

Parallel societies: slavery, exploitation and criminal subculture in Leicester

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Introduction

COVID-19 has put under the spotlight the fast fashion industry in Leicester East, and its exploitation of thousands of (mostly immigrant) workers¹. Exploitation that ranges from unsafe working conditions through to slavery; from staff being paid below the minimum wage to fraud. None of these are acceptable and must be addressed.

A spike in COVID-19 cases in Leicester in June (135 cases per 100,000 people, three times higher than the next highest area; between six and ten hospital admissions per day in Leicester, rather than one or two in other trusts)² triggered a series of media investigations. These exposed £3.50-an-hour labourers, some of them exhibiting COVID-19 symptoms, packed into overcrowded buildings without proper ventilation or hygiene measures. Workers' fears of contracting COVID-19, passing it onto their families and the possible resultant deaths outweighed their fear of reprisals from employers and some workers agreed to speak up. However, according to our witnesses, many were immediately intimidated and harassed by their employers after speaking to the journalists who visited Leicester.

These inhumane conditions are the tragic consequence of an extraordinary clientelist model, our witnesses report, whose tentacles reach into every part of this constituency: police, the electoral roll, local councillors, the fire brigade and other authorities. More damning still is the fact that these recent exposes are but the latest effort to raise the alarm about the situation in Leicester East. The "*Al Capone Mafia State*", as one witness who worked in the sector branded it, has been entrenched for decades.

In evidence given to us, Andrew Bridgen, MP for North West Leicestershire reported that he has repeatedly blown the whistle on the corruption he found - giving evidence to the National Crime Agency, Parliament and the Gangmasters and Labour Abuse Authority (GLAA). One of his informants, a former labour auditor/inspector, had raised her concerns about unsafe working conditions with the Council - "*but they sent her packing*". To date, their testimonies have been "parked", with no penalties levied. In addition to Andrew Bridgen MP, we have also talked to three witnesses with first-hand experience of the factories (each requesting anonymity); as well as a network of Leicester-based charities; Baroness Sandip Verma of Leicester; and Seema Malhotra MP (Lab), Shadow Business Minister.

There is a history of allegations of links to widespread exploitation and at times modern slavery and trafficking in Leicester.³ However, this problem is not just happening in the Leicester garment industry. These slavery-like conditions are rife in other areas and sectors, and must be addressed now. In July 2020, the CSJ together with the charity Justice and Care published the report "*It Still Happens Here: Fighting UK Slavery in the 2020s*".⁴ It found that there are at least 100,000 men, women and children in slavery in the UK; that victims are being failed by the support system which needs an overhaul; and many criminals walk away with impunity. We have chosen to focus on Leicester as a follow-up to this report.

Our previous report called on the Government to develop a new all-out assault on modern slavery, with an investment proportionate to the size and scale of the crime. Our research has confirmed that conditions in the garment factories in Leicester East exemplify a wide spectrum of criminality and exploitation, described by Seema Malhorta MP as "*the new front of modern slavery*". There is urgent need for action before a tragedy along the lines of the collapse of the Rana Plaza building in Dhaka, Bangladesh, which housed five garment factories, killing more than 1,100 people,⁵ happens on our shores and on our watch. The evidence we have amassed - for which we thank in particular Andrew Bridgen MP - has convinced us that only through root and branch reform of this corrupt system can we restore rule of law, fair labour conditions and dignity to the exploited.

1 <https://www2.le.ac.uk/offices/press/for-journalists/media-resources/Leicester%20Report%20-%20Final%20-to%20publish.pdf/>

2 <https://www.gov.uk/government/speeches/local-action-to-tackle-coronavirus>

3 University of Leicester report 2015, Channel 4 Dispatches programme 2017, Labour Behind the Label Report 2020

4 <https://www.centreforsocialjustice.org.uk/library/it-still-happens-here-fighting-uk-slavery-in-the-2020s>

5 https://www.ilo.org/global/topics/geip/WCMS_614394/lang--en/index.htm

The status quo

Leicester is one of the 20 per cent most deprived districts/unitary authorities in England.⁶ For males, the life expectancy at birth in Leicester is 77.2 years (in England it is 79.6 years). For females, the life expectancy at birth is 81.9 years (in England it is 83.2 years).⁷ Over half of the population in Leicester East are Asian and more than a tenth of households do not have a person who speaks English as their main language (England: 4.4 per cent).⁸ 22.1 per cent of the population in Leicester East hold no qualifications (Great Britain: 7.7 per cent)⁹ and the gross weekly pay here is 30 per cent less than the national average.¹⁰ With many residents unable to speak English, residents in Leicester East are known to divide along language - Gujarati, Hindi, Punjabi, Urdu -- and religious -- Sikh, Muslim, Hindu - lines.

