to government by the end of March 2020.

This response does not cover every question in the consultation document, nor does it come up with all the solutions. Indeed, in many cases we are only at the stage of highlighting the questions which should be asked before embarking on creating a SEB rather than identifying the answers.

The DLME response is set out in three overarching sections, focusing respectively on: aims and design principles for the SEB; key issues to be resolved before establishing the SEB; and, other measures that could improve the SEB's chances of success.

Finally, I touch briefly on the supply chain questions in the consultation which follow up on the recommendations my predecessor made in his 2018/19 Labour Market Enforcement Strategy.

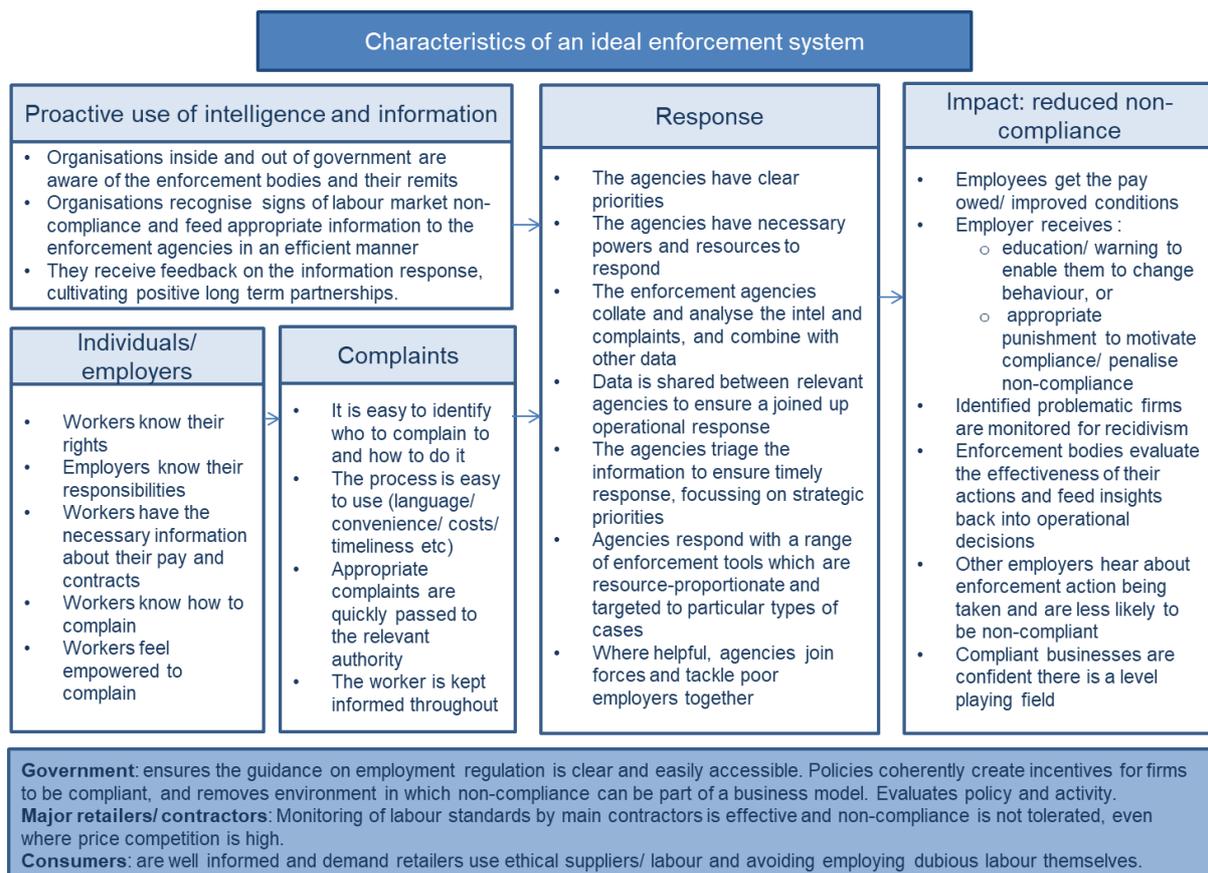
2. AIMS AND DESIGN PRINCIPLES FOR THE SEB

The single greatest potential benefit of a SEB is to start with a fresh approach, resolving some of the long-standing issues that have impeded enforcement in the labour market. To achieve this, it must avoid simply being a case of bringing together three organisations under one roof for them to continue working in the same way.

The resources and time required to set up a new body should not be underestimated. There needs to be clarity about what attributes and capability this new body will bring which cannot be achieved with the current set up.

The key questions are: what is the SEB going to do better than the current arrangement, and what principles need to be embedded in the design of the organisation to achieve that?

A good starting point is to examine the existing literature on the subject. A lot has been written about the good practice principles behind enforcement, not least by my predecessor in the two LME strategies for 2018/19 and 2019/20. Indeed, the principles of good enforcement was a key theme in the 2018/19 Strategy, which included the following diagram usefully setting out the characteristics of an 'ideal' enforcement system.



The 2018/19 Strategy also detailed the work of Weil¹ which emphasised the requirement for enforcement systems to have effective prioritisation to steer the deployment of resources, a strong deterrent effect to actively spur changes in behaviour, sustainability to ensure compliant behaviour is maintained, and system-wide impacts to make sure every layer of the industry has the incentive and pressure to comply.

The most recent LME Strategy (2019/20) discussed in detail the requirement to balance deterrence and compliance approaches and what this means for the approach of an enforcement body, both in its dealing with workers and employers.

The International Labour Organisation (ILO) has considered this from an international perspective and recommends as best practice that inspection should be placed under the supervision and control of a central authority, along with a series of good practice principles.

Having met with the three enforcement bodies and other key partners, my thoughts are very much in line with those of the previous Director, Sir David Metcalf. His view was that the key potential benefits of a SEB were:

- **Simplification:** allowing workers and employers to engage with one core inspectorate and enabling inspectors to utilise a broad perspective to identify, and deal with, multiple breaches at once.
- **Modernisation:** bringing employments rights and enforcement in line with contemporary working practices and closing those gaps and loopholes which allow the exploitation of workers to continue.
- **Improved strategic approach:** striking the most effective balance between compliance and deterrence and utilising limited resources in the most efficacious way.

I go into some of these issues in more detail in later sections of this letter, but first let us consider in more detail what this new organisation could do to improve compliance in our labour market. My absolute focus for the organisation would be to ensure:

- workers know their rights and can confidently challenge when these are not being met;
- employers who want to be compliant have clear information and resources to help them do so, and an easy route of redress where they find they have inadvertently not met the regulations;
- employers who are wilfully and repeatedly non-compliant are detected, investigated and dealt with robustly;
- public expectations of the labour market are raised, so that underpaying workers is deemed culturally unacceptable and is seen and called out as exploitation; and
- policymakers can base labour market regulation and enforcement policy on strong evidence and frontline insight.

