

**EXECUTIVE
SUMMARY**
OCTOBER 2021

NO VIABLE ALTERNATIVES: SOCIAL (IN)SECURITY AND RISK OF LABOUR EXPLOITATION DURING COVID-19



**FOCUS ON
LABOUR
EXPLOITATION**



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Focus on Labour Exploitation (FLEX) is a research and policy organisation working towards an end to labour exploitation. FLEX seeks to achieve this vision through the prevention of labour abuses, protection of the rights of those affected or at risk of exploitation and by promoting best practice responses to labour exploitation through research and evidence-based advocacy.

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**TO BE HONEST,
YOU NEED TO
WORK, SO I'M
WORKING. I
HAVE TO WORK.
I HAVE TO DO
MY JOB. I KNOW
IT'S UNSAFE OR
MAYBE IT'S VERY
DIFFICULT, BUT I
HAVE TO DO IT.**

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Amine,
Algerian app-based courier, Interview, 1 December 2020

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This report examines the risk of labour exploitation experienced by migrant workers in low-paid and insecure work during the Covid-19 pandemic.”

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EXECUTIVE SUMMARY

This report examines the risk of labour exploitation experienced by migrant workers in low-paid and insecure work during the Covid-19 pandemic, focusing on access to employment rights and social security. The purpose is to draw attention to and suggest ways of mitigating intersecting vulnerabilities stemming from labour market, immigration, and social security policy to prevent labour exploitation more effectively.

The report is the result of a partnership between Focus on Labour Exploitation (FLEX), a research and advocacy organisation, and the Independent Workers Union of Great Britain (IWGB) and United Voices of the World (UVW), two grassroots trade unions organising and supporting workers in low-paid and insecure sectors of the economy. It is based on data collected between June 2020 and July 2021 by caseworkers at IWGB and UVW through an online survey with their members (337 respondents); by FLEX through interviews and focus groups with union caseworkers and officials (6), other frontline civil society organisations (14) and workers (3); and by Peer Researchers through interviews and focus groups with workers (9).

To understand and analyse the risk of exploitation experienced by migrant workers in low-paid and insecure work during the Covid-19 pandemic, this paper uses the concept of *hyper-precarity*¹, which describes situations where people experience compounding, multidimensional ‘precarity’ based on their position in the labour market (being in low-paid and insecure work) and their situation as migrants (having restricted access to work and welfare). The layering of vulnerabilities produced by labour market and immigration systems can restrict people’s options to the point of creating ‘unfreedom’, compelling them into coercive working relationships and eroding their ability to negotiate decent work.

Estimates vary, but between one in nine and one in six UK workers are in insecure work, often facing income insecurity, lower rates of pay and experiencing poor working conditions. Insecurity drives risk of exploitation as workers face financial concerns and, knowing they can easily be dismissed or have their hours cut, are fearful of asserting basic employment rights. In the UK, insecurity is closely linked to employment status, with those classed as workers or as self-employed, as well as employees with less than two years of continuous service, having fewer employment rights, including no unfair dismissal rights. The risk of exploitation stemming from insecure work is compounded by a lack of proactive state enforcement of employment rights and barriers to worker organising. Migrant workers in low-paid and insecure work in the UK face vulnerabilities that can make it even harder for them to assert their rights at work, many of which stem from immigration policy, such as having their labour market mobility and access to welfare support restricted.

An effective social security system is one way in which the layered vulnerabilities stemming from low-pay, insecurity and immigration restrictions could be mitigated. However, it is questionable whether the UK’s welfare system, which has in the last decade seen significant cuts and freezes, is up to the task. Pre-pandemic, over half the people living in families receiving key working age benefits were in poverty and many

¹ This concept was developed by Hannah Lewis, Peter Dwyer, Stuart Hodgkinson, and Louise Waite in their 2015 article, ‘Hyper-precarious lives: Migrants, work and forced labour in the Global North’ published in *Progress in Human Geography*, 39(5), pp.580-600.

were relying on borrowing to cover unexpected bills or financial shortfalls. Covid-19 led to a considerable increase in welfare spending, but many of these measures were temporary and not enough to reverse the impacts of previous cuts.

RESEARCH FINDINGS

Our research set out to understand the experiences of migrants in low-paid and insecure work during the pandemic, including what workplace issues people faced and whether they were able to access social security measures. Our findings show considerable levels of labour abuse and barriers to accessing support, leading to risk of labour exploitation.

KEY EMPLOYMENT ISSUES EXPERIENCED BY MIGRANTS IN LOW-PAID AND INSECURE WORK DURING THE PANDEMIC

Data from this research shows that during the pandemic members of the IWGB and UVW trade unions – the majority of whom are migrants in low-paid and insecure work – experienced issues ranging from not being paid wages owed (44%) to being exposed to Covid-19 through work (17%), being asked to work in ways that felt dangerous, including with poor social distancing or without Personal Protective Equipment (12%), and being forced to work despite being ill (8%).