Many households in Leicester East are multi-generational - a common feature of Asian communities which so often promotes intergenerational integration and strong family ties. However, this feature has unfortunately proved hazardous in recent times due to the nature of the pandemic. It also means that people live in very tight knit communities, with close social ties. Baroness Verma said *"many will only venture out to the local shop, the local pharmacy."* A point reiterated by Witness A, whose family came from India in the 1970s, said it was not unusual for people in one community to only frequent the same temple, shops or school. She told us *"Everyone is given a job because they are a friend of someone we know."*

The textile industry has been the most important sector in Leicester East since Victorian times. This industry, like the rest of the UK garment industry, has undergone a fundamental transformation since the 1970s when lead firms increasingly started sourcing from abroad. Manufacturing of apparel declined by 69 per cent from 1995-2012 and employment plunged by 84 per cent with 27,250 employees in 2012. However, in Leicester East, and in a few other areas, the advent of fast fashion has seen a rise in employment in recent years. By 2017, Boohoo, with its sister labels Nasty Gal and Pretty Little Thing, had become a major client accounting for 75-80 per cent of Leicester's garment production. According to Witness B, a former garment factory owner, 1.5 million garments per week are made in Leicester for Boohoo. Whilst the COVID-19 lockdown negatively affected high street retailers, it boosted sales online and Boohoo's fast fashion empire saw its share price increase by 22 per cent.¹¹

The garment industry in particular is predominantly run by and employs members of the Gujarati community. Because of its close knit nature, and the racism and isolation that many have experienced, the connections between the exploited and exploiters run deep. Many find it difficult to speak out and report concerns, for fear of reprisal. Indeed many also do not speak English, adding to their vulnerability - making it both difficult to understand their rights or raise concerns with those charged to protect them.

Fear of deportation means these workers are unable or unwilling to speak out about labour rights abuses. According to Baroness Sandip Verma, *"They do not know the language, their entitlements, they cannot even get proper care or medical help."* As a result, many are taken advantage of and are being deceived. For example, she told us she had *"seen letters saying that if the migrant pays £1000 per person, a 'consultant' would fill in the online form for them to obtain working papers. The migrant didn't know that the process was in fact free of charge."*

6 <https://fingertips.phe.org.uk/static-reports/health-profiles/2019/e06000016.html?area-name=leicester>

7 Ibid

8 Official Labour Market Statistics, 2020 <https://www.nomisweb.co.uk/>

9 Ibid

10 Ibid

11 Ibid

Around one in three garment workers were born outside the UK (e.g. India, Pakistan, Bangladesh and increasingly Bulgaria and Romania).¹² The majority lack documented resident status or entitlement to work; this means that they are willing to accept poor conditions in exchange for a job - even one without formal contracts or minimum wages.¹³ Witness B told us it was not unusual for someone to be working 50 hours a week on £3.50 per hour - *“earning £175 a week, of which £50 would go in rent, £20 utility, food - savings sent home.”* Many workers were forced to go to the local food banks.

Groups of some of those being exploited are beginning to find their voice and stand up to their exploiters. Andrew Bridgen MP, for example, says that some Bulgarian workers have begun to organise themselves since the media exposes: they are here legally and have less to fear. They have kept their worksheets with their hourly wages and are threatening to expose their employers unless they get their full fee.

Homeworkers, mainly women, are also part of the “informal” economy prevalent in Leicester East: small vans drive up to houses in the morning to drop off baskets of clothes and then pick them up in the evening. These homeworkers are paid £2 an hour, we were told. Following the Sunday Times reports, according to Andrew Bridgen MP, some of these women broke their silence and contacted their local MP Claudia Webbe.