¹ Weil, D. (2014) *The Fissured Workplace: How work became so bad for so many and what can be done to improve it*. Cambridge: Harvard University Press

I have identified nine aims and principles I believe are necessary for a successful SEB. I discuss each of these in turn below.

2.1 Displaying a strong unified ethos

The foundation of an effective SEB will be to have a **strong ethos** that staff buy into and that will steer the organisation as it develops. This is essential in setting up a cohesive organisation that builds on the best practice already developed in the three enforcement bodies and addresses some of the weaknesses of the current system. In particular, the different approaches, cultures and priorities of enforcement bodies is one of the issues that is repeatedly identified as a barrier to joint working, highlighting that the SEB will need to avoid setting up new silos within itself.

It is important that the ethos is developed before the new organisation is set up and not as an after-thought. I believe that early focus on getting this right will help set the direction of the SEB. While not wanting to define what the ethos should be at this stage, the themes I explore below give some ideas about what I think should be important to the new organisation. However, it will ultimately be for the staff and leaders of the enforcement bodies to co-design these into something that they can all feel part of and can help steer their work. Bringing staff in the current enforcement bodies along with the change will be highly important; it will be crucial to ensure that they play a significant part in defining what the new organisation is about and how it does things.

Government should look to learn from the lessons of previous public sector mergers and restructuring in order to avoid the risk of poor change management. This would involve drawing on the relevant experience and expertise. While policymakers can help set the parameters for the new body, I would strongly advise that the necessary skills are brought in at the right time to effect the change management itself, leading on implementing the evolution from current to the new structure.

2.2 High profile and credible

To improve its chances of success, it is vital that a SEB has a public-facing, well-known identity and brand so that everyone knows that this is the place to turn to for issues about non-compliance in the workplace. Several factors will be key to achieving this.

First, it would need an **appropriate, clear and recognisable name**. This should encapsulate the essence of what the new organisation is seeking to achieve rather than be couched in government institutional terms.

There should then be a **clear remit for the SEB and a credible rationale** behind this. I discuss further below issues around potential scope and remit of the SEB, but fundamentally workers and employers need to know what the SEB is for and how it interacts with other bodies and organisations, in the public, private and third sectors.

The SEB would need **strong and effective outward communications**, including: an accessible website; active social media targeting specific groups of interest with tailored messaging; sector and/ or geographical specific messaging where issues affect particular industries or areas; and recognisable branding. I would be looking for the SEB to use creative ways of getting to hard-to-reach groups of workers and to publicise how to contact the SEB.

Finally, the SEB should publicise successes and new developments, demonstrating that enforcement works. This is very much an opportunity missed currently by the three bodies.

2.3 Influential and independent

Closely related to its profile and credibility, the SEB would have to be – and be seen by stakeholders to be – independent, which in turn will help make it a more influential organisation. I discuss the independence issue as part of governance considerations further below. Equally, part of this will be to ensure the SEB is viewed both as a worker's advocate but also supporting compliant businesses and working to ensure a level playing field.

The aim must also be for the SEB to play a central role in discussions on challenging issues; being the expert on difficult employment issues and being consulted on new developments in workplace practices.

There is also an important role post-EU exit, where the organisation would have an international profile, demonstrating strong labour market practices in the UK and engaging other countries to strengthen the UK's reputation as a good place to work and do business.

2.4 Accessible and enabling culture

I believe a SEB should be **open and outward-facing**, an organisation focused on helping workers and employers who want to be compliant. This might be achieved in the following ways:

- **Improving accessibility** to information and help: the SEB should examine the different ways and channels through which people can ask questions or seek advice. Well-trained advisors would offer good quality information and advice, displaying a positive attitude to businesses asking for support. By adopting solutions to simplify reporting processes, a single body could not only encourage more people to report concerns but may also help to provide a more holistic view across the whole spectrum of labour market non-compliance and exploitation.
- **Flexible and transparent use of information:** the SEB should be open to receiving and processing information in a multitude of ways (including online, via apps etc.), while being clear on how this will be used. It should also consider how it could be more transparent with the information it produces itself, for instance by making information around inspections public, similar to how Ofsted or the Food Standards Agency currently

operate. This would allow workers to make informed decisions about the employer/ agency they chose to work for.

- **Clear and innovative use of guidance:** guidance needs to be in plain English and searchable for both workers and employers. It should explore different ways of explaining complex issues (as HMRC are doing with YouTube videos and 'bite size' guidance sections for common problems). Guidance should be developed with input from stakeholders, as the enforcement bodies have increasingly sought to do.
- **Responsive:** there needs to be a rapid response where information that is actionable is received. To make this possible, it will need to be clear what information is needed to make intelligence actionable to improve the quality of reporting.

2.5 Powerful and innovative use of data

The SEB needs to be a **well-informed organisation:** data will have to be a cornerstone of the targeting of resources for the new modernised organisation.

The organisation needs to have **access to the right data**, particularly with wider HMRC as explored further below, but also with other partners such as local government and other enforcement bodies including Health and Safety Executive (HSE).

There is a clear opportunity for the SEB to be **innovative in its methods** and at the forefront of Government **intelligent use of data**. It should look to develop expertise in new data analytics techniques to identify trends and understand correlations between non-compliance in different areas. This will inform the effective targeting of resources and facilitate effective joint working with outside agencies. HMRC NMW have already made a good progress in developing their data analysis capabilities, and the new organisation will need to build on this expertise and experience.

As argued in the LME Strategy 2019/20, there is scope to utilise existing case information, intelligence and frontline insight in a far more strategic way to inform the targeting of persistent and higher risk areas of non-compliance.

2.6 Credible and proportionate compliance and enforcement capacity

One of the key messages to emerge from the LME Strategies to date has been around the **balance between compliance and deterrence approaches to enforcement**. This recognises the range of reasons for non-compliance among employers and adjusts the response accordingly. In many cases, employer non-compliance is down to ignorance and lack of awareness of the law, but there are other cases where non-compliance can be more deliberate, repeated and be an integral part of the actual business model. The enforcement approaches to each of these must be well considered.

I strongly believe that employers should be able to access clear, timely guidance on employment law to help them get it right. Recent LME Strategies have placed a lot of focus

on improving compliance and I would expect a SEB to similarly prioritise this. This in fact should form a fundamental part of the SEB's approach in terms of being open, approachable and helpful to workers and employers alike.

Equally though the SEB will also need to have **strong and consistent powers** to impose penalties on employers where they are found to be non-compliant. These must have a strong enough deterrent effect such that they will affect employer behaviour. Part of this will involve publicising enforcement successes, much more than is done currently. I discuss in the remit section below that the SEB should in time also have powers to ensure financial penalties and arrears are paid.

