



HOUSES OF PARLIAMENT

Joint Committee on Draft Modern Slavery Bill

Oral evidence: [Draft Modern Slavery Bill](#), HC [1019], Tuesday 4 February 2014

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Ordered by the House of Commons to be published on 4 February 2014.

Members present: Mr Frank Field (Chairman), Baroness Butler-Sloss, The Lord Bishop of Derby, Baroness Doocey, Baroness Hanham, Baroness Kennedy of Cradley, Lord McColl of Dulwich, Lord Warner, Fiona Bruce, Michael Connarty, Fiona Mactaggart, Mrs Caroline Spelman, Sir Andrew Stunell

Questions [195-267]

Witness: **Dr Sam Scott**, Senior Lecturer, Human Geography, University of Gloucestershire, co-ordinator of the Forced Labour Monitoring Group, examined.

Q195 Chairman: Might you please identify yourself for the record?

Dr Scott: Yes. I am Sam Scott, University of Gloucestershire.

Q196 Mrs Spelman: Dr Scott, thank you very much for coming to talk to us. We want to start with a very open-ended question. The GLA is a relatively new organisation but has publicly admitted that it is finding it difficult, with its existing powers and resources, to do the job as well as it would like to do it. What powers do you think it lacks?

Dr Scott: First of all, my big concern over the GLA is its remit rather than its specific powers. It does not make sense to have a sector-specific remit for an organisation like the GLA, which is focused on protecting vulnerable and exploited workers. In terms of specific powers, the remit is more important first of all. Then, after that, there are questions over powers in terms of enforcing, for example, the section 71

forced labour offence that I know has been an issue at the GLA. There are specific powers beyond that, but, in relation to the main point, I would say that the remit is something that needs to be looked at.

Q197 Mrs Spelman: Do you think it was ill-conceived in the beginning?

Dr Scott: No. Given the Temporary Labour Working Group that existed before the GLA, given the private Member's Bill, given what happened at Morecambe Bay, given largely the co-operation of industry and Government, although there were issues both within Government and within industry in terms of support—but given the widespread support for the GLA—it made sense at the time to have an organisation like the GLA that was focused on farming, food processing and the shellfish sector. I think that made sense at the time. I also think that to start with something that covers all agency workers or something that is sector-wide from day one is possibly more difficult than to start with a focused organisation like the GLA, to see how that performs and how well it does, and then to take stock further down the line. That is the position that we are in at the moment.

Q198 Mrs Spelman: Which industrial sectors do you think it ought to cover now?

Dr Scott: There are at least 12 reports that I am aware of that recommend various sectors and that the GLA should expand into. My view has always been that I am not sure of the value of focusing on, say, one more sector. If an organisation is targeted and we are protecting vulnerable and exploited workers, then that should apply irrespective of the particular sector. That has always been my view. Having said that, one of the great strengths of the GLA is its sector-specific insight and the partnerships it has built up within the food supply chains. So there is clearly merit in focusing on particular sectors because you can build up that expertise. Also, given the resources that the GLA has, to expand it across the economy might be quite problematic unless the resource base is increased. I can see there are arguments either way, but in an ideal world I don't see the point of not extending the GLA across all sectors to protect all vulnerable and exploited workers.

Q199 Mrs Spelman: Conceptually, the emphasis at the moment is on the licensing authority, but how well or otherwise do you think it does the investigation to support that?

Dr Scott: With colleagues, I carried out two evaluations in a baseline report between 2007 and 2009, so it is a little bit dated, but we found that the GLA was broadly functioning incredibly well given the stage it was at in terms of its inception. There were some issues in relation to, say, the number of inspectors on the ground, and at the time the board was quite unwieldy and quite large. There were specific issues in relation particularly to implementation of policies. There was a particular issue in terms of light touch inspection over the people who had the Temporary Labour Working Group code of conduct, who had succeeded in passing that. The GLA went for a light touch regulation there, and that caused issues further down the line because some of the people who had passed the voluntary code did not pass the statutory code. So there were issues at the time, but that is quite dated research. In terms of how specifically it is doing now as an organisation, I have not done the research recently enough to say how it is doing post-2009.

Q200 Mrs Spelman: Do you think expanding the remit in the way you describe might not run the danger of hampering the ability of the GLA to focus on the areas of gravest concern?

Dr Scott: That is clearly an argument—to focus on areas of greatest concern. In terms of what is realistic, sometimes it is best to focus in on particular sectors. I have heard care work mentioned, for example; I have heard construction and hospitality mentioned. There are certainly sectors where there seems to be evidence that there are similar abuses. The GLA has data on the agencies that it licenses, and I think it licenses between 1,100 and 1,200. It has data on the extent to which those agencies operate across sectors. That is available and is quite useful in giving an inkling as to the kinds of sectors that it might be worth looking at. So I would suggest looking at that data.

Q201 Lord McColl of Dulwich: Has it made changes to its methods of investigation over that time, because you have done several reviews?

Dr Scott: The big change most recently, following the Red Tape Challenge, has been to focus more on serious organised crime, and particularly forced labour and trafficking. I guess if you are calling for an extension of remit, to have that narrower focus on serious organised crime, forced labour and trafficking might make the extension of the remit more possible because the GLA is more targeted than looking at the whole spectrum of exploitation. So that has been a big shift in emphasis over recent years that I have noticed. Clearly, if you were looking at a general kind of labour inspectorate model, you would have a more

expansive remit than that, but that would involve much greater resourcing and that would probably be less likely, I would say, given the climate at the moment.

Q202 Lord McColl of Dulwich: What differences have you seen in its approach to risk and intervention since 2004?

Dr Scott: The GLA has tended to try and limit the extent to which it interacts with compliant businesses and adopted a much more focused, intelligence-based approach, working closely with the police in particular and a number of other agencies as well. One of the things we found in our evaluations in 2007 to 2009 was the way in which the GLA was very prepared and very proactive in relation to working across various areas of Government. That was certainly something that we singled out as best practice, because there needs to be that co-operation given the nature of the various offences that are committed.

Q203 Lord McColl of Dulwich: Concentrating on the obvious crooks rather than the rest.

Dr Scott: Yes. My view would be why concentrate on the obvious crooks in one sector, when those crooks might operate in other sectors? Now, I have not done the research to say to what extent those crooks do operate in other sectors, but the GLA clearly has some evidence, and there is some evidence out there with research that has looked at other particular problematic sectors.

Q204 Baroness Kennedy of Cradley: There is a Joseph Rowntree Foundation report in 2012 into the experiences of forced labour in the UK in the food industry. I am just going to read one of their conclusions to you. They concluded: "It is difficult to say whether the exploitation reported was severe enough to constitute forced labour, but the evidence indicated that employers were infringing many rights." Do you have examples of cases that fall within that description?

Dr Scott: In the report that we did, in relation to the ILO's indicators of forced labour and a more expansive list that we used in the report, we found that there were a lot of workers who were badly treated and might hit one or two indicators of forced labour, but the extent to which they would constitute one of the various cases, for example, that have been in the news recently is questionable. Clearly, there is a continuum between decent work and forced labour, and our concern was that by focusing just on forced labour you miss some of the offences that would fall below that benchmark. There is clearly a definitional issue,

because sometimes exploitation is used and sometimes forced labour is used as a term. Exploitation is generally used more widely and not just in relation to the criminal offence, to the criminal mark being passed. Forced labour obviously has a criminal offence attached.

