



**Centre on Migration, Policy and Society,  
University of Oxford**

**Annual Conference 2009**

***New Times? Economic Crisis, geo-political  
transformation and the emergent migration order***

Protecting migrant workers in  
unprecedented times: Why little  
has changed for Gangmasters Licensing

Almut Gadow *Gangmasters Licensing Authority*

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Introduced in 2006, gangmasters licensing is widely credited with having improved conditions for some of the most vulnerable migrant workers in the UK, in “sectors where compliance with employment rights had previously been notoriously poor.”<sup>1</sup> However, this “success of the Gangmaster’s Licensing Authority (GLA) in combating exploitation in the food processing and agriculture industry”<sup>2</sup> occurred against a backdrop of unprecedented economic growth and low levels of unemployment. Over the last year, the economic context has changed vastly. The effects of recession, higher unemployment, increased price competition and tighter finances are being felt by GLA-protected workers and GLA-regulated businesses alike. It therefore seems opportune to consider to what extent gangmasters licensing is suited to the new challenges of tougher times.

The Gangmasters Licensing Authority was created under the Gangmasters (Licensing) Act 2004 to combat exploitation of workers and other forms of illegality by particular employers, by gangmasters. Gangmasters are individuals or enterprises whose business activity consists of charging out gangs of workers to do manual work. Under existing laws, gangmasters licensing covers those whose workers work in farming, the food industry, horticulture, forestry or shellfish gathering.<sup>3</sup>

In practice, businesses involved in the supply of casual workers to these sectors take many forms. Some licensed gangmasters are ‘man with a van’ outfits, other gangmaster’s licences are held by household name recruitment agencies. Some would describe themselves as ‘gangmasters’, others regard the term as almost offensive. Some charge workers out by the hour as a recruitment agency would, others charge a fixed fee for an overall service, such as the planting or harvest of a crop. Yet others charge a fee for introducing workers to other businesses.

Beyond arranging work for workers, some gangmasters’ businesses extend to other aspects of their (usually migrant) workers’ lives. Over half of all licensed gangmasters

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<sup>1</sup> Home Affairs Committee, ‘The Trade in Human Beings: Human Trafficking in the UK’ HC (2008-09) 23-1

<sup>2</sup> Somerville, W. and Sumption M. (2009) *Immigration in the United Kingdom: The recession and beyond* Equality and Human Rights Commission, London

<sup>3</sup> Gangmasters (Licensing) Act 2004, s. 3

transport their workers to and from work, and many also act as landlords for their workers.<sup>4</sup>

While gangmasters have existed for at least two centuries<sup>5</sup> the agricultural and food industry has become much more reliant on gangmasters in recent years.

By definition, work in the agricultural and food sectors is seasonal, and requires additional, short-term labour at peak times. As such, there has long been a need for casual workers, and with it a role for gangmasters who supply workers to meet this need.

More recently, however, changing consumer expectations and new forms of supply chain management in the food industry have created a need for far greater flexibility on the part of workers.

Retailers are now able to place orders for agricultural produce just in time and in response to actual stock levels in their stores. Suppliers expect to be able to turn around orders in a matter of hours. To do so, the food industry needs workers to be available on demand, at a telephone call to a gangmaster. A gangmaster will then make available the required number of workers, employed directly by the gangmaster or through one of his subcontractors.

Price competition is great in the grocery sector, and wage costs are estimated to account for as much as half of all costs for producers.<sup>6</sup> Although dependent on the ready, 'on tap' supply of workers, many in the industry equally regard keeping labour costs to an absolute minimum as crucial to a business' survival. Workers are almost invariably paid minimum wage, and pressures to maximise their productivity can be substantial.

Demands on workers in farming, food industry and related sectors are thus high: Workers must be available at a moment's notice, to do physically demanding, 'dirty and dangerous' work, sometimes in remote (outdoors) locations, reliably and to a high standard.

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<sup>4</sup> In a survey of licensed gangmasters, over half indicated that they provided transport, while a quarter stated that they provided accommodation, with some evidence to suggest that the actual number of gangmasters providing accommodation might be higher. See: Balch, A., Brindley, P., Geddes, A., Scott, S. (2009) *Gangmasters Licensing Authority: Annual Review 2008*. Nottingham: Gangmasters Licensing Authority/ DEFRA.