A significant proportion were made redundant (33%), had to accept new terms of employment to retain their job (24%), or were simply not given any work (11%), which intensified existing fears and feelings of insecurity, and further reduced workers' bargaining power.

[A]s they have made 20 people redundant, will they make me redundant as well? Can I raise issues? It's an emotional conflict. If people are problematic, they get made redundant.

Angela, Colombian cleaner, Focus group, 5 June 2021

Our qualitative data from case notes, interviews and focus groups shows how this power imbalance was exploited by employers, with issues like excessive workload (11% of union members saw an unpaid increase in their workload) and sexual harassment worsening as a result.

[Sexual harassment] has doubled, tripled during the pandemic because supervisors and managers threaten workers with firing them and, to avoid this, they [workers] have to go out with them [supervisors and managers], have a coffee, visit them at home. This is happening a lot. We're concerned about it. They are demanding sexual favours in particular from female workers, taking advantage of the crisis, in exchange for not firing her or reducing her hours, or for providing a better working environment.

Cleaners and Facilities Branch Chair, IWGB, Interview, 28 April 2021

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**IF YOU FELT SICK AND
WANTED TO GO HOME
TO GET TESTED, OR
YOU JUST WANTED
TO BE SAFE, YOU
WOULDN'T GET PAID.
WE WERE HAVING TO
DECIDE BETWEEN
GETTING PAID AND
TAKING TIME OFF
[TO ISOLATE], WHILE
HAVING PEOPLE TO
FEED.**

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Greta,
Bolivian cleaner, Focus group, 5 June 2021

ACCESS TO KEY SOCIAL SECURITY MEASURES DURING THE PANDEMIC

In addition to experiencing high levels of labour abuse, redundancy and loss of work, our research shows workers struggling to access social security measures during the Covid-19 pandemic. Focusing on three key social security measures (the Coronavirus Job Retention Scheme, Statutory Sick Pay and Universal Credit), this report identifies issues that act as barriers to access for workers in low-paid and insecure work, and which prevent the measures from providing effective protection against risk of exploitation. Additional barriers affecting migrant workers are also identified.

Issues with the Coronavirus Job Retention Scheme (furlough)

Many have been made redundant because their employers say they can't afford to pay the 20% of wages under new furlough regulation. [...] We are of the opinion that the government should provide 100% support under furlough. The government is unrealistic in thinking that companies that are losing work and losing profit will support workers and be able to afford to pay 20% of their wages. They will just make people redundant, as we are seeing.

Caseworker, IWGB, Interview, 8 December 2020

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There was no incentive for employers to furlough workers they could simply stop giving work to, such as agency, zero-hours, and casual workers.”

- There was no incentive for employers to furlough workers they could simply stop giving work to, such as agency, zero-hours, and casual workers. Once employers had to start paying for national insurance and pension contributions, and part of furlough pay, this lack of incentive turned into a disincentive, leading to mass redundancies.
- Employers had full discretion over who to furlough, with no role for workers or their representatives to challenge employers' decisions. This blocked access to the scheme for many, forcing people to rely on the much more limited Universal Credit system and leaving anyone with no recourse to public funds without support.
- As furlough only replaced 80% of people's wages (with an optional employer top-up), many saw their income drop by 20% leading to pay well below the minimum wage.

Issues with Statutory Sick Pay (SSP)

Here, we don't have the right to get sick. That's one of the problems working in this country. They don't value workers as human beings; they don't consider them as people who can get sick. In our sector, it's prohibited to get sick.

Cleaners and facilities branch chair, IWGB, Interview, 28 April 2021

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At £96.35 per week, SSP is one of the least generous sick pay regimes in Europe, replacing only a fraction of people's income.”

- At £96.35 per week, SSP is one of the least generous sick pay regimes in Europe, replacing only a fraction of people's income. As a result, many are unable to afford to stop working when they are ill or if they need to self-isolate.
- People are only entitled to SSP if they meet the lower earnings limit of £120 per week per employer. This excludes many on low pay working part-time, on variable hours, or for multiple employers.
- SSP is normally only paid from the fourth day of illness, meaning people must go completely unpaid for the first three days of sick leave. During the pandemic, the government made SSP payable from day

one if it was for Covid-related reasons, indicating they are aware that the unpaid waiting days lead to people not taking time off when ill.

- SSP is currently not enforced by any of the UK's labour market enforcement agencies, which is problematic for those in low-paid and insecure work who are less able to assert their employment rights for fear of losing future work.

