Tackling exploitation in the labour market – a BIS consultation

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LITRG responds to BIS consultation

In our response to a consultation about tackling exploitation in the labour market issued by the Department for Business, Innovation and Skills (BIS), LITRG emphasises that labour market exploitation often manifests itself in problems with tax and NIC.

Generally, we regard the BIS proposals as a worthwhile step towards a more comprehensive framework of protection for workers. The proposed establishment of a director of labour market enforcement and reform of the Gangmasters Licensing Authority (GLA) could help close some of the gaps in worker protection.

Accordingly, we recommend that the remit of both the new director and the GLA could be extended to cover HMRC (and not just the minimum wage enforcement function).

A director with a strong vision of the priority areas for action could lead HMRC to direct its efforts and resources more effectively towards countering the problem of employers not operating PAYE correctly or even abusing the system. We acknowledge that schemes purporting to allow employees relief at source for travel and subsistence expenses (which may or may not be genuinely incurred) should pass into desuetude after April 2016 when new rules on employment intermediaries take effect. However, we understand that other – potentially more abusive – schemes are set to take their place. We therefore hope that BIS will take into account our recommendations when framing the new safeguards.

In the context of worker exploitation we also draw attention to zero-hours contracts and unfair practices to which many workers in the care industry are subjected,

particularly the lack of NMW protection when they have to travel to and from home and between clients during a working day.

The LITRG response can be viewed on the LITRG website.