<sup>5</sup> Environment, Food and Rural Affairs Committee, 'Gangmasters' HC (2002-03) 691 [1]

<sup>6</sup> Precision Prospecting (2004) *Temporary workers in UK agriculture and horticulture – a study of employment practises in the agriculture and horticulture industry and co-located packhouse and primary food processing sectors*, Suffolk, DEFRA

In return, the sector offers minimum wage pay, no job security, and unpredictable, unsociable working hours to suit the industry.

In the late twentieth century, these factors increasingly combined to make work in food and related sectors ever less attractive to the British workforce. Work had become both more casual and more intensive, and British workers who had traditionally filled jobs in farming and food industry were finding work elsewhere.<sup>7</sup> Unable to fill vacancies with indigenous workers, gangmasters turned increasingly to migrant workers to meet the demand for casual workers.<sup>8</sup>

The vast majority of workers employed by gangmasters are now migrant workers. Since the GLA became operational in 2006, the majority of these have originated from the new EU member states in Central and Eastern Europe. Disproportionately young and highly skilled, many move to the UK with the intention to work and earn money, as well as to learn English or gain new experiences.<sup>9</sup> Some arrange work before travelling to the UK, others arrive without a specific job offer, although it is not uncommon for workers to have been told about opportunities in these sectors at various levels of formality before travelling to the UK.

Working for a gangmaster is typically the first work these migrants secure on arriving in the UK; few intend to work in the UK agricultural or food industry for life. A typical worker in the sector might therefore be a national of an EU accession state, relatively young, relatively new to the UK, with only a limited understanding of UK law, the UK labour market or UK institutions. Workers' command of the English language varies, their family and social networks in the UK are often limited, their financial resources often minimal, and their welfare rights restricted as a result of their immigration status. In these circumstances, a gangmaster offers employment, albeit low-paid and insecure, and in many cases housing and transport. These characteristics make gangmasters' workers particularly vulnerable to unfair treatment in their already precarious jobs.

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<sup>7</sup> Environment, Food and Rural Affairs Committee, 'Gangmasters' HC (2002-03) 691 [1]

<sup>8</sup> Rogaly, B. 2008, *Intensification of Work-Place Regimes in British Horticulture: The Role of Migrant Workers, Population, Space and Place*, 14 (6), 497

<sup>9</sup> Somerville, W. and Sumption M. (2009) *Immigration in the United Kingdom: The recession and beyond*, Equality and Human Rights Commission, London

Prior to the creation of the Gangmasters Licensing Authority, the sometimes systematic abuse of workers' rights in the sector was well documented.<sup>10</sup> Wages were low, not infrequently below the legal minimum. In some instances, workers' pay rates were set below minimum wage, and then often paid cash in hand. In other cases, gangmasters might initially offer minimum wage rates but reduce wages for workers who did not meet demanding piece rates or quality standards. Even where gangmasters paid minimum wage, a worker might have to pay the majority of his wages back to his gangmaster who would charge the worker for transport, housing, loan repayments, etc.

Many workers had no written contracts, some no record of the hours they worked, and on occasions no certainty as to if, when or how much they might get paid. It was not uncommon for gangmasters to deny holiday and sick pay or rest breaks to which workers were legally entitled.

Given the often remote, rural locations and irregular working hours typical in agricultural and food sectors, gangmasters often arrange vans, minibuses or cars to transport workers to and from their places of work. Prior to the introduction of gangmasters licensing it was not uncommon for workers to have sometimes substantial fares deducted from their wages, and the vehicles in which workers were transported could be unsafe and unsuitable.

As migrant workers often seek accommodation as well as work on their arrival in the UK, many gangmasters would also let accommodation to their workers. Gangmasters could therefore further reduce or claw back workers' wages by charging for rent and utilities. Accommodation arranged through gangmasters was often overcrowded, of poor quality, and let at excessive rents. Nevertheless, workers might feel unable to move out as housing and employment could be tied to each other: workers would lose their jobs if they

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<sup>10</sup> see for instance: Brass, T., 'Medieval Working Practices?' *British Agriculture and the Return of the Gangmaster* (2004) Vol. 31:2 *Peasant Studies* p 313. Citizens Advice (2004) *Nowhere to Turn: CAB Evidence on the Exploitation of Migrant Workers* London: CAB. Environment, Food and Rural Affairs Committee, 'Gangmasters' HC (2002-03) 691 [1]. Precision Prospecting (2004) *Temporary workers in UK agriculture and horticulture – a study of employment practises in the agriculture and horticulture industry and co-located packhouse and primary food processing sectors* Suffolk, DEFRA.

did not agree to rent accommodation from their gangmaster, and risked homelessness if they left employment with the gangmaster.