Many of the factory and home workers live in houses owned by their employers. They thus fear losing their jobs will mean losing their homes. Conditions in these homes are atrocious, according to Andrew Bridgen MP and our witnesses. Many of the residents in these homes practice “hot bedding” - one worker sleeps in a bed for a few hours, then vacates it for another to do the same, and so forth. The impact on COVID-19 infection rates must be significant, fears Bridgen.

The factories these garment workers toil in are not much better. According to Witness A and to Andrew Bridgen MP, they *“should be condemned buildings”* due to their *“bricked in windows... no fire escapes, windows and doors boarded up with cardboard.”* Witness A, who runs her own HR company, recently visited a factory. The manager led her up an outdoor staircase, then unlocked the building: inside, dozens of workers were toiling in a huge windowless room. She discovered that no fire risk assessment or Health and Safety assessment had been carried out in this factory. Tellingly, although the factory is situated across the street from a police station, there has been no police interest. Conditions are overcrowded and unhealthy. One journalist reported rat infested factory floors and no soap or no hand sanitiser on the premises.¹⁴ Moreover, during this latest spate of reports, out of fear of workers speaking with journalists, some employers are banning the workers from stepping outside - even to smoke. Given the lack of fire escapes, fire risk inspections and poor ventilation in these factories, a fire seems probable.

Witness C, who works in a local charity, reported that when a factory was ‘raided’ by the DWP, Immigration or HMRC, *“workers are more scared of the consequences to them with sharing to these than about the conditions they are working in... a large number are likely to be illegal immigrants and others work cash in hand -- so not impacting on their benefits.”*

The outbreak of COVID-19 has magnified all of these health and safety issues. It also brought unwelcome focus on the area, given that while infection rates were falling elsewhere, in Leicester they were on the rise. On 1st June, Leicester city had 900 confirmed cases. By the 18th June this had risen to 990. By the 30th June, it was 1056. The Director of Public Health at Leicester City Council revealed that there have been 2,494 confirmed cases in the city and that 658 of those cases had been confirmed in the first two weeks of June. The Council later reported 944 positive tests in the two weeks to 23rd June - about one in 16 of total UK cases.¹⁵

Andrew Bridgen MP reported that one of his informants, a labour auditor/inspector, was shocked to discover that during lockdown no inspection was carried out - even though such scrutiny was a matter of life and death.

¹² <https://labourbehindthelabel.net/wp-content/uploads/2020/06/LBL-Boohoo-WEB.pdf>

¹³ <https://labourbehindthelabel.org/report-boohoo-COVID-19-the-people-behind-the-profit/>

¹⁴ <https://www.theguardian.com/news/audio/2020/jul/09/the-leicester-garment-factories-exposed-by-COVID-19>

¹⁵ <https://www.leicester.gov.uk/health-and-social-care/public-health/>

Witness A said that during the two years she has been working in Leicester East, she has not seen anybody from the Health and Safety Executive carry out an on-site inspection. Seema Malhotra MP (Lab) told us that as Shadow Employment Minister she has been concerned about media reports that the HSE has been failing in its duties to investigate the “notorious” factories and would follow up with them.

Workers reported that many Leicester factories¹⁶ continued operating throughout the lockdown, without social distancing or personal protective equipment. By the 22nd April, even before the lockdown on businesses reopening was lifted, factories were reportedly operating at 100 per cent capacity. Some workers who had tested positive for COVID-19 were required to work throughout their sickness in order to fulfil orders.¹⁷ Andrew Bridgen MP echoed the campaigning organisation, Labour Behind the Label, in its claim that COVID-19 also sparked furlough fraud, with employers pocketing fake furlough repayments.¹⁸

Witnesses A and B reported that the clique of factory employers and managers warn each other about looming inspections and raids. As the interpreters used by third party auditors are often from the same community as the factory managers, they inform each other in advance. *“By the time the inspector came, or the fire risk assessor came, everything looked ship-shape,”* according to Witness A. She said factory managers were particularly concerned to know the date of a fire drill - which should take place every six months. *“A photograph has to be taken once the drill is over - and the managers were scared that they would be found out because some of the workers in the photo were not supposed to be there at such and such a time on such and such a date, according to the books.”*