Our concern was that, by criminalising certain aspects of mistreatment in the workplace and focusing just on those, you might take your eye off the ball in terms of cases that miss that criminal benchmark. That was our concern, but, clearly, that relates to what remit Government think the GLA should have in relation to whether it should just go after the very worst cases of work and mistreatment, or whether it should be a more general labour inspectorate that, for example, links with the HMRC national minimum wage inspectorate, the Health and Safety Executive, broader areas of workplace treatment, and perhaps links with residential issues in terms of housing, because one of the issues we found was that it wasn't just at work where employers were mistreating, but, often, if they were supplied through a labour provider or gangmaster, some of the most shocking issues were in relation to people's domestic environments and not just their working lives. That was an issue and that takes it beyond, I guess, a narrow focus on forced labour within the workplace.

Q205 Baroness Kennedy of Cradley: Can that tipping point that you describe, between where there is criminality and where there is not, be reflected in legislation?

Dr Scott: My view would be, in terms of terminology, to use "labour exploitation" and "forced labour," try and pin down a broader range of indicators that define labour exploitation, and then pin down the specific indicators, perhaps using the ILO's indicators as to what constitutes forced labour. It clearly depends on the range of indicators and the severity of them in terms of whether a case is actually forced labour, so there might be indicators that are the same in both, but it depends on the severity to the extent that they could be classified as forced labour.

Q206 Baroness Kennedy of Cradley: The tipping point is the severity.

Dr Scott: Or the combination. I guess if you have a number of indicators and they are not particularly severe but collectively they lead to a pretty terrible situation for someone, that could be a case of forced labour as well, so it is about the combination and the severity that is key.

Q207 Baroness Kennedy of Cradley: The report suggests that the courts should be encouraged to take a wider view of what constitutes forced labour. What do you think should be encompassed in that wider view, and, again, the legislation necessary to achieve it?

Dr Scott: Our concern there was that there is a danger in shining a light on the most extreme cases of forced labour and then making erroneous conclusions that there are not labour market issues beyond that. There is a debate to be had as to whether that is the job of the courts or whether they should just focus on the most extreme forced labour cases where, clearly, there is a chance of succeeding in court. That would be a consideration. If that is the case, what happens to the spectrum beyond that? Is there a labour inspectorate model like the GLA that could come in and say, "Okay, there are issues. They don't quite constitute a police-based criminal act of forced labour, but they do constitute labour exploitation more generally"? So it is that issue.

My concern is that, if you expand the GLA to cover exploitation in general, which is incredibly difficult to define and relatively few people attempt to define exploitation, if you are also expanding the remit and scope of the GLA to cover all sectors, then you have potentially quite a large organisation in which it might be difficult initially to develop some of the qualities that it has developed as a result of having a relatively narrow remit and a sector-based focus. I am not saying don't expand it; I am just saying there are certain qualities that the GLA has at the moment that need to be preserved if there is expansion.

Q208 Baroness Hanham: This whole issue was raised with the evidence review of the Modern Slavery Bill, with the actual remit. What happens if, say, for example, the GLA has bigger investigative powers? Would it more or less do what you are suggesting it might, which is to concentrate on the most extreme circumstances and ignore what are then the workers' rights, which is, of course, what their main remit is? You have almost answered by saying that you think that is what would happen—I guess within the background or the fact that they have very limited financial and personnel resources. Do you think it would be a serious possibility that they would investigate only the most serious cases where they might get a prosecution?

Dr Scott: That could happen if the GLA's remit is expanded, whether it is to a number of sectors or to all sectors of the economy. It could, as a result, need to focus on the worst cases. That is a decision that has to be made in relation to the practicalities and the pragmatics of the resource base, the political climate at the time and those kinds of factors. Sometimes you might have something in mind that is the ideal situation but there are various steps to get there. We started with one

model in relation to the GLA, focused on the food industry. That seems to have worked well. As I say, there are at least 12 reports recommending extension. Whether you jump straight into an expanded remit and expanded scope is the key question.

As I said at the very beginning, it doesn't make sense to have the remit as narrow as it is at the moment, but it is a case of where you get to. Sometimes the best can be the enemy of the good in the sense of where you are heading. I certainly have an idea of where I think would be the best place for the GLA to be involved, but in relation to that it is really important to look at what other countries do and the models that they have. I think I am right in saying there is some work being done on that at the moment in terms of what is being done internationally. The model I am aware of is the Dutch inspectorate—SZW—which is an inspectorate that, as far as I can tell, unites a number of aspects of employment law and also criminal law as well. That is certainly a model that has been suggested to me as something to look into. I have not actually had the opportunity to look into it, but that is certainly an approach that has been recommended. The Dutch economy is reasonably comparable to the UK, so, if it is working there, you think, well, it may well work in the UK.

Q209 Baroness Hanham: In all of the evidence you were giving earlier on, you suggested that the GLA had good voluntary co-operation with other public bodies and other agencies. Is it sufficient for that to be voluntary? Do you think the response from the other agencies is sufficient?

Dr Scott: Certainly, the relationships between the GLA and a number of Departments or institutions work well. The GLA has quite strong police expertise, for example, so the police might like the resources or the expertise to go after labour market issues or even trafficking issues. I think there is only one specialist unit for forced labour and trafficking in the UK; I might be wrong. There is a special unit of the Met police, but, beyond that, the GLA has worked quite well in co-operating with the police. There are perhaps issues in terms of other Departments. At the time of the Gangmasters (Licensing) Act there seemed to be resistance from the then DTI in relation to the establishment of licensing. I don't know how much that approach within BIS continues today, so I am not sure about that relationship.

Baroness Hanham: That is something that we can pursue. It is an area in which I am conscious that I am taking up other people's time. Thank you for that. That is helpful.

Q210 Baroness Doocey: If the GLA is expanded, do you believe that DEFRA is the right sponsoring agency?

Dr Scott: No, certainly not. The question then is where the GLA sits. There have been recommendations made to locate the GLA within the Health and Safety Executive in the past. If the remit moves toward focusing on forced labour, trafficking and serious organised crime, the Home Office seems to be the logical home in that respect. But if you look at the more general labour inspectorate model in other countries, then I would say that possibly another Department would be where the GLA would be housed. If you looked at the labour inspectorate model, you would probably think that the GLA would work closely with the national minimum wage inspectorate team in HMRC. There is no reason not to have the Department for Work and Pensions; it could be about employment, so it could go there. But if you are going for the specific criminal offence of forced labour and trafficking, then I would certainly say the Home Office would make sense. It depends on not only expanding the remit but what the focus of the GLA is in terms of where it is housed.

Q211 Baroness Doocey: Why do you think DEFRA is not the correct sponsoring agency?

Dr Scott: If you expanded the sector base, it would mean that DEFRA wouldn't be the correct home for the GLA.