2.7 Maintaining strong national and local partnerships

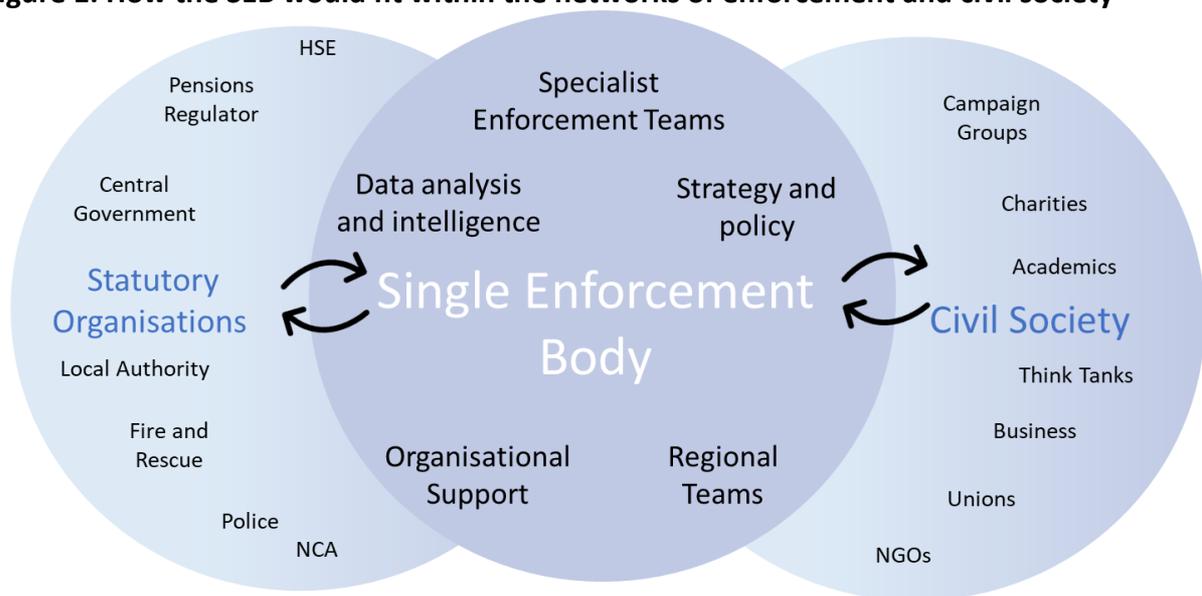
A SEB would need to operate nationally at one level, acting as a central base for strategy, intelligence and specialist analyst roles and organisational support. At the same time, the SEB needs to be rooted in partnerships with a strong local presence, with regional teams of enforcement officers who are based around the country. This could mirror and potentially co-locate with the 11 regional Acas offices across Great Britain.

Beyond this, a SEB would need to be interconnected within the networks or 'ecology' of enforcement, both nationally to see the bigger picture and understand the trends and changes going on in the labour market, but also locally and with wider civil society.

Relationships with organisations such as the National Crime Agency (NCA), police, HSE, Insolvency Service, wider HMRC and others will need multi-level engagement through the organisation (i.e. including strategy, intelligence and operations). Working together to understand and deal with problems in the labour market will be essential, as whatever the remit of the SEB, there will be cross overs with other organisations where joint working will be required to ensure the best outcome for individual cases, as well as a holistic understanding of the labour market issues. For operational matters, there needs to be a named lead official within each relevant organisation who can liaise with the SEB, that the officers from the SEB can 'call in' for support when it is required.

Similarly, at the regional level, teams of generalist enforcement officers will be able to develop their own links with local networks including with police, local authorities, Non-Governmental Organisations etc. There is potential here to learn from local enforcement approaches such as those used in Food Standards and parts of Health and Safety. DLME work to date has highlighted the importance of local knowledge, better information flows and joint working between partners, and a more geographically equal spread of enforcement across the country.

Figure 1: How the SEB would fit within the networks of enforcement and civil society



2.8 Accountable, transparent and continuously learning

A key aspect of the SEB is that it should be very much a **learning organisation**, seeking to challenge itself, be transparent and properly evaluate its performance, whilst also learning from others and welcoming external advice and input.

As I discuss later, evaluation that is inbuilt into the SEB's processes is a core part of this. Information and data need to be used effectively within the organisation to highlight where things are working well and what needs to change. It should be clear from the outset that the organisation will be transparent and accountable.

The SEB should aim to be continuously improving both in itself and across the broader labour market enforcement landscape. One of the real opportunities afforded by the move to a SEB is to critically examine just how compliance and enforcement can be done differently and to much greater effect. This is where I see the main benefit and gain from bringing the existing enforcement bodies together, such that it is greater than the sum of its parts.

Similarly, the SEB should become a world leader and expert on what works in enforcement strategy and approach. It should be proactive in both sharing its own best practice with others internationally and learning from others. Engagement should be with a wide range of stakeholders to help guide policy and raise the bar for collecting and analysing information in the labour market.

2.9 Resourcing

As has been highlighted in previous LME Strategies, the resource devoted to labour market enforcement in the UK falls below the average recommended by the ILO. That said, overall resources for the three bodies under my remit have increased markedly in recent years and the impact of this additional resource will need to be fully assessed in due course.

As a minimum – and on the assumption that the initial scope of the SEB is broadly similar to the current responsibilities of the three bodies – I would **not** expect aggregate resourcing (currently of the order of £33 million) to be reduced. Government commitments to take on additional enforcement responsibility (such as for holiday pay and umbrella companies) suggests that resourcing needs to expand further². Not only should the SEB not be seen as a cost-cutting opportunity, but government will need to be ready to make further investment to help ensure the SEB's success, particularly in the initial time period while it establishes itself.

As I argue below, enforcement responsibility for Employment Tribunal (ET) awards and statutory sick pay (SSP) could in time be integrated into a SEB. Existing budgets for these areas would therefore need to be transferred across.

Of course, the SEB should allow opportunities for efficiency gains to be made (for instance, as compliance officers broaden their remit), though this will need to be assessed in the context of the national/regional geographical structure of the SEB that I am proposing below.

² Non-compliance with holiday pay is estimated to be even greater than non-compliance with NMW, itself the major use of resourcing under the current enforcement system.

3 KEY ISSUES TO BE RESOLVED BEFORE ESTABLISHING THE SEB

There are four main issues that need to be resolved before the SEB is established. These are: its remit; its powers; access to data and intelligence; and, its governance. Each of these is discussed in further detail below.

3.1 Remit

Under this heading, I would like to highlight three broad areas for response, some of which are captured by the consultation document. These are:

- 1) How much of the customer journey (for both workers and employers) should be captured under the remit of a SEB, e.g. whether this should ultimately cover provision of advice through to employment tribunal cases.
- 2) What the subject scope of the SEB should be; that is, whether to only focus on the remits of the three existing enforcement bodies or to extend this to other areas.
- 3) How modern slavery offences in the labour market are enforced.

The remit of the SEB needs careful consideration. The SEB should not be somewhere for random elements of workplace issues to end up – there needs to be a logic and strong argument for what is included and what remains separate from the SEB.

For me, the key underlying principle of the SEB is to prevent and address harm to workers.

Where harm has already happened, it is there to rectify that situation and deploy penalties against the employer to deter them and others from similar behaviour.