Where workers were recruited in their home countries, it was common for gangmasters to offer loans for the cost of travel to the UK, and deduct repayments as well as sometimes considerable interest from workers' wages. In the most extreme cases, workers were thereby effectively bonded to their jobs, unable to leave while they were in debt to their gangmaster. Other gangmasters would effectively demand a fee to release workers from their employment or even retained workers passports so that they could not leave.<sup>11</sup>

A significant number of gangmasters paid no taxes; others flouted health and safety laws, thus putting their workers' safety and wellbeing at unnecessary risk.<sup>12</sup>

Clearly, not all gangmasters were abusing workers' rights or otherwise breaching the law. The majority of gangmasters were generally law-abiding employers. Notwithstanding, abuses were sufficiently widespread to taint the reputation of the sector as a whole, and to affect all gangmasters as well as all gangmasters' workers. Systematic violation of workers' rights, of tax liabilities and wider social obligations made a gangmaster's business more lucrative. Exploitation and illegality could give abusive gangmasters a competitive advantage over their law-abiding competitors. Rogue gangmasters were able to undercut the good businesses, and law-abiding gangmasters were losing business to rogue competitors.

In the years immediately before the creation of gangmasters licensing, many believed that illegality and worker exploitation were becoming more and more widespread.<sup>13</sup>

Much of the sharp practice used by gangmasters was not only undesirable but also illegal. Notwithstanding, its use could be commonplace in the gangmaster sector. Rogue gangmasters often felt able to flout the law as existing laws were unlikely to be enforced against them.

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<sup>11</sup> Brass, T., 'Medieval Working Practices'? *British Agriculture and the Return of the Gangmaster* (2004) Vol. 31:2 *Peasant Studies* pp. 313 - 340

<sup>12</sup> Gangmasters, Fourteenth Report of Session 2002-03, House of Commons Environment, Food & Rural Affairs Committee, HC 691

<sup>13</sup> Environment, Food and Rural Affairs Committee, 'Gangmasters' HC (2002-03) 691 [1]

Prior to the introduction of gangmasters licensing, the principal means of enforcing workers' rights was for workers to take action against their employer through employment tribunals. This mechanism of law enforcement was rarely invoked against some of the worst gangmasters because their workers were not in a position to take their employer to tribunal. As temporary, casual staff, gangmasters' workers would risk immediate dismissal if they took action against their employer. Depending as many workers did on their gangmaster not only as their employer and sole source of income but also as a provider of housing and transport, any worker who challenged his gangmaster therefore risked finding himself homeless, without work or income, with no means of transport and limited local knowledge, in a country in which they had neither family networks nor state benefits to support them. Unsurprisingly, gangmasters' workers thus rarely used employment tribunals to enforce their rights.

Where workers did take action, enforcement of standards was limited to the individual worker. Gangmasters' abuses, where they existed, tended to be systematic: a gangmaster who had underpaid one worker, bonded one worker to his job, or put one worker's safety at risk was likely to have done so to many if not all of his workers, and potentially continue to do so in future. An employment tribunal, on the other hand, could only order remedies for the individual worker or workers who had taken tribunal action, and could not stop gangmasters from committing similar breaches in the future.

For the individual worker or workers, successful legal action against their employer might still not bring about desired remedies as gangmasters might simply ignore tribunal decisions, and enforcement of tribunal awards might then prove a further challenge not worth pursuing for the worker.<sup>14</sup>

For many workers subjected to abuse or exploitation by a gangmaster, enforcing their rights was therefore not a rational choice. Even those who might have been prepared to take the risks associated with challenging their working conditions were not necessarily

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<sup>14</sup> See: Citizens Advice (2008) *Justice Denied: The deliberate non-payment of Employment Tribunal awards by rogue employers* London: CAB which reported that around one in ten employers do not pay tribunal awards, and that migrant workers as well as those in low paid, low skilled jobs and small, non-unionised workplaces are particularly affected by employers' failure to honour employment tribunal awards

in a position to do so through simple lack of knowledge. As relatively new migrants, with a limited understanding of UK law and UK institutions and limited command of the English language, gangmasters' workers might not be aware when their employment rights had been breached, not know how to apply to an employment tribunal, nor feel able to pursue a case.