Q212 Baroness Doocey: So you don't have any issues with it at the moment.

Dr Scott: No. As far as I am aware, the GLA and DEFRA's relationship has worked well. I have not seen any evidence of it being a difficult relationship, but I just think if you do expand the remit of the GLA beyond the current sectors, then it makes sense to change the location of it. Then there is the issue of the name as well, I guess, which is another question.

Q213 Baroness Doocey: How about setting up joint taskforces between the GLA and people like the police, the National Crime Agency and HMRC? Do you think that joint taskforces might help to combat this issue in trafficking?

Dr Scott: I certainly think, in relation to the GLA's work, the importance of partnership working has been paramount, and to have some kind of enshrined partnership work in Government would be useful, yes. With regard to the extent to which they coalesce around special operations versus the extent to which they are involved in the GLA's more

responsive activity, I guess you would need a lead-in time in relation to those being established, so that would be an issue. There might be some work that they are very useful for and other work where the GLA has to operate more reactively and quicker.

Q214 Chairman: Can you help us with two pieces of your information? You talked about the Dutch model. Do you know who has worked on that?

Dr Scott: I know they have or did have a guide to the inspectorate, but recently it has changed its orientation slightly so that guide might be out of date. There was a guide that was internally produced, which was in English, of the Dutch labour inspectorate model.

Q215 Chairman: If there is anyone else you know working in it, could you tell us—not now but maybe you would let Adam know? As to the whole process of working together with other Departments, where it is relevant for them to do so, do you know any colleagues who have been working on that?

Dr Scott: No, I am not aware of them.

Q216 Michael Connarty: I have one or two questions to fill in. On the basis of getting a better definition of what they were searching for, have you any idea or suggestions what the penalties might be, because it does seem that in the Gangmasters Licensing Authority the penalties seem very slight? How would you enforce if it was more about exploitation in a general sense?

Dr Scott: I guess what you would have to do is identify penalties below the criminal level and then go in in that respect. The GLA can certainly revoke a licence. I think it is empowered to operate under the Proceeds of Crime Act in terms of getting resources back or certainly co-operating with the police in that respect. Although I am not entirely sure, there might be some issues in terms of the GLA's powers over labour users, which is where the actual exploitation and the work might take place, so it might like certain powers in relation to labour users rather than the labour providers in revoking a licence.

Q217 Michael Connarty: Chairman, with your indulgence, I have one other question. On the last couple of questions and the question of DEFRA not being there, you mentioned DWP, and obviously it has a health

and safety remit there. But bearing in mind that this is in the Home Office, when this started out with Fiona Mactaggart's ten-minute rule Bill, it was a BIS question. BIS seem to have walked away from it, yet BIS have in fact responsibility for the Low Pay Commission and the minimum wage, where most of these abuses take place in reality—what people do and how much ends up in their own pocket. That was often the exploitation. How would you get the DWP and BIS involved—or would you get the DWP and BIS involved? Therefore, is this an inappropriate Bill, really, for the Home Office?

Dr Scott: That depends on the ultimate focus on the GLA and whether you are focusing on the extreme criminal end of the spectrum. If that is the case, then it is entirely appropriate for the Home Office. If it is the case that something that moves across the continuum of forced labour to labour exploitation is required, then, judging on what I have read about the relationship between the GLA and its emergence and the then DTI, I would probably be reluctant to recommend locating something within BIS. That is just based on what I have read. I don't have any knowledge of the organisation. Then I possibly think it could be a DWP issue with collaboration with BIS, but it is slightly outside my expertise in terms of where exactly within Government it should be located.

Q218 Lord Warner: You mentioned earlier on in your remarks the issue of the GLA possibly being involved in very serious issues across a wider range of sectors than the ones it is involved in now. How does one get the evidence base that there is in these other sectors the level of seriousness in terms of the exploitation of labour, verging on forced labour, that led to the establishment of the GLA? I am still struggling with how we know what is going on in some of these other sectors that people are suggesting the GLA should have its remit extended into.

Dr Scott: That is a really interesting question. In relation to the emergence of the GLA, obviously there is a long, historical trail of evidence gathering and hearings which related to conditions in the food industry, and particularly the pressures being placed within the food industry. The gangmaster system in the food industry has, obviously, a long history, and the way it was changing in relation to its orientation towards migrant workers, the way the market was changing, and the fact that the supply chain is arguably becoming more intense and more severe, meant that there was certainly a food industry-specific focus. Based on what I have read, certainly in terms of certain academic research carried out across sectors, I do not think that some of the issues of non-payment of wages, threats, and labour providers operating really harshly are just restricted to the GLA sectors, but the problem is that we have seen cases of forced labour recently that are so severe you just can't believe that people didn't know about them earlier. If those kinds of

cases stay hidden for so long, you would think it is relatively easy for more marginal cases to stay hidden. That would be my response to that.

As to getting a number of how many cases there are outside GLA sectors, it is really difficult. One of the things that struck us in relation to the Rowntree research that we carried out on the experiences of forced labour in the food industry was just how difficult it is to get workers to talk about their experiences. There is relatively limited testimony evidence from workers in particular sectors that gives an inclination in terms of what is going on within those sectors at the very bottom of the labour market. So I would certainly err towards testimony evidence rather than statistics, but at the same time, if you look at the National Referral Mechanism, the figures that are coming out of the NRM are suggesting that, if you include labour exploitation and domestic servitude together, they are about half of the cases going through the NRM. So, clearly, the issue of labour exploitation in general is something that is beyond the GLA.

Chairman: One last quick question and quick answer.

Q219 Baroness Butler-Sloss: Is the Connors family case the tip of the iceberg?

Dr Scott: Is it what?

Baroness Butler-Sloss: The Connors family in Bedfordshire—the labour exploitation case.

Dr Scott: Yes.

Q220 Baroness Butler-Sloss: Was that the tip of the iceberg?

Dr Scott: That was an extreme case. It is the tip of the iceberg if you think of the fact that there might be a much larger number of cases beneath that, but I don't think that you will get a large number of cases like the Connors case coming to light.

Chairman: Thank you very much.

Examination of Witnesses

Witnesses: **David Camp**, Director and Stronger Together Co-ordinator, Association of Labour Providers, **Catherine Pazderka**, Sustainability Policy Adviser, British Retail Consortium, and **Dr Karen Jochelson**, Director of Economy and Employment Programme, Equality and Human Rights Commission, examined.

Q221 Chairman: Might you identify yourselves for the record?

David Camp: Good morning. My name is David Camp. I am a director of the Association of Labour Providers. I am the programme co-ordinator for an initiative called Stronger Together, and I have been a member of the board of the Gangmasters Licensing Authority since way back in 2005-2006.

Catherine Pazderka: Catherine Pazderka from the British Retail Consortium. I am a sustainability policy adviser there, and I have been a member of the GLA board for two years now.

Chairman: Thank you. Fiona?

Q222 Fiona Bruce: Thank you very much, Chairman, and welcome. My first question is a very straightforward one. How do you think businesses view the GLA?