3.1.1 Customer journey

As has been highlighted in previous iterations of the annual Labour Market Enforcement Strategy³ and earlier in this response, there are several characteristics that I believe are necessary for an ideal enforcement system. These range from provision of advice to employers and workers so that they are aware of their rights and obligations and where to seek help if necessary all the way through to ensuring workers receive the remedies they are due in cases of non-compliance.

Not all these necessarily have to fall under the roof of a single body. Currently in the UK system, advice is provided by the state by both the enforcement bodies themselves and Acas. Other organisations (e.g. Citizens Advice, law firms) are an important complement to these. At the other end of the spectrum, Employment Tribunals provide remedies for individual rights cases (e.g. unfair dismissal) and the state labour market enforcement bodies address remedies directly for the areas under their remit.

³DLME (2018) <https://www.gov.uk/government/publications/labour-market-enforcement-strategy-2018-to-2019>; DLME (2019) <https://www.gov.uk/government/publications/labour-market-enforcement-strategy-2019-to-2020>

Other countries (including Ireland) integrate their advice services within their single labour market body⁴. I am not proposing that Acas' role should change in this regard. The services and advice that Acas provides go far beyond the existing scope of the SEB. As DLME has argued previously, we would favour a much more prominent and higher profile role for Acas to improve the reach of their services and ensure workers and employers alike have the best possible access to good quality and consistent employment advice. There will of course have to be discussions about how Acas and the SEB act together and work to ensure this is an effective referral route and partnership.

In terms of tribunals and remedies I am similarly inclined to leave the system as it currently stands rather than bring this into a SEB. There have been and continue to be issues around access to ETs (e.g. fee charging), but this can be resolved outside of SEB discussions, I believe. That said, the issue of enforcement of ET awards may still be relevant to SEB and I will return to this below.

3.1.2 Scope of the single body

A fundamental question raised by the SEB consultation is whether a new body should simply be an amalgamation of the existing three enforcement bodies – plus the addition of enforcing holiday pay – or whether a SEB provides a real opportunity to include other areas that may benefit from single enforcement oversight.

I have already stated clearly that, should a single body be created, it must seek to be more than just aligning existing enforcement efforts. Not only should the body be a new and separate legal entity, but it should signal a whole new approach to compliance and enforcement in the labour market.

However, the SEB consultation document raises questions about the potential relationship between the SEB and other areas of state enforcement⁵. **I am of the view that the creation of the SEB should focus on the existing combined remit, with a view to potentially expanding its remit once the SEB is fully operational and proven to be working well.**

Regarding the SEB's future remit, I consider this here in terms of first, existing government commitments for extending state enforcement; second, whether other existing areas may be included within the SEB at some point in the future; third, those areas that I do not believe should sit within the SEB framework.

(i) Existing government commitments

Following recommendations from both my review of Good Work and the first Labour Market Enforcement Strategy (2018/19), the government has accepted that the state should take on the role of **enforcing holiday pay**⁶.

⁴ Workplace Relations Commission. <https://www.workplacerelements.ie/en/>

⁵ BEIS (2019) Good Work Plan: Establishing a Single Enforcement Body for employment rights <https://www.gov.uk/government/consultations/good-work-plan-establishing-a-new-single-enforcement-body-for-employment-rights>

⁶ HM Government (2018) Good Work Plan <https://www.gov.uk/government/publications/good-work-plan>

The evidence suggests the cost of non-compliance here is even greater than that for National Minimum Wage (NMW) non-compliance and hence this is an enforcement gap that urgently needs to be filled. The SEB therefore should take on this enforcement responsibility soon after it is established.

The scale of the enforcement challenge here remains unknown though, partly because the target group of vulnerable workers still must be defined. What does seem clear, however, is that enforcement of holiday pay will require significant additional enforcement capacity.

Beyond this, I would urge the government to recognise that failure to pay holiday pay can effectively mean companies are non-compliant with NMW. Going forward, it is clear that raising awareness of the entitlement to holiday pay will need a strong publicity campaign and is something that should also be built into the Day 1 statement.

The government has also committed to the **enforcement of umbrella companies**, again following a DLME recommendation. The Employment Agency Standards inspectorate (EAS) has been charged with this responsibility. This is a potentially complex area and overlaps with wider tax avoidance issues within HMRC, so the government should consider how this area can best be enforced.

Before considering potential additional areas to include under the SEB, it is worth considering the scale of the enforcement task at hand, including the current remit of the three bodies and the commitments that Government has given to enforce holiday pay and umbrella bodies.

Table 1 shows the scale of the problem being enforced, current enforcement remits and resources and some likely trends in the near future. As can be seen, this is already a significant undertaking to bring these areas together, making it even clearer why it is important to be clear and selective about what further elements might be included within the remit of the SEB.

Table 1: Enforcement issues currently covered and those which Government has committed to enforcing

Enforcement issue	Current enforcement remit and resource	Scale of the issue	Likely trend in near future
NMW	HMRC NMW team - 412 full time equivalent staff with funding of £26.3m in 2018/19.	Total of 582,000 underpayments in 2018. 493,000 NLW (31% of covered underpaid), 47,000 21-24 (28%), 28,000 18-20 (23%), 5,000 16-17 (13%), 9,000 Apprenticeship Rate (29%).	Increase NMW suggested by both main parties. In 2018, NLW covered 1.6m workers aged 25 or over, or 6.5% of the workforce ⁷ , predicted to rise to 2.4m (9.7% of workforce) with 2019 rates. ⁸
Licensed sectors	GLAA - 122 full time equivalent staff with funding of £7.1m in 2018/19.	Over 1,000 licensed labour providers supplying around 0.5m workers.	Number of gangmasters in current sectors unlikely to decrease – impact of EU exit unknown on labour provision and risks of non-compliance in agriculture/ food processing in particular.
Employment agencies	EAS - 2018/19 - 15 full time equivalent staff with funding of £725,000 Staffing levels have increased in 2019 (currently around 24 staff).	Approximately 28,000 employment agencies covering 1.1m workers.	Employment agencies unlikely to decrease, complaint rates increased 50% from 2016/17 to 2017/18, there is also impact of online recruitment and difficulties associated with enforcing this new sector.
Labour exploitation	GLAA in partnership with other agencies – GLAA has 36 LAPOS in 2019.	Scale of modern slavery and labour exploitation unknown. NRM data indicates almost 7,000 potential modern slavery victims referred in the UK in 2018. Specifically in England and Wales in 2018: 10 defendants prosecuted for MS on principal offence basis for slavery, servitude and forced labour, and 3 offenders were convicted. ⁹	Likely trends for labour exploitation unknown. My view is to take high level exploitation i.e. modern slavery out of the SEB and ensure continue working closely with Police and NCA and other agencies where appropriate. This enables the body to concentrate on mid-level exploitation.