Witnesses A and B reported that the books were always in order: *“they showed that everyone was being paid minimum wage”* Witness A told us. *“But the reality was that the workers would be working far longer hours than the books showed, never paid statutory sick pay. Some were paid cash in hand.”* We heard repeatedly that benefit fraud was taking place on a vast scale. Witness C told us that *“work fraud means that the workers will be given payslips to prove they are working the minimum 16 hours per week so they could claim the benefits. In fact, they would be working 60-70 hours. The benefit fraud became the power and control method through which the employer would threaten the workers that if they speak up they will be the ones penalised for claiming the benefits fraudulently and they would have to repay those back.”*

We also heard about furlough fraud when workers were forced to sign papers stating that they worked at a higher rate so that the businesses could claim more money from the Government; none of this money went to the workers. Witness C pointed out that in cases of furlough fraud, the director is liable not just the business - which could create a precedent to be used in other types of fraud, like VAT evasion.

Another common practice our witnesses found is that of “Phoenixing” - businesses shutting down to avoid liabilities, civil penalties and VAT payments; then new businesses emerge under different names - dodging penalties because the penalty is with the company, not with the director.

Witness C warned of the *“massive VAT scam: lawyers, accountants, they are in on it, making the system run smoothly with fake invoices. VAT is dissipated out of the system - millions of pounds.”* Witness D told us also that *“companies invoice each other and then charge rebates for payments.”*

This level of corruption and tax evasion is robbing the Treasury. Andrew Bridgen MP has estimated that fraud and tax evasion is costing the UK Government £10 million a week in Leicester alone, a figure endorsed by witness B. Bridgen believes that *“if regulatory agencies and the police withdraw from a community or industry we should not be surprised if organised crime moves in.”*

16 <https://labourbehindthelabel.org/report-boohoo-COVID-19-the-people-behind-the-profit/>

17 Ibid

18 Ibid

Witness A reports that when HMRC does inspect these businesses - *“the audit is nothing more than a tick boxing exercise... if the books look alright, they move on. This needs a real undercover investigation to peel back the layers of deceit.”* When she discovered the depth of fraud taking place in some of the factories she was visiting for her HR company, Witness A wrote to the local authorities, as well as the Health and Safety Executive, but did not receive a satisfactory response and no action followed.

Andrew Bridgen MP deplores this *“tacit support of all the agencies”*— and suspects that many keep silent out of fear of being accused of racism. Yet, he points out, by not applying regulations *“you’re abandoning those communities to slavery”*. Baroness Verma agrees: *“We need to call it out despite the sensitivities around it.”*

Call to Action

The inhumane treatment of factory workers in Leicester East has been a well-known secret for decades. It is understood that further investigations will imminently expose more criminal activity in the area. The spike of COVID-19 infections there, resulting from overcrowded, unsanitary conditions, has focused national attention on this issue. Public outrage has had an impact: when stories in the media reported that Boohoo was the principal customer of the Leicester garment factories, it saw its share prices drop and the company lost £1.7 bn.

We must keep up the pressure to transform working practices in the garment industry - especially as conditions in Leicester’s factories may well be replicated in other garment industries across Blackpool, Burnley, Oldham and parts of Manchester. Moreover, as our witnesses testified, conditions are so hazardous at present that another Rana Plaza-style tragedy is all too probable. In addition to the human tragedy played out in these factories, there is an immense financial cost in terms of lost revenues for HMRC, as well as unfair competition for those companies who want to conduct their business ethically and by the book.

To date, too often criminal prosecution of exploitative labour practice has punished workers rather than their employers. We need to change the criminal calculus in order for employers to fear that exposure has become far more likely; punishment -- meted out to employers rather than employees -- far greater; and social censure, even among their community, significant.

For this change of calculus, agencies such as the NCA and HSE need to change their strategy.