Catherine Pazderka: Businesses view the GLA really positively. We have been working with the GLA for a number of years now, and for the BRC and its members we have seen them really accomplish quite a bit in terms of delivering on addressing issues of worker exploitation, working with the retailers and with businesses. We have argued quite extensively on behalf of the GLA for a while now; we strongly support them and we encourage them as much as we can.

David Camp: In all the surveys that I have seen and that we have done ourselves, it almost always comes out to about 80% of licensed labour providers support licensing in our sector. Those legitimate businesses that want to operate properly see it as enabling more of a level playing field than existed prior to the GLA and compared with what exists in sectors outside the GLA. That is not just with regard to the treatment of workers and the savings that can be made by not paying workers all the rights that they are entitled to, but it is also in terms of the tax avoidance systems that are more prolific in sectors outside the licensed sector. As to food production companies and agricultural companies, there is almost universal support for the GLA. However, some agricultural companies I know have said, seeing all this press because it is only in this sector that we get the stories about exploitation into the

press—well, let's say much more commonly in this sector—that that has a side-effect of creating a more negative impression of the food and agricultural sector, whereas I strongly believe that we are a lot, lot better than many, many other sectors.

Q223 Fiona Bruce: Thank you. You mentioned the Stronger Together initiative, Mr Camp. Could you update the Committee on it, and do you think it will lead to closer working with the GLA?

David Camp: It was one of those good ideas one day that grew. It really was looking to fill a gap in supporting industry with the tools, the knowledge, the guidance and the resources, so that they could take practical steps to deter trafficking and forced labour in their businesses and supply chains, and to engage with their workers—predominantly migrant workers—in tackling this issue. It grew into a very collaborative exercise, working together with the Gangmasters Licensing Authority, with Migrant Help, representing different interests, with the sponsorship from the retailers who have that power to encourage their supply chains to engage with such initiatives, and then with lots of supporting partners. So, yes, it was very much a collaborative exercise. The British Retail Consortium, Anti-Slavery International and the Salvation Army have come in, and so on and so on. It has been a great project in terms of collaboration, and now that we are rolling it out to industry it is really being taken up very positively.

Chairman: Fiona, before Michael comes in, might you probe a little further on that?

Q224 Fiona Mactaggart: There is quite a lot of cynicism about these voluntary initiatives in business—that auditing processes are designed to get the right answer, as it were, and so forth. How can we be confident that things like the Stronger Together initiative actually are making a difference in the practice of companies?

Chairman: Could we put that question to you, Catherine?

Catherine Pazderka: Sure. Companies don't want this in their supply chains. It is a huge reputational issue; it is a huge ethical issue for them. The CEOs stand behind their ethical labour programmes. Nobody wants this in their supply chains, and retailers have been working really hard to try and root it out. With Stronger Together, it shows that retailers are really trying as well as the other people involved in the Stronger Together campaign to be as open as possible about it. It is about finding

the hidden exploitation. They are really trying as many things as they can to root out the exploitation. Retailers have had ethical audit programmes for 20-plus years. There was a recognition that those don't always find the issues such as trafficking and modern slavery. With the GLA, we are getting a lot closer with that. They bring in the enforcement. Retailers don't have that enforcement capacity, so the licensing system has again helped to level the playing field. With this, we are one step further and it is about collaboration. Businesses alone can't do it. That is why there are NGOs involved; that is why the GLA is involved, and along the supply chain it has tremendous uptake. There is a sincere attempt to try and root it out. It is a difficult and very complex issue; that is the problem. Organised crime is not easy to root out.

Q225 Chairman: I know you are in the early stages of this voluntary agreement, but how many companies have found slaves in their supply chains?

David Camp: Stronger Together does not measure the number of slaves that have been found in the supply chain. Really, the only figures that we can take with any assuredness are the figures within the National Referral Mechanism, which report, in the latest figures that we have, that 29% of the cases reported—that is 144 individuals in 2012—were determined to be potential victims of trafficking within the food and agricultural sector. That is getting to be one in three.

Q226 Chairman: When we come to meetings, we all like to say that we are doing well. How many of your members have said, "Thanks to the efforts we are now making, we have actually found slaves in our supply chain and are taking action"—any?

David Camp: No. None have said that they found slaves, but 90-plus per cent who have come on the workshops have said, "Yes, we are going to implement the actions. We are going to put up the posters. We are going to put the stuff into inductions. We are going to do the training of our work force. We are going to engage with our trade unions to implement this through our workplaces." I don't say this is a replacement for something like the California Bill in this Modern Slavery Bill. It isn't, because this only takes those who want to engage with it.

Q227 Fiona Mactaggart: Would you welcome something like the California Bill?

David Camp: Speaking on behalf of my trade association, yes, I would.

Q228 Chairman: Catherine, do you have anything to add to that?

Catherine Pazderka: I guess I would just add that the workshops only just started in December, so it is quite early days. Depending on what you are defining as slavery—

Chairman: Karen, we do have some special questions for you. Don't feel you have to come into all of it.

Q229 Mrs Spelman: Catherine, could I just press you on this view as a GLA member, but also from the British Retail Consortium, that businesses want to stamp forced labour out of their supply chain? DEFRA is your sponsoring Department, but have you made that view of business known to BIS and more widely across Whitehall?

Catherine Pazderka: We have tried to be as clear as we can be. We are happy to vocalise that more strongly, but for UK retailers it is reputationally—it is extreme and people are really trying to get this out. I am happy to discuss that further with you, but, yes, we are trying to be as clear as we can.

Q230 Lord Warner: I was a bit puzzled by something you said about businesses welcoming the GLA because they did not have any enforcement mechanisms. Don't they have an enforcement mechanism, which is don't use the suppliers who are actually behaving badly? I am a bit puzzled by your remark that, somehow, this was the responsibility of the GLA and not the responsibility of the retailers.

Catherine Pazderka: Depending on what the issue is and what the non-compliance has found, there are different ways that you can work. You can work with the supplier to build up their education and awareness to keep sourcing from them, the aim being that you want to improve their practices. Of course, if you reach a certain point, and if there are non-compliances that are considered to be a zero-tolerance issue like forced labour, then, yes, you can stop buying from them, but what happens to the workers? What happens is they just get shipped off somewhere else. In terms of enforcement, there is also an issue about right to entry. You can show up as an ethical auditor for a retailer, but if the supplier does not want to let you in you can't get in. You have no right to demand entry. The GLA has the right to go in there. They have the right to look at things. Retailers don't have that.

Q231 Lord Warner: I am still pretty puzzled that you can't stop using someone where there is evidence that they are behaving extraordinarily badly, verging on criminality.

Catherine Pazderka: Of course you can, but where does that leave the workers? That is not an enforcement mechanism; that is a purchasing decision. If we are looking at rooting out exploitation across the supply chain throughout the UK, those workers are still there. If you stop buying from them, yes, of course, that is one message, and retailers do that, but, ultimately, we are trying to come to work together to figure out different ways that we can work through this. The purpose of the GLA is to license. They set that entry point into the market, so they indicate to retailers that the suppliers are at a certain point and they meet the licensing standards. That is why we trade with them. It has been beneficial because they do checks that we can't, and in terms of the right to entry that is a very important one. They can take people to court; they can prosecute; they can collect evidence. That is not within the remit of retailers.