Overall, the obstacles that gangmasters' workers faced in enforcing their own rights were such that the law was often not enforced against gangmasters. Rogue gangmasters could often breach the law with virtual impunity, at the expense of workers, of reputable businesses and the taxpayer.

In light of this, a growing consensus emerged that gangmasters could only be held to the law effectively if the state rather than individual exploited workers policed and enforced standards. The proposal for a Gangmasters Licensing Authority, which would enforce employment and other law against gangmasters, therefore developed with support from all parts of the industry – from reputable gangmasters, their clients, supermarkets and trade unions. This mechanism promised to be more effective as the Authority would have the powers, knowledge and resources which individual workers lacked, to scrutinise the legality of gangmasters' practices and respond forcefully to abuses which had existed until then.

Through the Gangmasters (Licensing) Act 2004, an authority was created to enforce employment standards in the sector. The authority was tasked with ensuring that gangmasters respect existing laws in all their dealings with workers. This was to be achieved through a licensing scheme. Under the gangmasters licensing scheme, no business may now operate as a gangmaster without a gangmaster's licence. To obtain a licence, a gangmaster has to demonstrate to the GLA how he will respect workers' rights and comply with his obligations more widely, e.g. pay tax. Licensed gangmasters risk losing their right to trade in the sector if they are found to have exploited workers or otherwise operated illegally.

Both before licensing a gangmaster and in response to allegations of exploitation, the GLA will visit the gangmaster's business, speak to his workers, inspect workplaces and accommodation, and review records such as contracts and payroll records.

Prior to the introduction of gangmasters' licensing, any individual could set up shop as a gangmaster, regardless of their background or previous history. Migrant workers

would join a gangmaster's business without any certainty as to what kind of person or employer the gangmaster might be. By contrast, the GLA carries out background checks on every individual who applies for a gangmaster's licence. Those who have a track record of exploitation, crime, dishonesty or otherwise questionable character, as well as those who cannot demonstrate a sufficient grasp of what is required from an employer, will not be allowed to enter the sector.

In the past, the violation of workers' rights was often made easier by the fact that gangmasters either issued no contracts to their workers, or gave unfair and unlawful terms an appearance of legality by including them in contracts. While gangmasters' workers might not be in a position to assess or challenge the lawfulness of their employment terms, GLA inspectors are. Inspectors read workers' contracts to confirm if they are consistent with all legal requirements, and ask workers whether their employer complies with these terms in practice. Inspectors review workers' files to check that they have signed a contract and speak to workers to confirm that they have received a contract. As a result, it has become difficult for gangmasters to employ workers on terms below those required by law.

Prior to gangmasters licensing, it was not uncommon for gangmasters to pay their workers less than the minimum wage. GLA inspectors are now able to review workers' timesheets and payroll documents to check that workers are receiving minimum wage, in full and on time, as well as sick pay and holiday pay, that the gangmaster does not make spurious deductions from workers' pay, and that income tax and national insurance contributions are paid on workers' behalf. Speaking to workers allows GLA inspectors to confirm if they are indeed paid for every hour they work, at the rates recorded in time sheets and contracts, and on time, as well as to ascertain whether workers are expected to pay any other money to their gangmaster or to persons associated with their gangmaster outside the payroll system. It has thus become far more difficult for gangmasters to deny their workers minimum wage or other statutory entitlements.

More extreme forms of subjecting workers to coercion which were occasionally reported in the sector prior to the creation of the GLA included debt bondage, the retention of passports, and penalties for workers wanting to leave a gangmaster. The GLA

now investigates whether workers are free to leave their gangmaster's employ without penalty, both by checking terms of employment and by interviewing workers. While gangmasters are allowed to loan money to workers, GLA standards do not allow licensed gangmasters to charge interest. The GLA will confirm both by reviewing loan agreements and by interviewing workers that any loans have been voluntarily entered into, that workers have written confirmation of the amount owed, that loans are interest free, and that workers are free to leave the gangmaster's employ before a loan is repaid. GLA inspectors will equally ask workers whether their gangmaster has retained their passport, and whether they or others have ever been threatened, intimidated or even assaulted at work. Indications of modern day slavery will not go undetected in GLA inspections.