Issues with Universal Credit

[...] even those who are on benefits are accepting work even if it is exploitative. We've got clients who have Universal Credit and so on, but the money is so little that they've said: "Well, I can't be on benefits, I can't stay just on benefits. I need to work". So, they will go to work anyway.

**Campaigning and Policy Worker, Roma Support Group,
Interview, 30 April 2021**

- The Universal Credit application system is so complex that many are unable to access it without support. This has put huge pressure on civil society organisations during the pandemic, who saw demand for support with navigating the welfare system skyrocket.
- The five-week wait for payment leaves those already struggling at risk of destitution.
- Many workers in low-paid and insecure workers sublet or live in houses of multiple occupancy, making it difficult to provide evidence for housing support under Universal Credit.
- Universal Credit payments are overall too low to provide effective resilience to exploitation.

In addition to the overall issues with these key social security measures, many migrant workers experience additional barriers to accessing welfare benefits. These include language barriers, lack of knowledge of support available or how to access it, not feeling entitled to support, lacking confidence to seek out support and lack of trust in state systems. Some migrants are completely barred from accessing social security because of immigration restrictions, most notably migrants with no recourse to public funds.

In terms of labour exploitation, what NRPF means for people is that they have no choice. You are faced with a kind of Sophie's choice: you can either engage in labour situations that you probably know are unsafe and illegal and exploitative, or you can choose not to feed your children. There aren't other options available to people.

Policy Coordinator, Project 17, Interview, 28 April 2021

LINKS BETWEEN ACCESS TO SOCIAL PROTECTIONS AND RISK OF EXPLOITATION

The social security system is meant to provide a safety net so that people can meet their basic needs even if they lose their job or become ill and are not forced to stay in or take on exploitative work to survive. As such, it can provide a powerful tool for securing the rights of workers and preventing modern slavery. When social security is not available, accessible, or enough to cover the cost of living, people become more dependent on their jobs and less able to push back against poor treatment.

If you can't access benefits, then you are more in need of whichever job you have. And you are less empowered to leave an employer who underpays or exploits or abuses. And that's both true in the sense that you won't be able to get Universal Credit if you are unemployed, but it also is true in the sense that the same low salary for someone who can have it topped up with housing benefit and child benefit and disability benefit or whatever, is lower. Therefore, for the person who is not getting their wages topped up with those things is more likely to be living hand to mouth, more likely to be or to feel absolutely unable to challenge their boss if there are issues at work.

Policy and Advocacy Manager, Joint Council for the Welfare of Immigrants, Interview, 5 May 2021

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We saw several examples of people staying in situations that had become exploitative because they could not access welfare support.”

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The human and social cost of providing welfare support only once a situation is so severe as to breach human rights or international legal obligations is inconceivably high.”

Through our research, we saw several examples of people staying in situations that had become exploitative because they could not access welfare support and were afraid of experiencing financial difficulties, destitution, and homelessness if they lost their job or had their hours reduced.

The member was afraid of becoming homeless. Having to stay in an exploitative job due to lack of access to benefits.

Case notes

Similarly, we heard of cases where people felt they had no option but to accept work they knew did not meet minimum standards, as the alternative was having no income and becoming destitute. Our data also includes examples of this process in reverse, where gaining access to social protections has helped people avoid or leave exploitative situations.

Unsurprisingly, most of the examples connecting lack of access to benefits with risk of exploitation highlighted by our research participants concerned migrants with no recourse to public funds, demonstrating the way in which immigration restrictions can compound risk of exploitation. Though there are some exemptions where people with no recourse can get emergency support – for instance under the Children Act 1989, the Care Act 2014, and the Modern Slavery Act 2015 – this is only provided once people are at the point of destitution, have significant care needs or are experiencing exploitation that meets the threshold for modern slavery. The human and social cost of providing welfare support only once a situation is so severe as to breach human rights or international legal obligations is inconceivably high. If access to social protection was ensured for those in need, more could be done to prevent vulnerability, including vulnerability to labour exploitation.

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**THEY WILL ACCEPT
WORK WITHOUT
REST, WITHOUT
BREAKS, 24-HOURS
OF BEING ON-CALL.
IT'S BETTER THAN
NOTHING THEY
WOULD SAY, BECAUSE
IT'S BETTER THAN
NOTHING, REALLY,
ISN'T IT?**

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Trustee,
Kanalungan Filipino Consortium, Interview, 17 May 2021

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Many of the vulnerabilities highlighted by this research are not new, but have simply been made more visible by the pandemic as more people have been affected.”