Q232 Baroness Butler-Sloss: David, you have talked about 29% going through the NRM. Have you identified the firms who were employing the victims?

David Camp: We don't have access to that information. The information where the individuals worked isn't, as far as I am aware, publicly available anywhere. That would be reported by the various first responders, who have actually reported that into the UK Human Trafficking Centre. That is confidential. We do know some cases where it has happened, and the video that we have made is based on real life examples. One of the places we filmed it was a food production company that discovered that this was happening. It happens under the radar; it happens by organised criminal gangs feeding—there is a new model now. It has moved on since the GLA was first set up. When there was no licensing it was a free-for-all. Now that you have these regulated licensed businesses, the criminality has moved a stage below that, feeding workers either into the labour providers or directly into the employment businesses, keeping under the cover, not regulated at all, completely in the black market. Those are difficult to uncover, and that is what Stronger Together is trying to do.

Q233 Michael Connarty: Can I just ask a side question? When the freedom chickens, I think it was called—whatever the egg name was—during the Olympics were discovered, I wrote to all of the companies that were named as being the recipients of these tainted

goods, basically. I have a letter here from Sainsbury's chief executive, Big Mac, McDonald's and Tesco. All of them seem to say they rely on the GLA to do this work for them, to basically audit the supply chain. Of course, if you look at the powers of the GLA, it has no powers to do any of this. But they do say in regard to the Noble Foods case, and this is from the chief executive of Sainsbury's: "Even companies with close links with the GLA and auditors have some confined cases of criminality in their supply chain." I had them come in to speak to me. As long as somebody has signed a document, they took that as a bona fide agreement that that would not then allow exploitation down the line. Clearly, that is not the case.

David Camp: That is not the case. The current chair of the GLA, Margaret McKinlay, has expressed it very clearly that it is not the GLA's job to police the supply chain.

Q234 Michael Connarty: I am glad we got that on the record, Chairman. Can I ask which industrial sector you think the GLA could cover or should cover? At the moment they are limited to a very small sector.

David Camp: This is a complicated question. Really, we have ends of the spectrum: we have nothing and we have a labour inspectorate that looks at all businesses. There aren't the resources for this and nothing I don't think is right. So where do we put that in the middle? Currently, it is in food and agriculture. There are talks of spreading it into sectors, so we could go by sector. That is one model. Type of worker would be another model or type of exploitation is another model. I can't give a perfect answer. The sector-based model does not feel right, but to move it into other sectors is better than what we have now. Do we remain with the recruitment industry and exclude other ordinary businesses that subject their workers to forced labour? I don't know if that quite feels right. I haven't got an answer. I've got the problems, I am afraid, and maybe a small panel that really could work this out is what is needed. But it is difficult because at the moment the resources—the money—aren't there for the GLA to do what it needs to do, even in the sector.

Q235 Chairman: Karen, do you want to add to that?

Dr Jochelson: Yes.

Q236 Chairman: Might you just identify yourself for the record and then address Michael's question?

Dr Jochelson: Okay. I am Karen Jochelson. I am the director of economy and employment for the Equality and Human Rights

Commission. We are a regulator for equality law and also have responsibilities around improving awareness and understanding of human rights in the UK or England.

Q237 Chairman: I thought you wanted to come in on that question, Karen.

Dr Jochelson: Yes, I did.

Chairman: Please do.

Dr Jochelson: We have undertaken several inquiries. We did one on the meat and processing industry between 2008 and 2010, and then a review between 2011 and 2012. We did an inquiry into trafficking in Scotland in 2010 and 2011. One of the issues we looked at was the remit of the GLA. I would think we would have similar issues that David has raised, but one of the things we suggested was consideration into the remit being extended. One way we thought about doing it was looking at the kind of worker. We thought it was low pay, low skill sectors that had high numbers of migrant workers or high numbers of agency workers who were likely to experience the same kinds of problems that we had identified when we did the work on the meat and poultry industry. I would be happy to talk more about that if it comes up later.

Q238 Chairman: On that, though, are you saying, that, if we were choosing where to concentrate efforts on inspection, one should go for industries with those characteristics rather than just deciding we'll blanket here, there and everywhere?

Dr Jochelson: It would probably come down to the issue of resources, so it is weighing up the outcomes you are looking for and the amount of resource you may have, and then trying to decide where you are best likely to have most effect. If the Committee is trying to decide how to reshape those powers, the type of worker that may be more vulnerable to the exploitation should be one of the things that should be considered in trying to define a new agreement.

Q239 Michael Connarty: I have a question that comes out of that. It seems from what I have seen in terms of reports—particularly television and radio reports—that, when you have a direct employer with a farm getting the produce, everyone seems to be very happy and well paid. Have we created a monster in basically saying that gangmasters are the way to get employment in this industry? 1.6 million people come here

to work in agriculture. How many of them now go through gangmasters, because we have created this system where people don't think they can get direct employment with a farm any more? Would the retailer be much happier or would everybody be much happier if your supplier was a direct supplier? We use a system that seems to be open to abuse. Should we just use a system of direct suppliers?

Dr Jochelson: On the basis of our inquiry findings, we surveyed labour agencies and the supermarkets as well, and they were quite in favour of the GLA and its remit. They felt it did two things. The first is that they felt it helped raise standards in work agencies and labour suppliers, and then they also felt that it created a more even playing field for businesses because there was some regulation that prevented cowboys who might undercut the market. Even given the controls that we still have, we still found examples in our inquiry where the GLA standards were being breached and they are things that many people would take for granted as part of their employment experience. It would be things like agencies refusing to register workers based on their nationality or the employer asking for a particular kind of worker based on some stereotype of nationality. We found examples of pregnant women being refused work on the basis of being pregnant; workers paying agencies to find work; workers not being given employment documents that they could understand so they had no idea of what they were signing up to do. Then there were examples of getting full payment from agencies, so workers were often denied holiday and sick pay.

At the moment we are undertaking some work in a non-regulated sector—that is the cleaning sector. Some of those issues are coming up again. We have not released our evidence yet, so what I am describing is really on the basis of interim findings. We did have examples of workers not receiving holiday and sick pay, and being forced to work outside the confines of the working day. They were required to come in early to set up work and at the end of the working day they had to put away equipment and were not being paid for that. That is an example of a regulated and a non-regulated industry experiencing some similar issues.

Q240 Michael Connarty: What do you do in those situations? Who do you take it to to have redress? You have found these things. Is it the retailer that has the contract, because the point was made earlier that, for the retailer, it is a financial transaction and they don't have enforcement rights? How do you deal with this research? How do you right that wrong?

Dr Jochelson: I have quite an interesting example at play now. I can explain what we did for the meat and poultry processing inquiry. After we released our inquiry report, we set up a taskforce and invited the

trade associations, the supermarkets, the processing firms and unions, and we sat round a table. Part of the discussion that emerged over a year was agreeing what the problem was and then those sectors undertaking to make changes. In fact, when we went back a year later to see what had happened, we found a great deal of improvement. There were still some problems but it was nothing like the evidence that we collected at the start of the inquiry. This relates to an earlier question someone raised about whether businesses will do things voluntarily. This was an example where there was evidence provided and those businesses, partly because they were concerned about their reputation and also, I guess, the sustainability and effectiveness of their businesses, were keen to make sure their supply chain was well organised.