We have heard from our witnesses that inspections and audits will not turn up evidence of criminality until there is a thorough, under-cover investigation of labour practices: the collusion of everyone from interpreters to police allows unscrupulous employment practices to continue. We therefore call for the National Crime Agency, which we know to be taking evidence on this issue, to commission a serious organised crime investigation into the garment industry in Leicester East.

Our evidence shows that the Health and Safety Executive and the Employment Agency Standards Inspectorate have woefully under-estimated the hazardous conditions so prevalent in Leicester. We call on them to increase the number of inspections they carry out in this area.

Following the exposes in the Sunday Times, Guardian and on Sky of the scandalous conditions in Leicester’s factories, Claudia Webbe MP for Leicester East asked the Government what plans it had made to work with the local authorities and other stakeholders in Leicester to establish a helpline for workers to enable them to report instances of exploitation. Victoria Atkins MP, the Safeguarding Minister, replied that *“Workers can report information or concerns about suspected labour exploitation in confidence through the telephone to the GLAA or to the Modern Slavery and Exploitation Helpline”*. She added that the Government have *“committed to going further on state enforcement and establishing a single enforcement body for employment rights to better protect vulnerable workers and create a level playing field for the majority of employers that comply with the law.”*¹⁹

¹⁹ <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2020-07-08/71211/>

This should be taken with urgency as we have heard from all our witnesses that the exploited factory workers fear that whistleblowing will lead to deportation. As Baroness Verma says, *“We need to change the tone and the language of how we are talking to the exploited people. It should not be talking about ‘deporting’. We should say we will individually go through your case to either support you here or support you to return home.”*

We have heard that a number of factory workers are EU citizens - Bulgarians and Romanians primarily - and that their legitimacy grants them greater bargaining power against factory owners, as they are able to provide information to authorities without fear of deportation. These workers’ support will prove crucial in any investigation.

Alliance HR developed the Fast Forward initiative in 2014 to address concerns about exploitative practices in UK fashion manufacturing going undetected by existing social compliance audits. In their recent public statement, Fast Forward calls on the Government to urgently implement statutory licensing to ensure these businesses are ‘Fit to Trade’. This would, as a minimum, cover protection of workers from forced labour, debt bondage, illegal and unsafe working conditions and mistreatment, ensuring payment of National Minimum Wage, VAT, PAYE, National Insurance, Holiday Pay and Health and Safety. Licensing would protect workers whilst enabling legitimate fashion manufacturing businesses to compete fairly.²⁰

Baroness Verma raised the need for better integration of factory workers in their host community. *“We need to give these people viable alternatives - and integration is key to this.”* Our witnesses agreed that outreach among the workers, supporting them to understand their rights and access remedies, would allow them to challenge exploitative employers.

Our report has highlighted the level of systemic corruption and exploitation that continues to plague Leicester’s garment industry. Our aim in submitting this evidence is best expressed by Baroness Verma:

“One thing for this report to do is to make the Government look at the fabric of this - all smelly, sticky and rotten.”