⁷ Low Pay Commission (2019) Non-compliance and enforcement of the National Minimum Wage <https://www.gov.uk/government/publications/non-compliance-and-enforcement-of-the-national-minimum-wage-april-2019>

⁸ Low Pay Commission (2018) National Minimum Wage: Low pay commission report 2018 <https://www.gov.uk/government/publications/national-minimum-wage-low-pay-commission-2018-report>

⁹ HM Government (2019) UK Annual Report on Modern Slavery. Table A12. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/840059/Modern_Slavery_Report_2019.pdf

Holiday pay	Not enforced apart from through EAS via their regulations and GLAA through licensing conditions.	Government has committed to introduce legislation to enforce holiday pay, this process will be continued when parliamentary timetable allows.	It is estimated that £1.8 billion of holiday pay remains unpaid in the UK each year ¹⁰ , outweighing all other unpaid wages.
Umbrella bodies	Not enforced	There is lack of clarity as to who can enforce the different elements of non-compliance. HMRC has powers to investigate in NMW issues, but mainly intervene on grounds of VAT or NI manipulation.	Umbrella bodies or intermediaries are difficult to define and count, however FCSA estimated there were 500 umbrella companies employing over 500k workers in 2017/18. ¹¹ Enforcing these organisations will entail a significant amount of resource, joint working, investigation and ingenuity to come up with effective strategies to police the different issues involved.

¹⁰ Clark and Herman (2017) *Unpaid Britain: wage default in the British labour market*. November 2017, Middlesex University. Available at: http://www.mdx.ac.uk/_data/assets/pdf_file/0017/440531/Final-Unpaid-Britain-report.pdf?bustCache=35242825

¹¹ Evidence submitted for DLME (2018) UK Labour Market Enforcement Strategy 2018/19. <https://www.gov.uk/government/publications/labour-market-enforcement-strategy-2018-to-2019>

(ii) Areas to potentially include in the future

There are then two areas of state enforcement that should potentially be considered for inclusion in the SEB at a later date: **statutory sick pay (SSP)** and **enforcement of ET awards**. Both strike me as falling within the remit and ethos of a SEB, as they seek to ensure that workers receive financial reimbursement they are due from employers.

Department for Work and Pensions (DWP) and the Department for Health and Social Care (DHSC) consulted on reforms to SSP earlier this year¹², including on issues related to compliance and enforcement. As suggested in the consultation document, there does appear to be a case for SSP to be enforced in a similar way to enforcement of the NMW. This would strengthen the existing enforcement regime and allow for an increase in non-compliance penalties for employers. As such, this would seem a suitable alignment in enforcement approach and therefore a good fit for the SEB.

Regarding the **enforcement of ET awards**, BEIS research shows that only around half of claimants receive the full financial awards they are due following an ET case without the need for enforcement.¹³ Even after enforcement interventions triggered by the claimant, around a third of awards remain unpaid in England and Wales. This is obviously totally unsatisfactory.

Although individuals wishing to pursue payment of awards can do so via the courts, the state also provides an additional route via BEIS' ET penalty scheme. In principle I would be in favour of the SEB taking on this responsibility, however this requires some consideration.

As part of the follow-up consultations to my Good Work review, the government announced in its Good Work Plan in December 2018 that it would introduce a public naming scheme (akin to the one used for NMW underpayments) for those employers who fail to pay awards to claimants. Employers have therefore been liable to be named since February 2019, though to date none have been. I would like to see this implemented and know its impact before it was taken into the SEB

There would also need to be clarity around how financial debts are recovered in practice, both in terms of arrears/awards for workers and collection of penalty revenue from non-compliant employers. This is an issue that will need to be considered more broadly across the SEB. Currently debt recovery for NMW is contracted out to the wider HMRC, so appropriate institutional structures will have to be in place for the SEB to make this feasible.

(iii) Areas not to include

Having considered the remit issue very carefully, there are some areas that I think do not fit within a SEB as I envisage it. These are: equalities issues (discrimination and harassment in

¹²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/816910/health-is-everyones-business-proposals-to-reduce-ill-health-related-job-loss-print-ready.PDF

Paras 101 - 107

¹³ BIS (2013) payment of Tribunal Awards. 2013 IFF Study.

the workplace); modern slavery and the enforcement of company modern slavery statements; and immigration enforcement. I deal with each of these in turn.

Equalities duties – discrimination and harassment in the workplace

My predecessor appeared before, and provided subsequent evidence to, the Women and Equalities Committee in May this year on enforcement of the Equality Act.¹⁴ **I concur with his view that there is not a strong case of synergy, increased efficiency or effectiveness for issues of equalities to be included within the single enforcement body.**

As the letter from Sir David Metcalf to the Committee is in the public domain, I shall only summarise the key arguments he made here.

First, areas of non-compliance currently covered by the three labour market enforcement bodies are very different from the majority of those covered by Equality Act. The Equality Act 2010 legally protects people from discrimination in the workplace and in a range of other settings. This includes direct and indirect discrimination, harassment and victimisation.

Discrimination and labour exploitation are both impacts that can happen to people in the workplace, it might seem sensible to have them being enforced by the same organisation, however, in my view, they are not necessarily aligned in terms of:

- the **employers** who are the target for enforcement – the employers who discriminate (and particularly those against whom the Equalities and Human Rights Commission (EHRC) would want to pursue high profile cases which change the behaviour more widely across the labour market) are not necessarily the same as those who do not meet minimum employment standards.
- the **workers** who are most likely to be victims - although there may be an element of discrimination when employers under-pay and exploit workers for their labour, the state enforcement bodies and the legislation behind their enforcement powers, look at the issue in terms of meeting the minimum requirements rather than comparing treatment across worker groups.
- the **mechanism** of labour market enforcement targets the employer and do not need an individual to make a complaint to act. In contrast, the Equality Act 2010 enforces individual rights, requiring the worker to present their evidence to a tribunal to secure redress. This is a significant difference which impacts on the process of enforcement from end to end and is fundamental to how the enforcement bodies operate.

Other important points to consider are:

- state bodies focus on employers meeting standards which are mostly clear cut;

¹⁴ <https://www.parliament.uk/documents/commons-committees/women-and-equalities/Correspondence/30-05-19-Equality-Act-David-Metcalf.pdf>

- the powers and penalties used for enforcing the different non-compliance are also different; and,
- enforcing equalities goes beyond the labour market.

Finally, on the issue of gender pay gap reporting, I would view compliance with this obligation as part of overall company reporting rather than enforcing an individual's rights, which I believe should be the focus of the SEB. I discuss wider company reporting later.

Immigration enforcement

Although not raised in the consultation document, I wanted to take this opportunity to set out my position regarding LME and immigration enforcement.

Since the establishment of this post, both my predecessor and I have been clear that the focus of DLME is on *achieving employer compliance* and not on individual workers per se. During the consultation for the first LME Strategy in 2018 concerns were voiced by many stakeholders about conflating labour market enforcement with cracking down on illegal migrants. I share this concern and would want to ensure that the SEB does not assume any responsibility for immigration enforcement as part of its remit. That said, I continue to encourage all state enforcement bodies to continue to work together in terms of data and intelligence sharing, where this results in better targeting of potentially non-compliant employers.

