

FLEX Briefing

Labour Exploitation in London's Construction Sector

Summary

Construction has been recognised as a high-risk sector for modern slavery. Here FLEX sets out the key drivers of exploitation in this sector which need to be addressed if we are to tackle the growing number of workers that are exploited in London. FLEX recent research found that factors such as rapidly fluctuating demand for workers, extensive subcontracting, use of umbrella companies, informal employment practices and lack of labour rights enforcement are some of these drivers, contributing to a high level of vulnerability to abuse and exploitation among the construction workforce.

CONSTRUCTION workforce overview



Key issues of concern

Interviews with construction workers found instances of workers:

- working without contracts
- having wages withheld
- not being paid for overtime
- paying high fees for wage processing
- working in unsafe conditions
- earning below industry pay standards and NMW
- experiencing discrimination
- being dismissed without reason

Subcontracting is widely used and means that contractors often do not know who is working on their site under what conditions, and workers don't know who they can complain to if they experience abuse. Lack of accountability within this model leaves the door open to exploitation as unscrupulous employers and labour providers know there is little chance of being penalised for treating workers badly.

Bogus self-employment, where workers are registered as self-employed but treated like workers or employees, is a big problem in the industry. Self-employed workers are not entitled to National Minimum Wage, paid holiday or breaks. Working without basic rights and protections, and sometimes without contracts, these workers are extremely vulnerable to abuse and many are afraid to speak out about poor treatment for fear of losing their job.

Umbrella companies often provide employment and payroll services for workers who are given no choice but to sign up to this system if they want to work. Umbrella companies make various deductions from workers' wages and charge high administration fees, often leaving the worker with far less than their agreed rates of pay.

Precarious work is a feature of the industry as contracts are often very short, demand unpredictable and hiring and firing takes place at short notice. Among low-skilled, low-paid workers there is a high level of fear of losing work, leading some workers to accept abuse and even exploitation rather than risk facing unemployment.

Lack of enforcement

Though workers FLEX interviewed were subject to a range of abuses, including being dismissed without warning, being paid well below minimum wage or not being paid at all, most were not able to remedy the situation. Options for enforcing employment rights are confusing and inaccessible, and there is a lack of monitoring or proactive inspection to ensure compliance within the industry.

Migrant workers are particularly vulnerable to abuse and exploitation due to a range of factors including language barriers, difficulty understanding the system, lack of documentation and dependency on insecure work.

Key interventions

Police can:

- help to **prevent exploitation** by signposting people to the appropriate advice gateways and reporting mechanisms in cases of labour abuse
- **raise awareness** about modern slavery crimes and how to report them, by ensuring all police stations have posters and leaflets for members of the public, in a variety of languages
- **empower victims** to report and leave situations of exploitation by offering comprehensive reception support including accommodation;
- **Ensure first point of contact means identification** by equipping frontline officers to identify cases of actual and potential labour exploitation through training, support and supervision.

Labour inspectorates can:

- conduct **proactive site visits** to monitor working conditions and identify non-compliance
- engage with workers to **build trust and develop understanding** of how labour abuses and exploitation manifests in the construction industry
- develop a model for **licensing labour providers** in the construction industry

Migrant community organisations can:

- **provide information** on workers' rights and gateways to advice and redress in cases of labour abuse and exploitation

The Mayor's office can:

- support the Metropolitan Police to **place a priority on spotting the signs of** actual and potential labour exploitation
- **support the improvement of services** for victims of labour exploitation through the London Victims Commissioner

“The construction industry is notorious for its short term contracts, complex sub-contracting chains and informal employment practices, all of which leave workers open to exploitation.” – UCATT

“They just tied a cable around my waist, and the guy on the roof had another cable around his waist and this is how we did things. I had to do it, otherwise they sent me home. If I said I didn't want to do it, they would say: go home, we'll find another. And I didn't have a contract.”

– Interview with construction worker