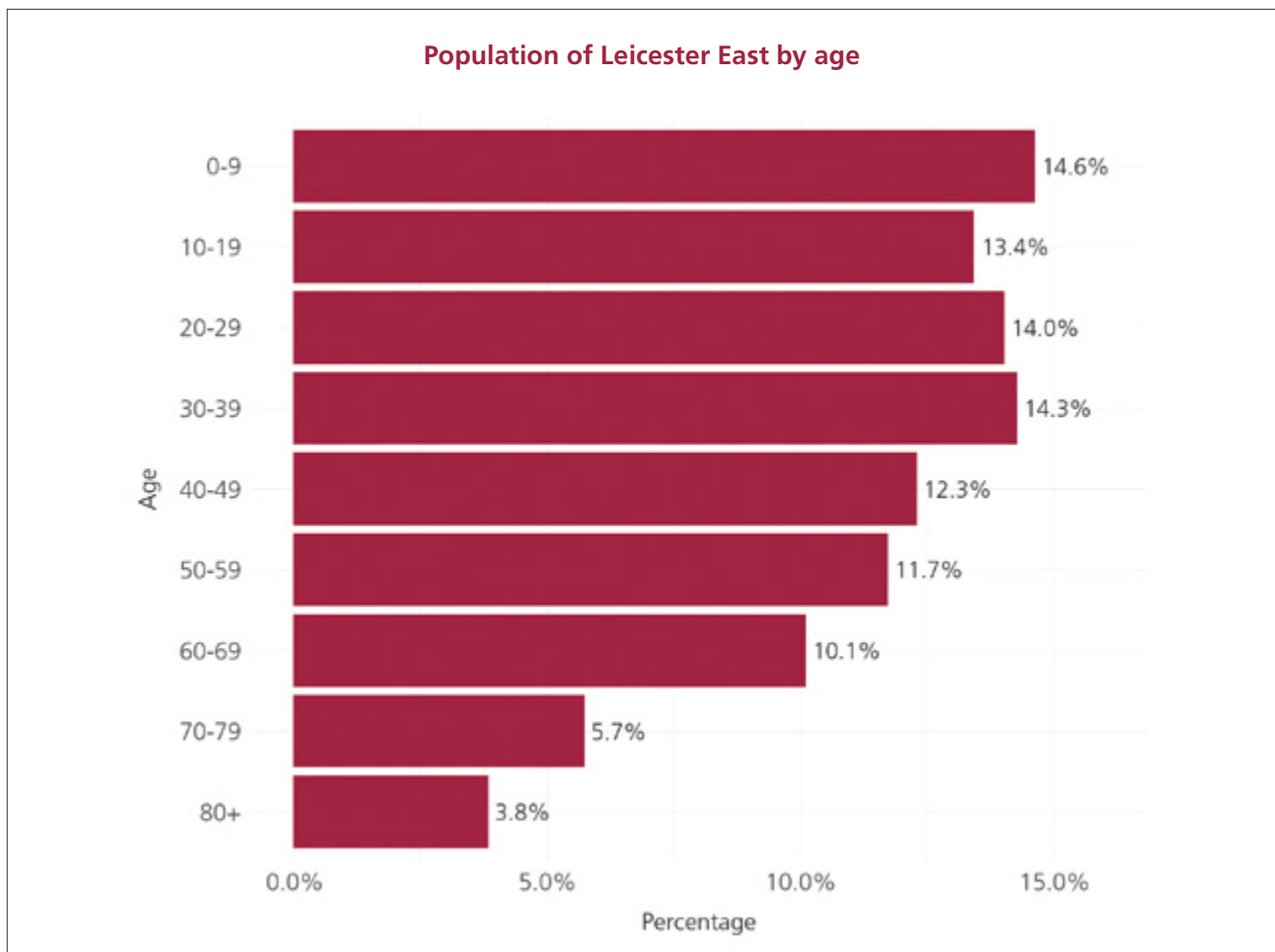
²⁰ <https://www.fastforwarduk.org/public-statement-by-fast-forward-regarding-issues-highlighted-within-the-leicester-garment-industry-9th-july-2020/>

Profile: Leicester East

General Demographics

Population: 116,608²¹

Age



Source: 2011 Census²²

Around 31,000 children live in Leicester East, of these, an estimated **42% live in child poverty**²³.