Tackling severe labour exploitation

There is one area within the existing remit of the three bodies where I believe change may be needed. This relates to enforcement in cases of severe labour exploitation that fall within the definition of modern slavery.

Labour exploitation offences – though not other offences under the Modern Slavery Act 2015 (such as sexual exploitation, domestic servitude, organ harvesting) – have been enforced by the GLAA since their remit was extended through the Immigration Act 2016.

The ILO defines labour exploitation as:

“All work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.”

As the GLAA publication ‘Labour Exploitation: Spotting the Signs’ describes how *“victims are controlled by force, threats, coercion, abduction, fraud and deception”*.¹⁵ Labour exploitation is characterised as often involving debt bondage, confiscation of documents such as worker's passport, being more vulnerable by working in remote locations and threats of harm (physical and mental).

In its consultation on setting up the ODLME in 2015, the government highlighted a shift in non-compliance with labour market regulation towards more deliberate non-compliance

¹⁵ <https://www.gla.gov.uk/who-we-are/modern-slavery/who-we-are-modern-slavery-spot-the-signs/>

and the increasing presence of organised criminal activity amounting to labour exploitation.¹⁶ It noted that “*serious and organised crime gangs are infiltrating legitimate labour supply chains across a number of sectors and that the incidence of forced labour may be growing at a faster rate than other forms of exploitation.*”

While there is some evidence of this, including the year-on-year growth in the volume of potential victims of labour exploitation within modern slavery referred to the National Referral Mechanism (NRM), drawing a conclusive picture on the extent of organised crime in the UK labour market remains difficult.

I think we should draw a distinction between labour market non-compliance, such as not paying NMW and illegal deductions from wages, and labour exploitation as understood within modern slavery. Within the spectrum of non-compliance, even deliberate and systematic labour market violations mostly fall short of what would be considered modern slavery which is the extreme end of the scale. To my mind, the level of coercion, threat and the victims inability to leave a situation of modern slavery makes it qualitatively different from the less extreme types of labour abuse, both in terms of impact on the victims and the type of investigations and enforcement required.

Clearly the SEB will have to be designed to cover a range of labour market offences, just as the enforcement bodies such as HMRC NMW have done, by reorganising and refocusing their compliance teams such that they are aligned to the relevant offences along this spectrum. The SEB would have to ensure it is able to manage its resources across the spectrum in a similar manner. However, I question whether GLAA’s current role in enforcing severe labour exploitation should be included in the new organisation.

The GLAA’s powers to tackle serious labour exploitation are relatively new and given the level of resources at its disposal, it cannot possibly be the main enforcer against labour exploitation. Recent government data highlight that almost 7,000 potential victims of modern slavery were referred to the NRM in 2018 and just under 4,000 of these were classed as labour exploitation.¹⁷ GLAA were responsible for 33 referrals in 2018, whereas the police/NCA and Home Office Visas and Immigration (UKVI) carried out over 2,000 referrals each. The GLAA role and level of resources in tackling modern slavery, while effective and important, is therefore modest in relation to the scale of the problem.

The scale and complexity of investigations required into modern slavery labour exploitation are significant therefore inclusion of labour exploitation within the SEB would require substantially more resources and stronger powers than would otherwise be appropriate. There would also be the risk that including modern slavery offences would skew the distribution of resources, away from the mid-level offences which would not fall under the remit of any other enforcement body.

¹⁶ BIS (2015) *Tackling exploitation in the labour market*. <https://beisgovuk.citizenspace.com/lm/tackling-exploitation-in-the-labour-market/>

¹⁷ UK Annual Report on Modern Slavery, Home Office, October 2019
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/840059/Modern_Slavery_Report_2019.pdf

I therefore question from a resourcing, powers and SEB ethos point of view (being an open and transparent organisation) whether responsibility for serious labour exploitation within modern slavery should be undertaken outside of the SEB. Where this responsibility might instead be located needs to be considered further and I remain open to discussions with stakeholders on this.

Enforcement of modern slavery statements

Equally I do not believe that enforcement of modern slavery (MS) statements, also known as Transparency in Supply Chain (TISC) reporting, should sit with a new single body either.

MS statements aim to encourage businesses to be transparent in their policy for and handling of any identified exploitation within their supply chains:

“...a statement of the steps the organisation has taken during the financial year to ensure that slavery and human trafficking is not taking place” ([MSA15 s54](#))

Critics of the MS statements scheme argue that there is no enforcement around these, nor any penalty for non-compliance, so there is little to encourage businesses to produce considered statements or statements at all.¹⁸

I do agree that MS statements need enforcement and a better system to promote good practice if they are to be effective, however I am not of the opinion that they should be included within the SEB because it is not in line with the principle that I set out earlier - that the SEB is concerned with **preventing and dealing with harm to workers**.

Fundamentally, in the case of MS statements, there has not been any harm to workers from a business not publishing a statement. I see this more in terms of a corporate reporting requirement. I would propose that government looks at organisation financial and non-financial reporting in the round to assess how best to improve compliance with a range of requirements.

3.2 Powers

(i) Aligning/boosting existing powers

Currently compliance and enforcement officers across the three labour market bodies have a range of powers at their disposal and these vary by organisation. A degree of alignment of these powers under a SEB is inevitable and will require legislative change.

¹⁸ Currently, the process is similar to that of gender pay gap reporting: the Secretary of State can seek an injunction through the High Court requiring an organisation to comply with s.54 and failure to comply with the injunction is punishable by an unlimited fine (contempt of a court order). This method of enforcement does not seem proportionate for MSS, nor do there appear to be sufficient investigative powers to ascertain non-compliance in the first place.

There may also be a case for powers to be strengthened in some areas. One current challenge enforcement agencies increasingly face is the lack of 'actionable intelligence', which can act as a barrier to undertaking more proactive investigations within high-risk sectors. This can leave enforcement agencies reliant on receiving worker complaints before workplace entry can be justified. When the most vulnerable workers feel unable to complain (for fear of reprisal from their employers/gangmasters), non-compliance will remain undetected and the labour violations will continue. Government may wish to consider therefore whether compliance and enforcement officers within the SEB should have stronger powers of entry, similar to those available to inspectors in the HSE.

Whatever the outcome in terms of aligning or strengthening powers, a major benefit of the SEB is likely to be simplification - employers should be clearer on what is expected of them and the consequences they face if they fail to comply. Compliance/enforcement officers should be better placed to apply the law consistently, especially as the regulatory range of their work is likely to expand if they become generalist enforcement officers.

(ii) ***Reviewing sanctions***

Just as with powers as discussed above, there is currently an array of interventions and sanctions available to the three bodies. First, there would need to be some alignment here to ensure consistency in approach for offences of a similar nature or severity. Secondly, the creation of a SEB provides an opportunity to assess the success of these various interventions in tackling non-compliance. For instance, previous LME Strategies have suggested reviews of the impact of reputational penalties (i.e. naming employers for NMW non-compliance) or the level of fines and penalties to understand how these act as a deterrence effect. Equally, further trials and testing of compliance approaches to nudge employers in the right direction would be beneficial.