Since last year we have begun work on the cleaning sector. That is not a formal inquiry. We have asked for a call for evidence, but there is no requirement on anybody to provide that evidence. What is quite interesting is that we have had a very different response. As of today, we have a total of about 460 pieces of work evidence and we have had a very poor response from the industry. We have had only 15 responses from firms in the industry, which clearly puts us in a much more difficult position. We would like people to come to the table voluntarily, have an open discussion about what problems there may be and agree a common industry approach, because everybody will be stronger as a result of it. We are going to have to decide how we manage that particular issue.

Q241 Michael Connarty: That seems to suggest to me that we do need some kind of mandatory auditing because it does not seem to work voluntarily.

Dr Jochelson: For us, this is an issue of what will bring parties to the table. We were keen to work with the private sector in a voluntary way; we are aware of concerns about burdens on business. One of the things we will have to consider is whether this is a reason to go down an inquiry route where the Commission does have some legal powers where it can compel organisations to give evidence, but that is a decision that will go before our senior management and board.

Q242 Baroness Hanham: The co-operation that is more likely to come your way is from the big companies—the Sainsbury's and Tesco's. What about further down the SMEs—not the baby SMEs but the sort of middle-range people who are beginning to build up their businesses and who may find it quite uncomfortable to have to give evidence to you about how they are doing with their employment? Do you think there is

more reluctance in that part of the market than there is in the ones with the big reputation?

Dr Jochelson: I probably couldn't answer that until we have done a bit more work. I would imagine there are many business men, though, who are concerned about their reputation. The challenge for us is to understand how best to work with them. So if it is a matter of businesses not understanding what their obligations are or they don't have the kinds of resources to invest in training or guidance, or whatever the bigger businesses are able to do, that is where we can play a role in bringing the right agencies around the table and providing that kind of help for them.

Q243 Baroness Hanham: Is this something you are thinking about?

Dr Jochelson: Once we have a clear definition of what we think the problems are, we would be looking for partners to work with.

Q244 Sir Andrew Stunell: For all the panel, really, what do you think the GLA's current limitations in combating modern slavery are? You have mentioned the inability to get a supply chain, and some other things have come up, but perhaps you could just give us a review of that?

Dr Jochelson: My evidence comes from two areas of work. In Scotland, there is the trafficking inquiry. I would like to say at the outset that one of the issues we raised is that we recommended the GLA approach to regulation as a model approach. One of the things that that inquiry report praised was the fact that they felt the GLA had integrated trafficking indicators into their operational inspections and they also had good co-operative relationships with the police, the HMRC and Migrant Help. They thought that was a good model that other regulators could consider. That inquiry also heard evidence about limitations on the GLA at the time. These were around regulatory scope, which we have already discussed. They also identified anomalies in the current powers in Scotland about not being able to arrest a suspected unlicensed gangmaster, issues around not being able to formally investigate offences of slavery, servitude, forced or compulsory labour, and issues around maximum penalties in Scotland being different from the penalties elsewhere in England and Wales. Those were quite particular issues related to the remit of the GLA and how it affected Scotland.

The recommendations from our meat and poultry processing inquiry were around issues about having adequate financing to allow them to deal with widespread breaches of licensing. We also made recommendations about broadening the remit, and then we also made some

recommendations about working together, which we have taken on board and we are working with other regulators. So it was kind of a mixture of how we work with others as well as recommendations made to the GLA.

Q245 Sir Andrew Stunell: Is it your judgment and the judgment of members of the panel that the GLA does in fact get to all the significant cases in the sector? In other words, how effective is it at actually penetrating the areas of abuse?

Dr Jochelson: I don't think you could ever expect a regulator to be 100% effective. The labour market is enormous. The question is how effective they are in maybe identifying areas and being able to make enough of an impact that it also draws some of the laggards into line because those businesses become more aware of the dangers that they are facing. I am afraid I was not party to our meat and poultry inquiry at the outset, so I am not quite sure what knowledge the GLA may have had of problems in that industry, but they were certainly very collaborative and worked with us through that process.

Q246 Sir Andrew Stunell: To David and Catherine as members of the board, does the GLA feel frustrated that it is not getting to cases, or does it believe it is, in general, dealing with all the cases that are there to be dealt with?

David Camp: There is a challenge which has come out of the budgetary constraints. The GLA is trying hard not to cut its front-line services. Its back office seems to be as lean as it can be—certainly as lean as I have seen it in my time on the board. The amount of compliance inspections it has been able to do for the last two or three years has been quite reduced. Compliance inspection means a visit to a licensed business. It visits maybe 8% to 10% of licensed businesses a year, so it can only see a very small percentage of those businesses. There are businesses that we will have seen, even in the latter part of last year, whose licences were revoked, which had held licences for a number of years. They were revoked with quite serious non-conformance—non-compliances—with the licensing standards, which indicates they had been doing that for a number of years. So there are, without doubt, a proportion of licensed businesses that are still operating non-compliantly but have somehow managed to keep that under the radar and the intelligence does not come out.

If you come across an issue, if you are a victim or if you discover something, it is quite difficult to know who to tell this information to. Do you tell it to your local police force? Do you ring the GLA? The GLA is only

food and agriculture. Do you ring the Pay and Work Rights Helpline? It is quite difficult to find where you get that number from. Who do you ring and what do you say? This idea of a single point of contact for these serious issues of labour abuse is one certainly that I hope you will be able to explore more fully in your review for the Act.

Q247 Sir Andrew Stunell: Would you say it was resources or powers that are the missing ingredient?

David Camp: It is a combination. There was a consultation on the powers. The GLA has teeth. The GLA can stop a business from trading with immediate effect. That is a pretty strong civil power, but what it does not have are some of the more subtle powers, which is the power to apply restorative penalties as the national minimum wage compliance team can do. The GLA can't do that. They don't have the ability to apply punitive fines where a business has deliberately sought to evade licensing over a period of time, for example. Those powers weren't available in the consultation. There has been a ministerial statement that it should not apply to businesses with fewer than 250 employees. We believe that a special case should be made for the GLA. However, that did not receive ministerial favour. The GLA does have real powers, but to have more weapons in its armoury would assist it in achieving its objectives more effectively and sometimes with reduced resources.

Q248 Chair: Catherine, do you have anything to add?

Catherine Pazderka: I would just like to support what David said. Looking at the issue of restoration, most gangmasters would deal with employees of fewer than 250. David can correct me, but you are looking at an industry that really needs to have those fines and penalties applicable to them because that is how they operate. They are all small players in the grand scheme of things. I would say, along the lines of what David has said, that additional tools and abilities available to the GLA would be helpful, particularly if they can then be directed into victim compensation. That is something that we are aware of—that victims don't have the adequate remit to have compensation. David mentioned the minimum wage, but often these people come in for a job for a short season, and they can leave the UK and never see the money they were actually entitled to.