Gangmasters are permitted to provide housing to their workers. However, GLA inspectors will inspect the accommodation to confirm that workers are housed in safe and acceptable conditions. Through interviewing workers and checking rental agreements the authority also checks that rents charged are not excessive, and that workers are allowed to leave the gangmaster's accommodation without losing their jobs and vice versa. While workers may still rely on their gangmaster to provide housing, the provision of housing can thus no longer easily be used to exploit or bond workers.

Finally, GLA inspectors check if gangmasters have made arrangements to protect workers' health and safety. The GLA inspects work places, accommodation and vehicles to satisfy itself that living and working environments are safe, reviews agreements between gangmasters and their clients to confirm if health and safety has been covered, and speaks to workers to confirm that these health and safety arrangements are respected in practice.

As a result of the checks carried out by GLA inspectors, no business will now be given a licence to trade as a gangmaster without demonstrating its ability and willingness to comply with a wide range of legal standards in its dealings with workers. Any attempt to avoid GLA regulation carries criminal sanctions not only for the gangmaster<sup>15</sup> but also for others who use the gangmaster's workers.<sup>16</sup>

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<sup>15</sup> s 12, Gangmasters (Licensing) Act 2004

<sup>16</sup> s 13, Gangmasters (Licensing) Act 2004

Once a gangmaster has been granted a licence, the GLA investigates gangmasters in response to information or intelligence which suggests that a licensed gangmaster is exploiting workers or otherwise breaching standards.

Workers, advice agencies, trade unions and community groups all report worker abuse to the GLA; competitors, prospective clients and others in the industry report rogue gangmasters; and other government agencies in the UK and abroad will share information about illegality by licensed or unlicensed gangmasters with the GLA. Collating information received from many different sources, GLA investigators build up a picture about businesses, both licensed and unlicensed, who may be abusing or exploiting workers. On this basis, the GLA's law-enforcement action is targeted at gangmasters who appear to be breaching standards – including further, more focussed inspections of licensed gangmasters and raids on businesses said to operate or use the services of unlicensed gangmasters.

Where such operations identify any breaches of employment standards on the part of a licensed gangmaster, the GLA may, where appropriate, require the gangmaster to remedy breaches of workers' rights, e.g. by paying backdated holiday pay due to workers immediately. In more serious cases, the GLA will revoke his licence, thereby removing the gangmaster's right to trade in the sector altogether. In cases of serious or repeated abuse, the GLA may effectively bar the gangmaster from re-entering the sector altogether.

Where gangmasters have operated without a licence, the GLA will put cases forward for prosecution. Where other offences such as forced labour or human trafficking are involved, the GLA will refer cases on to other law enforcement agencies for criminal investigation and prosecution.

Reporting abusive gangmasters to facilitate GLA action has therefore become worthwhile for exploited workers and law-abiding gangmasters alike. Both groups stand to gain where the GLA intervenes to tackle worker exploitation without having to take on the risks that would in the past have been associated with taking civil action against a rogue business.

For all gangmasters, worker exploitation and illegality would now involve very real risks of penalties and loss of business which did not exist prior to the introduction of gangmasters licensing.

Experience over the first three years of gangmasters licensing has demonstrated that this mode of enforcing standards is effective. Most experts concur that gangmasters licensing has transformed the sectors it regulates. The Home Affairs Select Committee found “agreement that the GLA (has) started to raise standards in the sectors where compliance with employment rights had previously been notoriously poor.”<sup>17</sup> The Commission on Vulnerable Employment concluded that the GLA “has demonstrated that it can effectively enforce standards”<sup>18</sup>. The Equalities and Human Rights Commission has recognised the GLA’s “success ... in combating exploitation in the food processing and agriculture industry”<sup>19</sup>, Oxfam the GLA’s “significant success in clamping down on the vast majority of abuse and increasing labour standards.”<sup>20</sup>

Abuses which used to be widespread in gangmaster employment, such as pay below the legal minimum or debt bondage are, according to Oxfam, now an “exception in the GLA’s field of operation”, whilst remaining “the norm in other sectors.”<sup>21</sup>

Indeed, the GLA has “proved effective in tackling exploiters and protecting the exploited”<sup>22</sup> not only from the workers’ perspective. Gangmasters, their clients and society at large are all said to have benefited from the introduction of the gangmasters licensing model. Gangmasters themselves often state that gangmasters licensing has levelled the playing field.<sup>23</sup> Gangmasters and their clients generally feel that GLA regulation has reduced abuses of workers’ rights, improved working conditions, and increased health and safety at

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<sup>17</sup> Home Affairs Committee, ‘The Trade in Human Beings: Human Trafficking in the UK’ HC (2008-09) 23-I

<sup>18</sup> TUC (2008) *Hard Work, Hidden Lives: The full report of the Commission for Vulnerable Employment* Commission TUC: London.