(iii) ***Powers to tackle new and emerging threats***

The SEB will also need to respond to a changing world of work, where different enforcement challenges come to the fore and new or amended powers are needed to tackle these.

An obvious example here is around online and app-based recruitment, creating grey or complicated areas of responsibility, for example where jobs boards are hiring agencies or where online recruitment agencies are based abroad beyond the reach of UK regulation. The 2019/20 LME Strategy raised this as a particular concern and has asked government to examine this area further.

As the economy becomes more digitised the potential problems that emerge from shifting to these platforms stretch well beyond the labour market. I would be keen therefore to see a wider government focus here, probably as part of the National Data Strategy.

(iv) Supply chains

I was pleased that the current consultation is also seeking views on the recommendations regarding enforcement in supply chains made by my predecessor in the LME Strategy 2018/19. As I concur with and am fully supportive of those recommendations, I shall not discuss these in much detail here.

There is undoubtedly a concern that with the increased fissuring seen across many sectors in the modern economy, there is a heightened risk of non-compliance with employment regulations. The previous Director made recommendations on introducing **joint responsibility** throughout the supply chain for those areas of employment law falling within the scope of my remit. There may be a case to be made for extending this to other areas, but as this is outside of my ambit I will not comment further on this here.

What is important to recognise is that the idea of *joint responsibility*, involving the head of the supply chain along with suppliers found to be non-compliant further down the chain, is intended to allow firms the opportunity to seek swift resolution of non-compliance. Initially this could be achieved in private, though further sanctions could apply if there is no improvement. Some stakeholders expressed a desire for a much stronger *joint liability* approach, but this was considered too adversarial (though this option should be left open should joint responsibility, following proper evaluation, prove insufficient as a deterrent).

On the DLME **hot goods** recommendation, this is a tried and tested approach in other jurisdictions. Clearly it can only apply to goods rather than services and further work will be needed to determine in which sectors this could be most effective. One obvious sector would be textiles, particularly given the serious non-compliance issues on which we have seen evidence. The threat of disruption to the fast fashion business model could have a strong deterrent effect.

3.3 Data access, intelligence, and joint working

(i) Data access

Central to enforcement generally and to a SEB specifically is a system whereby data and intelligence can be shared in a timely fashion to help better target interventions by compliance officers.

The establishment of the Information Hub within my own Office has helped bridge some of the gaps between the three enforcement bodies. The Hub has encouraged greater joint working among the three bodies as well as with other state enforcement organisations. This has involved better information and intelligence sharing and co-ordination of joint operations.

In terms of access to data and intelligence in particular, an essential element to date has been the access that HMRC-NMW has to the wider data held in HMRC for tax purposes. This has allowed predictive analytics to better identify where and what types of employer non-

compliance may be found. It also allows investigators from other parts of HMRC and other enforcement bodies (e.g. such as HSE etc) to check and verify intelligence against a broader database of intelligence.

The creation of a SEB risks jeopardising this access to the HMRC tax information and hence the effectiveness of labour market intelligence and enforcement. A single body can only be viable if such links are maintained. As things stand a SEB would lose access to this information.

Further consideration will have to be given in due course to exactly how a SEB is designed and implemented. But what is clear at this stage is that there would be a physical separation between the current NMW enforcement and the rest of HMRC. **A solution will need to be found therefore where data access and intelligence sharing with the main HMRC can continue, either through a data-sharing agreement between a SEB and HMRC or potentially via a SEB data/intelligence hub that sits within HMRC.**

The specific SEB data access issue can also be viewed through the lens of broader discussions to improve data sharing across government. A recent report from the House of Commons Committee of Public Accounts noted:

...previous initiatives to improve the use of data across government have not delivered the benefits promised. The government has barely scratched the surface of what it needs to do so it can use data to deliver joined-up public services and increase efficiency. This will not be a quick or simple task as there are significant challenges. These include a lack of government-wide data standards; ageing IT systems; fragmented leadership; and a civil service culture that does not support sharing data across departmental boundaries. Government must tackle these while upholding the public's trust in how government uses their data.¹⁹

The point made about trust and confidentiality is an important one. HMRC and other organisations rightly prioritise this aspect of data management. However, I do believe that with sufficient will and support across government, there ought to be opportunities to improve upon the current position.

The Committee also noted that following the introduction of the Digital Economy Act (2017) there now exists an easier process for public bodies to secure legal authority to share data. As a result, some 36 new data sharing agreements have been approved, but cultural change and access to the right technology are needed for further data sharing to happen.

I am therefore keen that government continues to push for progress here and that there is consideration of the specific case of data sharing needs for the SEB as part of DCMS' forthcoming National Data Strategy in 2020.²⁰ Furthermore, any future data sharing agreements involving HMRC would need to be 'future-proofed', to allow existing sharing

¹⁹ Challenges in using data across government, House of Commons Committee of Public Accounts, September 2019

²⁰ <https://www.gov.uk/guidance/national-data-strategy>

agreements to be updated quickly and easily should new or amended data sources come onstream.

(ii) Intelligence and joint working

One of the criticisms of the current situation is that the three bodies and wider partners operate in silos and, while intelligence sharing has improved since the formation of the ODLME, there is recognition from all parties that it is still far from ideal. Having a single enforcement body with a single intelligence and case management system could change that.

In terms of the intelligence cycle, two processes are particularly important to overall efficiency; firstly, receipt, initial evaluation and distribution, secondly, how well frontline staff engage with the intelligence function. This has often been a challenge for law enforcement agencies. If these are managed well, then the following benefits could be realised:

Strategically, it would facilitate development of a single holistic picture of threat, risk and harm, allowing one consistent set of overall priorities and intelligence requirements to be agreed. A single system would augment the capability to analyse intelligence and understand trends, emerging risks, segmentation of sectors and types of employers or businesses according to risks and types of non-compliance. This would create a much more informed strategic position for the SEB.

Tactically, a single body would mean the potential for a single intelligence system that could save time and resource that would otherwise be used to search multiple disparate systems. It could also reduce the risk of information held on certain systems being missed, ensuring that operational staff are able to make informed decisions about cases and priorities.

Operationally, a single intelligence and case management system could increase and simplify access to information and reporting processes. Some of the steps in a complaint could be automated, and there would be a single traceable record through from collection to triage of information, case adoption, decisions on appropriate intervention to outcome of investigation. The overall outcomes could report management information and feedback into operational/ tactical/ strategic intelligence processes. Technology will be key in facilitating this, potentially helping to maximise the benefits of information and intelligence at both the tactical and strategic level. Some of this information could also be open to the complainant to enable them to track their case progression.