CONCLUSIONS

Many of the vulnerabilities highlighted by this research are not new, but have simply been made more visible by the pandemic as more people have been affected, including groups who have not previously had to rely on social security measures. It is important to realise that the end of the pandemic does not spell an end to these issues. While some people's situation will improve once the economy and labour market recover, others will remain vulnerable, working at low wages with little income security and only a tattered public safety net that, for many, will provide limited protection and for others, especially for migrants, close to none at all. A commitment to 'build back better' and achieve a fairer post-Covid-19 recovery is to acknowledge and recognise the fact that low-pay, insecurity, and lack of access to social security are not issues exclusive to the Covid-19 context, but already existed and will continue to exist unless we see important changes to labour market, immigration, and social security policies. Addressing these issues will also help build resilience to labour exploitation and support the UK's commitment to tackling modern slavery. The list of recommendations below provides a starting point for government to take steps in this direction.

RECOMMENDATIONS

Address low-pay and insecurity at work

1. Determine National Minimum Wage/National Living Wage rates based on what workers and their families need to meet the cost of living, as modelled by the Living Wage Foundation.
2. Strengthen the enforcement of existing labour standards, focusing on sectors with low-pay and high rates of insecure work. This will require evidence-based resourcing of labour inspectorates, so they have the staff and capacity to proactively enforce workplace standards, as well as a review of their powers and remit.
3. Address the insecurity created by zero-hour contracts. The Trades Union Congress recommends workers should have the right to a contract that reflects their regular working hours, at least four weeks' notice of shifts and compensation for cancelled shifts.
4. Make sure employers cannot dismiss workers without a just cause or without following proper procedure.
 - i. Extend protection against unfair dismissal to cover all workers. Currently only employees with two years continuous employment are protected against unfair dismissal.
 - ii. Eliminate the two-year qualifying period for claiming unfair dismissal.
5. Enable better trade union access to workplaces and introduce stronger rights to establish collective bargaining so that unions can negotiate secure working conditions, inform workers about their rights and entitlements, and support them to access those rights in practice.

Ensure key social security provisions provide sufficient protections beyond the pandemic

6. Reform Statutory Sick Pay so that people can afford to take time off when they are ill.
 - i. Increase the rate at which SSP is paid so that it is enough to live on and so that being ill does not lead to a significant loss of income. IWGB is campaigning for SSP to be paid at the same rate as a person's regular salary.
 - ii. Remove the three unpaid waiting days for all types of illness. Currently workers are not paid SSP until their fourth day of absence from illness unless it is due to Covid-19.
 - iii. Remove the lower earnings limit for SSP. The lower earnings limit of £120 per week per employer penalises those working part-time (a large proportion of whom are women with caring responsibilities) or for multiple employers.
 - iv. SSP should be proactively enforced by the state. Currently there is no labour market enforcement body responsible for enforcing SSP. We welcome the government's plans for the proposed Single Enforcement Body (SEB) to take on responsibility for enforcing SSP and note that to do so effectively the SEB must have sufficient resources to proactively target high-risk sectors. We also call for the government to find an interim solution while the SEB is being established.
7. Reform **Universal Credit** so it effectively protects against poverty and destitution, enabling people to negotiate decent work and leave exploitative jobs in the knowledge that they have a safety net to fall back on. This should include implementing the proposals for reforming Universal Credit published by the House of Lords Economic Affairs Committee (HL, 2020), including the recommendation to make permanent the £20 per week increase to the standard allowance introduced as a temporary measure in March 2020.
8. The government should conduct and publish a review of the **furlough scheme** and its implementation, considering its effectiveness for workers in low-paid and insecure work. Lessons from this review should inform any similar future schemes so they are designed to also support the most vulnerable groups of workers.

Ensure that government policy on immigration does not bar people in need from accessing vital support

9. Repeal the No Recourse to Public Funds policy, which has been shown to create and exacerbate extreme poverty and inequality. People whose circumstances meet the requirement for support must be able to access it when needed and not only once they are at the point of destitution, homeless, or experiencing exploitation so severe that it meets the threshold for modern slavery.
10. Provide people with Pre-Settled Status with the same access to welfare support as those with Settled Status.
11. Ensure support is available for people to regularise their immigration status and access the social security support they are entitled to:
 - i. Fund civil society organisations, including migrant community organisations, to provide tailored advice, support, and representation to migrants in low-paid and insecure work.
 - ii. Reinstate legal aid for immigration issues.
12. Introduce secure reporting so that people can report exploitative employers and exit exploitative situations regardless of their immigration status.

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**ANYTHING THAT SLIMS
DOWN A PERSON'S
OPTIONS SQUEEZES
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A POSITION OF
VULNERABILITY.
THE LESS ACCESS
PEOPLE HAVE TO
SOCIAL PROTECTIONS,
SAFE EMPLOYMENT,
INFORMATION ABOUT
RIGHTS – IT'S ALL
LINKED.**


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Director of Operations,
Human trafficking prevention charity, Interview, 30 April 2021

FOCUS ON LABOUR EXPLOITATION

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