<sup>19</sup> Somerville, W. and Sumption M. (2009) *Immigration in the United Kingdom: The recession and beyond*, Equality and Human Rights Commission, London

<sup>20</sup> Poinasamy, K. and Bance, A. (2009) *Turning the Tide*, Oxfam Briefing Paper, Oxford: Oxfam

<sup>21</sup> *ibid.*

<sup>22</sup> *ibid.*

<sup>23</sup> Geddes, A., Scott, S., et al. (2007) *Gangmasters Licensing Authority: Annual Review*. Nottingham, Gangmasters Licensing Authority/Defra.

Balch, A., Brindley, P., Geddes, A., Scott, S. (2009) *Gangmasters Licensing Authority: Annual Review 2008*.

Poinasamy, K. and Bance, A. (2009) *Turning the Tide*, Oxfam Briefing Paper, Oxford: Oxfam

work as well as workers' accommodation and transport.<sup>24</sup> Since “the GLA has driven up standards for the majority of workers”<sup>25</sup> at least to the legal minimum, gangmasters no longer face significant competition from competitors whose illegal practices make them more competitive. Benefits for law-abiding gangmasters have been such that four out of five licensed gangmasters state they are in favour of gangmasters licensing – despite the fact that licensing costs gangmasters money and creates administrative burdens for them.<sup>26</sup>

Society at large is said to have benefited from gangmasters licensing in so far as the scheme has turned what often used to be businesses in the informal cash economy into formal, tax-paying operations. It is estimated that, in its first year of operating alone, gangmasters licensing led to an additional two million pounds in taxes being paid by gangmasters, as licences are only granted to those who meet their tax obligations.<sup>27</sup>

There is thus wide consensus that, in the first three years of its existence, gangmasters licensing changed a previously notorious sector of the (migrant) labour market for the better. However, this was accomplished in an economic environment which was in many ways exceptionally favourable: Gangmasters licensing commenced in the latter years of a prolonged economic boom; price pressures notwithstanding, cash was more readily available in the sector; and an almost unprecedented supply of young, educated legal migrants willing to take up low status work provided a steady and ready supply of workers to gangmasters. It might reasonably be expected that these conditions facilitated the enforcement and raising of standards.

Since then, the economy has taken a turn for the worse, and it has been suggested that the new, less favourable economic environment will make the enforcement of employment standards more challenging.

While much has been written in recent months about the effect of the economic downturn on migration and migrant workers in sectors such as those regulated by the GLA,

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<sup>24</sup> Geddes, A. Scott, S., et al. (2007) *Gangmasters Licensing Authority: Annual Review*. Nottingham, Gangmasters Licensing Authority/Defra.

Balch, A., Brindley, P., Geddes, A., Scott, S. (2009) *Gangmasters Licensing Authority: Annual Review 2008*.

<sup>25</sup> Poinasamy, K. and Bance, A. (2009) *Turning the Tide*, Oxfam Briefing Paper, Oxford: Oxfam

<sup>26</sup> Annual Review 2008

<sup>27</sup> Timmins, N., ‘Gangmasters to pay £2m VAT’ *Financial Times* 30 January 2008

both existing literature and the GLA's own experience suggest that some trends are complex and at times contradictory.

Some argue that gangmasters' workers, as a casual, migrant workforce in low-skilled agriculture and food industry, are likely to be among the worst affected in a recession. Previous recessions have affected migrant workers disproportionately, with those in low-skilled occupations particularly vulnerable as low-skilled casual workers are often the first to be laid off when businesses have to cut back.<sup>28</sup>

Others have pointed out that gangmasters' workers might be less affected than those in other sectors: Unemployment among A8 migrants has until now been lower than for many other groups,<sup>29</sup> and UK agriculture and food industry are likely to be less affected than other sectors that employ large numbers of low-skilled migrant workers, such as manufacturing, or hospitality. As UK consumers will continue to buy food even if they cancel the annual holiday or delay the purchase of other manufactured goods, workers will still be needed to pick, process and pack food in a recession.