Intelligence Model

Careful consideration needs to be given to the organisations underlying intelligence model. One option for considering an effective intelligence and tasking capability within a single body is the National Intelligence Model (NIM). NIM, originally developed by the National Criminal Intelligence Service (NCIS), brings together best practice in intelligence led policing and law enforcement. It was created to professionalise the intelligence discipline within law enforcement and incorporates the tasking and co-ordination process, knowledge products,

system products, analytical techniques and products.²¹ NIM is central to policing in England and Wales but has also been adopted more widely within the law enforcement community, including by the GLAA and NCA.

However, the appropriateness of NIM for public services with investigatory capabilities beyond the police has been questioned - something which would need to be considered with any application to a single body. Previous attempts to introduce a NIM model in organisations such as the DWP, the Identity and Passport Service (IPS) and the Driving Standards Agency (DSA) found this approach ultimately not fit for purpose and that an alternative model that is more finely tuned to the needs of those agencies was required. It argues that the NIM's policing focus substantially restricts its broader productive employment into the public service and that perceived complexity of the minimum standards may defy conformity with the model's 'guidance'.

3.4 Governance

I believe that a SEB would best be formed as a new legal entity, as opposed to a simple amalgamation of the three existing enforcement bodies under one roof. It is important that a new body forges a new identity and sets new strategic objectives. Naturally the body would look to draw on the skills and expertise of those currently enforcing employment regulations, but at the same time there is a real opportunity to bring a much greater degree of joint working between the various areas and thereby overcome some of the long-standing silo working issues.

(i) Overall Governance

Careful consideration also needs to be given to the institutional basis of a new body. Several models already exist in the public sector which could inform how the new body should be governed.²²

I would support creating a new institutional and governance arrangement similar to that of the GLAA whereby there is operational independence, but where an existing government department is responsible for its primary and secondary legislation.

A SEB would therefore be governed by a board of executive and non-executive directors, with an independent chair which would then be accountable to ministers and overseen by the National Audit Office. I would also encourage non-executive directors to engage with employers and unions, similar to the Low Pay Commission approach.

(ii) Future of DLME

Changes along the lines I have set out above would inevitably impact on the existing DLME and my role in the future.

²¹ NCIS (2000) The National Intelligence Model

<http://www.intelligenceanalysis.net/National%20Intelligence%20Model.pdf>

²² See for instance Classification of Public Bodies: Guidance for Departments, Cabinet Office

In the medium-term – i.e. once the SEB is fully operational – I would expect the functions of the current DLME to be subsumed into the new body and, consequently, the current DLME role to be redundant. This very fact therefore allows me to make suggestions now about the new body that are based on principle. What I have proposed and recommended throughout this document is therefore aimed at getting to a place where labour market compliance and enforcement can be improved with a focus on pure public policy outcomes.

But, of course, the move to a single body would have to be a multi-stage process, covering both *transition* to the new structure and further *transformation* to fine tune the process to achieve an effective, strategic enforcement system. I believe the DLME has an important role to play throughout this process.

The role of the Director was set up provide the overall strategic view of enforcement, transcending the individual priorities and workings of each of the individual three bodies. A core objective of this role is to harness the strengths of the three bodies to tackle labour exploitation across the labour market, overcoming siloed working for a more effective, joined-up and targeted approach. As such, the skills and strategic oversight of the Director and my team will be essential over the coming years to feed into the design of an optimum enforcement system.

Over the past three years, my office has built up a wealth of knowledge and evidence in this space, including around the existing models limitations and ongoing barriers to achieving a more joined-up approach. This expertise must be drawn upon if the new single body is to achieve the progress necessary to make this exercise worthwhile and to secure the UK's reputation as a world leader in this domain.

I would anticipate the need for a 'shadow' single body during the transition to the full structure and that this should be operational for around 12-18 months. I would strongly recommend that during this phase the DLME should continue to exist as now and to work closely with the shadow body.

As already highlighted above, the Director's office should then be incorporated within any single body as its strategic core. To be effective the body must embed a more strategic approach and therefore it will require an internal strategy function to set new, overarching enforcement priorities and objectives. DLME should evolve to fill this space. The strategy function will need a clearly defined mandate and have the necessary weight to continue to direct the priorities of the new body.

4. OTHER MEASURES WHICH COULD IMPROVE THE CHANCES OF SUCCESS

4.1 Baseline data and single employment statement

If the SEB's aim is to reduce non-compliance in the labour market, this needs to be measured. To do so robustly, an assessment must be made of the scale of non-compliance in the UK labour market across the SEB's remit. This assessment should be made before and after the introduction of the SEB such that the impact of the SEB could be isolated and the organisation can learn and improve.

At present, there is no single assessment that robustly estimates the scale of labour market non-compliance in the existing landscape. This would have to be addressed as a matter of urgency should the government wish to introduce a SEB and to monitor progress and impact over time.

DLME is taking forward innovative research that seeks to provide a much better picture of the scale and nature of non-compliance in the labour market. DLME-commissioned research reported earlier this year on a potential methodological approach to undertaking further work. The core of this would be to establish a baseline assessment of the scale and nature of non-compliance through a worker survey. We are currently taking this project forward and will value the government's support in this.

This large-scale impact study aside, the new organisation should have evaluation embedded within its processes. A culture of constant improvement, of testing and experimenting to try new ways of working and communicating with target groups, and an openness to input from academics, researchers and experts in their fields would result in an upward trajectory in terms of effectiveness and efficiency. This would have to be one of the founding principles of the organisation and built into the resource planning and structure.

4.2 Single Employment Statement

I made a distinction above around enforcement of regulations that impact directly on the worker to reduce worker harm and enforcement of company reporting requirements. I believe the former is the very essence of what the SEB should be, whereas the latter is better captured via an alternative framework of financial and non-financial reporting requirements. I consider therefore that company reporting on both compliance with modern slavery statements and their gender pay gap falls squarely within non-financial company reporting obligations and should be monitored and enforced accordingly.

That said, I would propose that organisations in the public, private and third sectors be required to produce a **single employment statement**. This would seek to capture and make public a range of employment law related commitments – including on gender pay gap reporting, as well as modern slavery statements – and would also require them to openly publish (via company annual reports for instance) any instances where they were found to be non-compliant with employment law. This could cover both state enforcement and cases that are taken by individuals to an ET. The statement could also be an opportunity for companies to report on and highlight other areas too, for example demonstrating good practice in employment or other corporate governance.

As I set out in my response to the Home Office consultation on TISC, the aim here is twofold.

First, bringing together these reporting requirements should benefit organisations in terms of **simplification**: it would be far more efficient for organisations to produce one comprehensive and consistent report. A company's single employment statement could then form part of their annual corporate reporting, which, along with other current reporting requirements, could be presented clearly and in one place for the public.

The second aim would be to **increase transparency** to help other businesses, investors, workers and consumers make more informed decisions about whom they do business with, where to invest funds, who they choose to work for or where they purchase goods and services. As explained above, the single employment statement could also incorporate mandatory company reporting of non-compliance, for instance where they have been found to have paid their staff below the national minimum wage or have been involved in an ET case. This would effectively serve as a compliance report within the statement and can be informed or corroborated by data from Government.