Then I would just reiterate that the resource issue is really important for the GLA. Again, the reduction in compliance inspections is of great concern to us and we have had a lot of conversations with the GLA about that. They follow their inspection process based on intelligence and

they are following a risk-based protocol, so, hopefully, as more intelligence is made available to them, if they were adequately resourced, I would hope that they could follow up on those inspections.

Q249 Sir Andrew Stunell: Do you think that if those things happened you would be changing the complete nature of the GLA if you are investigating and prosecuting, and going for restorative justice—a whole list of things there?

Catherine Pazderka: Maybe it is an issue of better co-ordination with other agencies that are already doing that. I am not able to comment on that, but it is worth further investigation, perhaps, to think about how that can be better addressed. I am not sure if we have really gone through it.

David Camp: There is an argument for the national minimum wage compliance unit, the GLA, the Employment Agency Standards Inspectorate and the Pay and Work Rights Helpline maybe to come together, at least sharing intelligence to achieve the most effective use of resources. Maybe one combined unit would be more effective than lots of different separate bodies.

Q250 Sir Andrew Stunell: And perhaps working with the Commission and some of the investigatory work that has just been described to us.

Dr Jochelson: We are in the process of signing a memorandum of understanding with the GLA, so that is largely about sharing information to the limits that we can. When we undertake an inquiry, there are some legal limits on what we are allowed to share. So we need to do it within the confines of how we are set up. Also, as part of the project on cleaning at the moment, we have met several times with the GLA and they are taking a keen interest in the project because it is an unregulated area, so there is something that they may learn.

Q251 The Lord Bishop of Derby: We have talked about supply chains and vital resources and powers and things. I want to ask you, in relation to UK supply chains, to be specific about two things or for some specifics. From your experience through the GLA, what would be the two most serious flaws in the way the supply chain system works? Secondly, could the GLA have any regulatory powers that would enable it to require retailers to up their game, really, in the way they relate to the supply

chains? In those two areas, do you have any specific suggestions for either of those things?

David Camp: There are a couple of pieces of work going on at the moment. There are flaws in the auditing system, and there is a piece of work taking place with a couple of the retailers, some of the large auditing bodies and an organisation called Sedex, which holds all the ethical audit information, to look at protocols and a process for auditing of labour providers. There don't seem to be those best practice processes at the moment. So they should take a greater responsibility to do down in the supply chain. The further you get down the supply chain and the further you get away from the end user is where the murky stuff is. That is where you will see it, as in that Houghton case, which was a small chicken-catching company where he had outsourced the running of his business to another guy. It is down there, really, where the worst things happen. It is two things. Really getting down your supply chain in terms of labour standards is the first thing. The second thing is more of a formal process of auditing in the supply chain of labour providers to deal with, let's say, the not-so-serious areas, if I can put it like that, of labour exploitation so that the resources of the GLA can be focused on those worst cases. Those are the two points.

Q252 Chairman: Tesco has said it is not just getting down there but shortening the supply chain so that they know much more what is going on. Shouldn't that be part of a company's strategy?

David Camp: It depends whether you are one of those people in the supply chain who is not going to be there any more in a shorter supply chain.

Q253 Chairman: That's quite good if you are employing slaves, is it not?

David Camp: Certainly, the retailers are looking to shorten their supply chains. Some of them now run manufacturing sites themselves. You see the Morrisons model, where they produce and pack, and they sell, and the Co-operative model where they grow. So, yes, that is a shorter supply chain. Certainly, in labour supply, where you have an agent in another country who supplies into a recruitment business in another company, who supplies on to another agent, who then supplies on to a large labour provider in this country, the labour provider in this country can say, "Workers don't pay anything," but, if you go further down that labour supply chain, yes, the worker is paying right down there. That enables, let's say, a low-cost recruitment model. In those situations certainly, yes, shorter chains if possible; if not possible, clarity.

Q254 The Lord Bishop of Derby: Catherine, if the GLA had a regulatory role in relation to challenging retailers about how the supply chain operates in terms of their corporate responsibility and good practice, could you see the GLA having a role and powers that would help put your members on the spot and raise the ante in terms of standards and expectations?

Catherine Pazderka: Do you mean in addition to GSCOP?

The Lord Bishop of Derby: Yes. Do you see any other ways of strengthening the feedback from the research and the grass roots coming into the culture?

Catherine Pazderka: There is also a missing piece—that the retailers are engaged. The retailers have very good relationships with the GLA and the GLA challenges them, and, likewise, back. There is a really good discussion, of which David is part as well as other organisations, but I would challenge that we need to look beyond the retailers and look at other people in the supply chain. It is quite easy to pick off the top 10 because they are very visible, but it is other brands, manufacturers operating in the UK, everyone else, that needs to come to the table because we are always there. Why isn't there more progress in tackling these issues? Again, David mentioned that there are some issues with the ethical auditing and I don't think anybody would deny that is the case. We are really trying to improve that because, again, it is not in our best interest to have that in our supply chains, but it would be helpful to have other people who are in those supply chains to be engaged and to be more co-operative.

Q255 Lord Warner: We have heard quite a lot, really, about the difficulties that the GLA is having on its compliance work. For a series of resource reasons, that seems to be a shrinking pattern of work. You are now trying to figure out whether getting closer to the detail of the supply chain with companies might actually plug some of that gap, as I understood the argument. What more should we really be expecting of companies off their own bat trying to remove exploitation, and, very specifically, how much do we know about whether companies do go down and see the working conditions of the people who are supplying the goods to them? Do they go there? I don't just mean the retailers; I mean the people in the middle. Should we be strengthening the obligations on the companies, really, particularly if the licensing body is itself unable to do all this job? There seems to be a bit of a cosy expectation that the GLA will solve these problems, but, really, the obligations ought to be much stronger on the companies, oughtn't they?

David Camp: Yes.

Chairman: That's a good answer.

Dr Jochelson: Can I start with a more general comment? As part of our human rights remit, we have been looking at the Ruggie principles for business and trying to understand what that might mean in a domestic context. The FCO launched an action plan around human rights in business late last year.

Over the next year—so the next financial year for us—we will be looking at ways of identifying human rights issues in particular sectors and deciding, with that sector, what kind of guidance or toolkits might be helpful. That is looking at the very meta-level almost, trying to help a sector understand the potential challenges they may face within it and give them some tools for understanding what due diligence might look like.

We have also tried to do this as part of our cleaning sector inquiry. On our website we have set out what we think human rights issues in relation to business are, so we have taken the human rights principle and put it in very clear language. I can't quite remember the term, but with regard to a right to fair remuneration, for example, we will set out that that means being paid the minimum wage and a whole series of other issues that are relevant and are already within the law.

In a sense, what we are trying to do is begin to create a framework with which many businesses are very compliant already and trying to give them a sense of where their responsibilities lie. In some cases, where you breach the law, there already are some kinds of penalties. That would be the meta-level, and I would leave it to my two colleagues to talk about it in relation directly to the GLA.