Views on the likely make-up of the gangmasters' workforce in future equally differ. The extent to which A8 migrants are leaving the UK remains a matter of ongoing debate and conflicting newspaper headlines. It is clear that the arrival of new migrant workers from A8 states had peaked around or shortly before the onset of the economic downturn, although trends differ somewhat by nationality.

Some A8 migrants are leaving work with a UK gangmaster as a result of the economic crisis, as conditions become tougher, work and working hours are scarcer, and the pound has fallen against the zloty and other European currencies. Conversely, other workers find themselves staying longer than they had intended as a result of the recession. As opportunities to move into white collar jobs become rarer both in the UK and in workers' countries of origin and return migration offers more uncertain and risky prospects,

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<sup>28</sup> Somerville, W. and Sumption M. (2009) *Immigration in the United Kingdom: The recession and beyond*, London: Equality and Human Rights Commission

<sup>29</sup> Somerville, W. and Sumption M. (2009) *Immigration in the United Kingdom: The recession and beyond*, London: Equality and Human Rights Commission

some workers who initially saw working for a gangmaster as acceptable only for the short-term are remaining in the sector for longer to ride out the recession.

Anecdotally, GLA inspectors are reporting that they come across more workers from the economically weaker A8 nations, such as Slovenia, and more workers from Romania and Bulgaria among gang labour, an observation which is equally consistent with migration data. Yet the overall characteristics of the gangmasters' workforce still remain the same as they have been since the inception of gangmasters licensing: GLA protected workers are still, in their majority, migrant workers from Central and Eastern Europe, with Poles still the single largest group among them.

Thirdly, views on the availability of British workers to the sector conflict. In a context of higher unemployment it stands to reason that more jobseekers from all backgrounds would be willing to accept casual, low-paid, manual work in agriculture and food industry. GLA inspectors are indeed coming across more British workers in such jobs. Some gangmasters report being approached by a greater number of British jobseekers while others in the industry report that they struggle to find workers. The SAWS quota for Romanians and Bulgarians permitted to work in Britain was raised for the current year in response to evidence from farmers that fruit and vegetables were left in fields unpicked due to labour shortages after the onset of the recession,<sup>30</sup> and the Equality and Human Rights Commission concluded that "unless the recession is of unprecedented depth and length, British-born workers are unlikely to be attracted back to agriculture and food processing."<sup>31</sup>

It hence remains difficult to predict just who gangmasters' workers will be in the coming months and years, or how the makeup of the workforce may change as a result of the economic crisis. Beyond dispute, however, is the fact that conditions are getting tougher, for workers, gangmasters and the industry as a whole. Consequently, the risk of (a return to) increased sharp practice and worker exploitation is real. There might therefore be concern that the effects of the recession might counteract the successes achieved in the early years of gangmasters licensing.

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<sup>30</sup> Travis, A. 'Migrants quota raised to 21,000 to help farmers harvest crops' *The Guardian* 19 December 2008

<sup>31</sup> Somerville, W. and Sumption M. (2009) *Immigration in the United Kingdom: The recession and beyond*, London: Equality and Human Rights Commission

It is, for instance, widely accepted that the early months and years of gangmasters licensing have forced gangmasters to pay workers at least minimum wage in a sector in which it was not uncommon for pay to be below the minimum wage. Many gangmasters also state that gangmasters licensing has increased costs.<sup>32</sup> Constant price competition in the sector notwithstanding, in the early days of gangmasters licensing this rise in workers' pay to the legal minimum, and increase in gangmasters' operating costs coincided with rising food prices. Since the onset of the recession, this trend has to some extent reversed. Price competition between food retailers is now said to be greater than ever. Since labour costs can account for half of the overall price of food, the incentives for the industry to cut labour costs as the main variable cost, by paying workers less for the same work, is obvious.

