



# **Consultation on 'Good Work Plan: Establishing a New Single Body for Employment Rights'**

## **- Response from Citizens Advice Sheffield**

Citizens Advice Sheffield strongly endorses the proposal for a single, publicly prominent enforcement body for employment rights – with the proviso that it must have the necessary powers and resources to do its job effectively. We note that Citizens Advice nationally has been calling for such a body for over 20 years. Legal rights already on the statute book *should* be sufficient to protect workers and there is certainly no need, in our view, to create more, so we support Government's shift of emphasis to enforcement action instead. We welcome the recognition underlying the Good Work initiative that too many workers currently find themselves struggling with the downsides of a modern, flexible labour market, vulnerable to exploitation and essentially powerless to make use of their existing rights. We see both a moral and an economic case for robust, sustained Government intervention to level the playing field for people doing their best to make a living.

### **Our experience of employment issues**

In 2018-19, people seeking advice on employment issues from Citizens Advice Sheffield made up 6% of our total clients, forming 5% of all the enquiries we dealt with. These figures are consistent with MI for the first six months of 2019-20. Pay and entitlements was by far the most prevalent issue, with 37% of our employment clients citing this as their main problem, followed by dispute resolution (19%) and dismissal (18%). However we know too that unfair employment practices are an underlying factor in many of the enquiries we deal with where the presenting issue is debt or



Citizens Advice Sheffield is the operating name of Sheffield Citizens Advice and Law Centre Ltd  
Registered Office: The Circle, 33 Rockingham Lane, Sheffield S1 4FW  
Company registration: 08616847  
Charity registration: 1153277  
Authorised and regulated by the Financial Conduct Authority: FRN 617731  
Regulated by the Office of the Immigration Services Commissioner: N201300063  
VAT number: 169 9524 53 Registered with the Information Commissioner's Office ZA019728

benefits. What follows draws on our clients' day-to-day experiences recorded as part of the advice process, and on our recent, focused research using structured client interviews, looking into these issues, including the interaction between work problems and benefits.<sup>1</sup>

## **The moral case**

Our clients want to make their living independently and support their families themselves. We see people whose pride and desire for self-reliance is such that they work despite debilitating health conditions, or put up with very long and unsocial hours for uncertain rewards. However there is an understandable feeling among all our working clients that although they are fulfilling their side of the 'making work pay' bargain, Government is not reciprocating while its laissez faire attitude to the labour market leaves them open to financial exploitation and inhumane treatment.

People seeking our help are predominantly in insecure, low-paid, low-skilled work, on zero-hours contracts or compulsorily treated as self-employed (despite clearly meeting the Government's own definition of 'worker' or 'employee').<sup>2</sup> Our experience and research show that many are not equipped with the skills needed to take on a grievance or claim; some are unaware they have rights; often, too, they are too scared of losing what work they get to challenge their employer. Those who may have the necessary capacity are often too busy trying to make enough money from low-paid work to find the time and stamina required. The current system, placing the onus to pursue redress so firmly on the individual, fails them, and the demand for help from Citizens Advice Sheffield far exceeds our capacity to provide it.

Benefit conditionality – which, under Universal Credit, now also affects workers already employed part-time - puts pressure on people to take up whatever work is available, or to stay in jobs where they are treated badly. For this reason too, we believe Government has a responsibility to ensure that the jobs to which it directs people are not unfair or exploitative – just as they should not be expected to work in physically unsafe conditions. While Jobcentre Plus may (or may not - our evidence suggests the approach is inconsistent) apply its knowledge of the local labour market in this respect, the bleak prospect is that, in some occupational sectors, and for some people with limited skills, all likely employers operate to a lowest common denominator. While we recognise that, for historical reasons, the Good Work initiative is 'hosted' by the Department for Business, Energy and Industrial Strategy and the Home Office, we think the Department for Work and Pensions should publicly signal its share of responsibility for, and interest in, the issues dealt with.

---

<sup>1</sup> Insecure employment in Sheffield (CAS, November 2017): <https://citizensadvicesheffield.org.uk/wp-content/uploads/2017/11/Insecure-Employment-in-Sheffield-16.11.17.pdf>

Just about managing (CAS, November 2018): <https://citizensadvicesheffield.org.uk/wp-content/uploads/2018/11/Findings-v4-Just-About-Managing-2018-11-22.pdf>

Does Universal Credit help work progression? (CAS, August 2019): <https://citizensadvicesheffield.org.uk/wp-content/uploads/2019/08/Universal-Credit-and-work-progression-final-report-Aug-2019.pdf>

<sup>2</sup> The Resolution Foundation's 2018 'Low Pay Britain' report found that, at 23%, the proportion of employees on low pay in Sheffield is the second highest of all city regions.