David Camp: Of course, very large businesses have more resources. I have certainly worked with a number of retailers and they do very, very good, committed hard work trying to drive improvements and actually driving improvements, setting high expectations down their supply chains. But, of course, the further you get away from that top, the harder it gets. You get to smaller businesses who don't have the compliance managers, the corporate social responsibility managers, who may have a very overworked human resources manager. As a human resources manager, you deal with employing people and you look after your work force. You now have this whole new area of corporate social responsibility, trying to get your head around what the Ruggie principles mean. What do these guiding principles on human rights mean? How do I actually put that into place in my own business, let alone have a responsibility for making sure that all the companies that supply me,

beneath me, are doing the same? If you get your head around the Ruggie principles and what they mean, it is not too tricky. It is tricky when you start reading it, but it is not that complicated. We have a big job to make it easier for all businesses at levels down the supply chain to know what to do, to know what is reasonable to do and to help them put this in place. These are my thoughts on the matter.

Q256 Lord Warner: I am still getting a sense, though, that this is a kind of paper exercise. Where is the grit in the machine? Where is the stuff where somebody senior actually goes down and sees some of these working conditions and looks at the recruitment arrangements? Some of us have been in regulated industries and it takes senior people to do something which wakes people up. This sounds very paper-driven.

David Camp: Can I just make one point? Moving this from a corporate social responsibility into public accounts moves it from the CSR teams to the board teams. So making a case for transparency in supply chains being in this Bill is a really important consideration.

Dr Jochelson: On that, I guess there is also the new Corporate Governance Code, where a list of companies has to comply or explain their approach to human rights. That is very new, and it will be interesting to see what happens when there are discussions at board level. There is more public transparency around it, which is a way of holding companies to account. That might then begin to have the kind of more hands-on auditing that you are describing. Certainly, as part of our meat and processing work, the supermarkets we worked with developed a monitoring format for themselves that they work with, where they monitored some of the activities of their processing firms. That did begin to create a more hands-on relationship between them and their suppliers, but we would need to ask them what the benefits, difficulties or challenges were of doing that.

Q257 Fiona Mactaggart: That is exactly the point at which I want to come in because I want to ask David and Catherine about the recommendations which came out of your review of the supermarkets' auditing processes. You will have noticed that I am a little cynical, potentially, about these voluntary codes. I am willing to be convinced, but one of the recommendations of the review of the meat and processing thing was that the independent ethical audit could be more effective if they collect information directly from workers when managers are not there and did not always give firms time to prepare for known inspections. Is that happening in practice?

David Camp: There are tools coming out trying to get workers' input without use of auditors. That is very important. That is where we can release the workers' voice and have that information. That is something, I would say. I am not sure it always comes out, but certainly there was the point made just now. You have to get in there. You have to talk to workers; you have to see what is going on in practice to know what is happening. That would be the first point.

Q258 Fiona Mactaggart: The other one was without notice.

David Camp: Without notice—ideally, yes. It can't always happen because of practicalities. If you turn up and there is no manager there, there is no one to speak to. Sometimes it is announced—

Q259 Fiona Mactaggart: Even better when there is no manager there; you can talk to the people who are working on the production line frankly.

David Camp: There is a halfway house, which is semi-announced, saying that you will turn up in this two-week, three-week or four-week period. That seems to be the practicality of merging that very good intention with just knowing the right people are there so you have turned up and there is no one to speak to. But, yes, unannounced audits certainly have their place.

Q260 Fiona Mactaggart: I wanted to ask you, Karen, whether you have investigated any companies whose recruitment practices narrow recruitment to a particular national or ethnic group, and what you have done about that.

Dr Jochelson: We are planning some work at the moment. There was an MP whose name I forget—forgive me—who wrote to us with a list of various recruiting firms that they felt were recruiting only east European workers of a particular nationality. My colleagues would be looking at those websites to check whether they are in fact discriminatory adverts or not. We are putting together a proposal for consideration by our board and then DCMS around whether we undertake further work explaining, at least the minimum, what a discriminatory advert is, why you shouldn't do it and the risks to your business of doing that.

Q261 Fiona Mactaggart: You are planning to regulate this by being nice to people.

Dr Jochelson: As a start, you have to make sure that people understand what their obligations are. Obviously, as part of that work we would try and bring other relevant regulatory agencies around the table. When we undertake work like that, we will sometimes also go and look at employment tribunal records to try and identify whether there are any repeat offenders and, where the judgment may have made some kind of recommendation, we may follow up with the company to ask whether they have put that into practice or not. So, if that project goes ahead, it will be a combination of being nice and a combination of looking at how we could use regulatory powers to make sure that if there are wrongdoers they are being held accountable for what they are doing.

Q262 Baroness Hanham: I just really want to come back to the question I asked and Karen answered, which was probably more appropriate to David and Catherine. This is about getting hold of the smaller businesses rather than the bigger ones. Is it your experience, because you are probably now closer to the ground than she is, that you get all the co-operation you get from all the companies who will see there is a huge reputational thing in this, but do you think it is more difficult to get to some of the smaller companies that are doing probably an awful lot of the work we are talking about, and is there anything more that we can do?

David Camp: What we are seeing at the moment is that large companies at the top of the supply chain are having memorandums of understanding with their suppliers to lay down expectations of them, to say that they must comply with the ETI Base Code, to say that they will expect them to put in place a number of processes, and that they will release audits further up the supply chain. It is that downward commercial pressure which is saying, "If you want to supply us, this is what you have to do," because these businesses towards the top end of the supply chain—I use Noble Foods—know that they are the ones who are going to appear on the front page of the newspaper even if right at the bottom of the supply chain something has happened in a very small business. That reputational risk and that damage to brand and share value is driving that change of practice, and they are requiring and dragging up those people down at the bottom through these memorandums of understanding, through these contractual terms, to change that practice. I am seeing it happening in some sectors. Would I say it is common yet? No. Would I say it is just getting going? That is probably where I would put it.

Q263 Baroness Hanham: Are there any more powers that the GLA needs or any more regulatory power that would help? To answer that question, perhaps if you have some thoughts on it you could just drop us a note.

David Camp: It is just turning that supplier/retailer protocol into reality. It is an enabling agreement; it is a good enabling agreement; it is making it happen now. That is the work that needs to be put in place. I am not sure that needs any new powers.

Q264 Lord McColl of Dulwich: One of the reasons why the hospital service worked extremely well in the old days was that the matron would appear totally unannounced and they never knew when she was coming. Why don't we have that system? Why do we have to give notice? It seems a crazy idea.

Catherine Pazderka: Because we can't actually have access to another company's facilities which is their private location, which is why the GLA can go in but an ethical auditor can't force their way into an on-site factory.

Q265 Lord McColl of Dulwich: Why not?

Catherine Pazderka: They don't have any powers to do so.

Q266 Lord McColl of Dulwich: Shouldn't they have?

Catherine Pazderka: Ethical auditors? I think that would be a difficult thing to suggest.

Q267 Lord McColl of Dulwich: It is easy to suggest. It is the principle of doing it.

Catherine Pazderka: That is the benefit of having the GLA—to have the enforcement. From an ethical auditor's perspective, some of these factories are kind of scary places and a bit dangerous. I don't think it would be appropriate to ask them to do that.

Chairman: Very good. Thank you very much. That was a good session and really helpful.