Increased pressures to lower costs or standards on the part of the industry are likely to meet with a workforce more inclined to accept conditions below the legal minimum, in a context of rising unemployment and greater competition for fewer jobs. As Oxfam has warned,

*“fear of losing their job, no matter how exploitative and badly paid, means that workers will tend to put up with worse conditions in situations of higher unemployment and recession. This is compounded by the impact of the rules prohibiting migrant workers from accessing public funds.”<sup>33</sup>*

The GLA's experience in recent months only confirms these concerns. Since the onset of the economic downturn, new forms of reducing workers' pay through cutting wages, charging for new services and effective non-payment of social security contributions have emerged. Gangmasters and the food industry report that terms of payment are being changed and extended in their disfavour, sometimes depriving gangmasters of the necessary cash flow to pay their workers, which in turn leads to workers' wages not being paid.

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<sup>32</sup> Balch, A., Brindley, P., Geddes, A., Scott, S. (2009) *Gangmasters Licensing Authority: Annual Review 2008*.

<sup>33</sup> Poinasamy, K. and Bance, A. (2009) *Turning the Tide*, Oxfam Briefing Paper, Oxford: Oxfam

Across many sectors of the economy, tougher competition and workers' diminished ability to challenge or leave bad employers combine to create real risks of exploitation as the recession bites.

As businesses struggle to survive the current crisis, many are likely to cut back on staffing costs. Workers are feeling the effects of such cutbacks through threats of redundancy, downward pressures on pay, increased use of subcontracting, and casualisation of the workforce.

In the agricultural and food industry, however, these very risks were sufficient to necessitate the creation of gangmasters licensing even in times of economic boom. What might elsewhere be regarded as effects of the recession have been a reality for gangmasters' workers and for the Gangmasters Licensing Authority for a number of years.

The GLA is not only familiar with the risk factors but has also developed effective mechanisms to identify and tackle their sometimes unacceptable effects.

The current economic crisis and resultant price wars among retailers undoubtedly have the propensity to put pressure on working conditions in many sectors, including those regulated by the GLA. But the UK food and agricultural sector has long been characterised as fiercely cost competitive, and poor working conditions in the sector have frequently been attributed at least partly to these pressures. It was to ensure that such price wars are not fought or won at the expense of workers' basic employment rights that gangmasters licensing was created, and the GLA has demonstrated its ability to raise and uphold standards in the face of these pressures.

In other sectors, employees may be concerned that the recession will provide reason or excuse for employers to cut pay and conditions. GLA protected workers, however, are already typically offered minimum wage and the statutory minimum in terms and conditions, and the GLA has a successful track record of ensuring that workers' conditions do not fall below the legal minimum.

Similarly, worker representatives have expressed concern that the recession will lead to greater casualisation of working relations with employers relying more heavily on casual and agency staff without full employment rights, which would in turn make workers

more vulnerable. Gangmasters licensing, however, has always existed to protect a casual, subcontracted workforce. Gangmasters licensing is a tried and tested means of upholding standards in this context of casual, multiply-subcontracted working.

The TUC has warned that “as recession bites ... more people will feel that they have no choice but to enter low-paid exploitative work”<sup>34</sup>. As employment becomes scarcer, workers may feel increasingly less able to leave even most exploitative employment, or to challenge abuses for fear of losing their jobs. As discussed above, workers’ inability to challenge or leave exploitative conditions has however been not only a longstanding problem in the gangmaster sector but a key reason for the creation of the GLA.

This is not to deny that increased and new risks of worker exploitation have arisen as a result of the recession, nor to advocate complacency.

Rather, for the Gangmasters Licensing Authority, difficult economic times suggest that a resurgence of familiar patterns of pressures and exploitation is likely. These represent a change in scale and intensity, but not in the nature of the problem. External factors raising the risk of worker exploitation remain the same, and are heightened in the gangmaster sector in particular, as well as within an economy in recession more generally. The characteristics of workers at risk of exploitation remain largely unchanged, and are to some degree associated with workers in economically difficult times generally as well as with the gangmasters’ workforce in particular.

Since the nature of the problem has not changed materially, effective responses to worker exploitation must therefore remain the same. At any point in the economic cycle, conditions in some sectors and workers’ personal circumstances will combine to leave workers vulnerable to exploitation. In these circumstances, the GLA model has been proven to work.

The first three years of gangmasters licensing have demonstrated that the intervention of a government agency to protect those workers who cannot enforce their own rights can stop systematic exploitation from occurring or re-occurring. The model has proven capable of tackling worker exploitation in some of the most challenging

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<sup>34</sup> TUC (2009) *Women and Recession: How will this recession affect women at work?* London: Trade Unions

environments, and may be more necessary than ever in a tougher and more uncertain economic climate.

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