## **The economic case**

There is also a sound financial case for a strong enforcement body. While people are forced into bogus self-employment and tricked out of wages to which they are entitled, the Government is losing tax revenue and having to supplement family budgets through the benefit system. Upfront investment in an effective body to challenge and deter malpractice would therefore bring savings further down the line. Indirectly, too, there would be savings in public services, especially the NHS, which currently deal with the knock-on effects on people's health and well-being resulting from unfairness at work. Furthermore, as well as short-changing individuals, unchallenged labour market abuse means less spending power in local economies.

We agree with the point made throughout the consultation paper that exploitative employment practices also disadvantage employers trying to treat staff fairly. While we would never want to discourage an 'ethical buying' policy, by individual consumers or organisations, this in itself can have limited impact, especially when personal and public sector budgets are so tight. Furthermore, there may well be no ethical option available among potential suppliers, as more mercenary organisations monopolise markets: anecdotal evidence suggests that national government has itself been faced with such situations in tendering for vital public services. Where all employers observed the same decent standards, whether by choice or compulsion by a strong, proactive enforcement body, there could be no race to the bottom at the expense of workers and competition would depend on other criteria – such as service quality.

## **About the proposed organisation**

Many of our clients approach us initially because the current enforcement landscape is indeed too confusing for them to see where to start (and no clearer to many employers, presumably) so a single, prominent body would certainly help, reducing the risk of people giving up on their rights at the first hurdle or falling into cracks between the different agencies.

A single enforcement body would need to be equipped with the powers and expertise to deal with the complex, underhand, multi-layered arrangements employers of all sizes devise to cheat people out of the pay, leave and working conditions to which they are entitled – for example, establishing wholly-owned umbrella companies to run payroll for staff and deduct the costs of this 'service' from their minimum-wage earnings. Furthermore it must be staffed and run in such a way that it keeps up with new sharp practices as they emerge. 'Headline' organisations must be able to demonstrate that they take extensive, stringent steps to check and monitor the behaviour of their sub-contractors, and be held to account if they neglect this. They are themselves responsible for creating the complexity which they may plead as a reason for not having to do this.

We support the suggestion that the new body's remit should include the recovery of payments to individuals who have secured a court ruling against an employer: here too, people lack time, skills and resources to pursue this themselves and the

Government's own research<sup>3</sup> has shown that some 35% of successful claimants in the period studied received none of the money due to them, and 16% were only been paid in part. Knowing that they can get away with ignoring a legal ruling emboldens bad employers and discourages workers from claiming their rights.

As the consultation paper acknowledges, enforcement organisations like the one envisaged for the UK already exist in other countries: even the USA – generally not keen on labour market regulation - has such a body to deal with what is called there “wage theft”- a starkly accurate term which we recommend the single enforcement body adopts too. The consultation paper suggests parallels between the proposed single body and HSE, and we agree that HSE would be a good model to emulate, in terms of its familiar public profile and its statutory powers.

Extending the read-across to health and safety, to complement the single enforcement body we propose again an idea we originally put forward in our 2017 report ‘Insecure Employment in Sheffield’. We see a further way to create an environment which penalises or rewards employers financially, based on their treatment of their staff, by emulating the system of compulsory health and safety insurance through which all employers are required to indemnify themselves in case of injury to staff. Organisations could be compelled to insure themselves against a range of employment issues, and workers would claim against this in the event of a grievance. A bad employer who lost a significant case or was the subject of numerous successful claims would either see the cost of their premiums rising, or find it impossible to get the insurance they need to operate lawfully, putting them out of business. On the other hand, good employers would be rewarded with lower premiums and a ‘no claims’ bonus. With such insurance being an unavoidable legal requirement, the pressures of the commercial insurance market would be harnessed to change employers’ behaviour for the better, as they already have done, dramatically, on health and safety.

**3 October 2019**

---

<sup>3</sup> [Payment of tribunal awards](#)’ (Department for Business, Innovation and Skills, 2013)