21 Commons Library, 2020. "Constituency by Age"

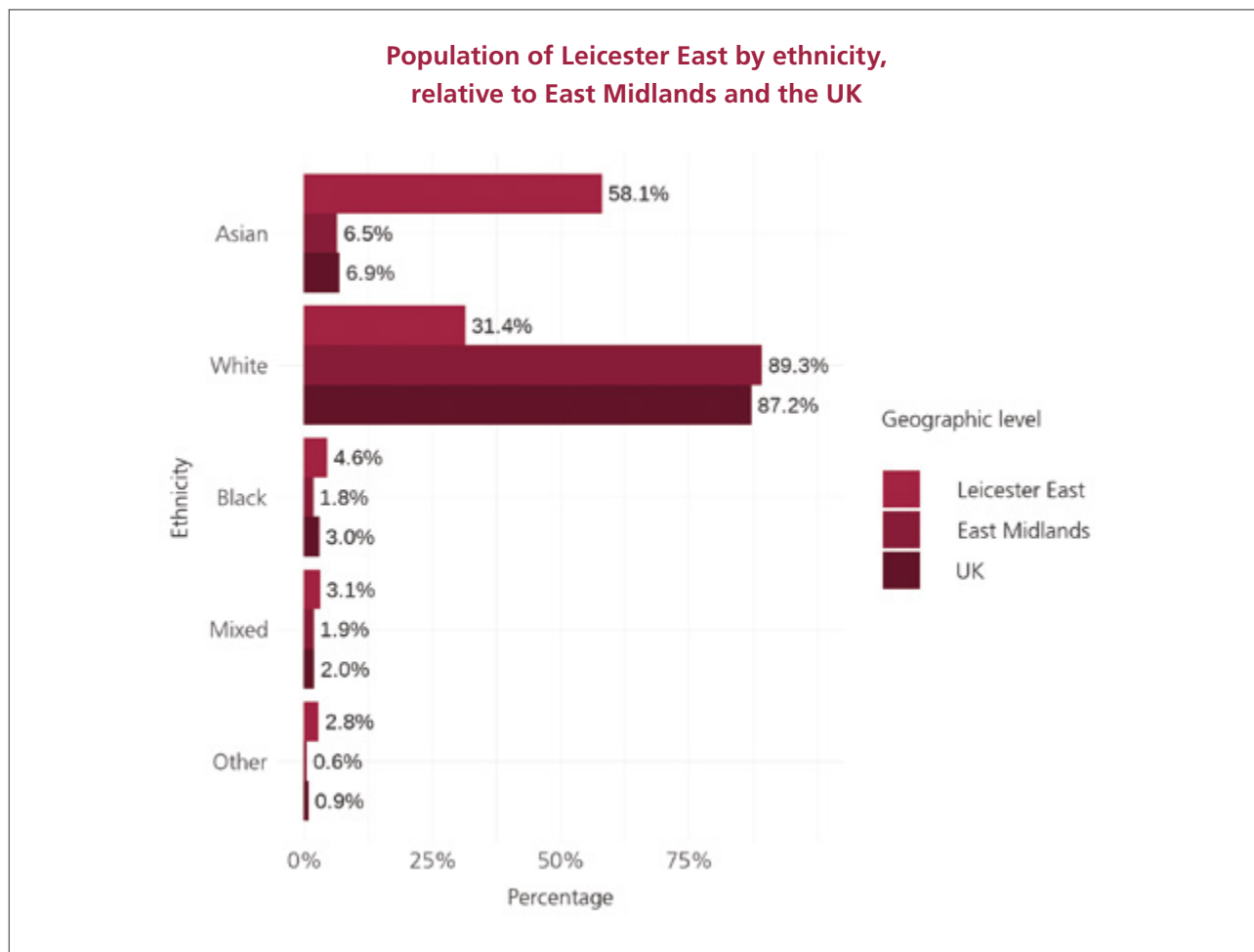
22 Ibid

23 End Child Poverty, 2020. "Poverty in your area 2019"

Ethnicity

Nearly 3 in 5 (58.1 per cent) of people living in Leicester East are Asian.²⁴ This compares to 6.9 per cent of people living in the UK who are Asian.²⁵

According to the 2011 Census, Leicester East has one of the highest proportions of residents who were originally born in Southern Asia. In Leicester East, **around a quarter of all residents (23.1 per cent) were originally born in Southern Asia**²⁶- this compares to 2.7 per cent of the UK population who were originally born in Southern Asia ²⁷



Source: 2011 Census²⁸

Around half (56.7 per cent) of the population in Leicester East were originally born in the UK²⁹- this compares to a national average of 87.3 per cent of people originally born in the UK.³⁰

Whilst 4.4 per cent of households across England do not have a person in the household who speaks English as their main language³¹, **in Leicester 13.9 per cent of households do not have a person in the household who speaks English as their main language.**³²

24 House of Commons Library, 2018. "Constituency Data: Ethnicity"

25 Ibid

26 House of Commons Library, 2018. "Constituency Data: Country of Birth"

27 Ibid

28 Commons Library, 2020. "Constituency by Ethnicity"

29 Ibid

30 Ibid

31 Nomis, 2020. "Local Area Report"

32 Ibid

Labour Market

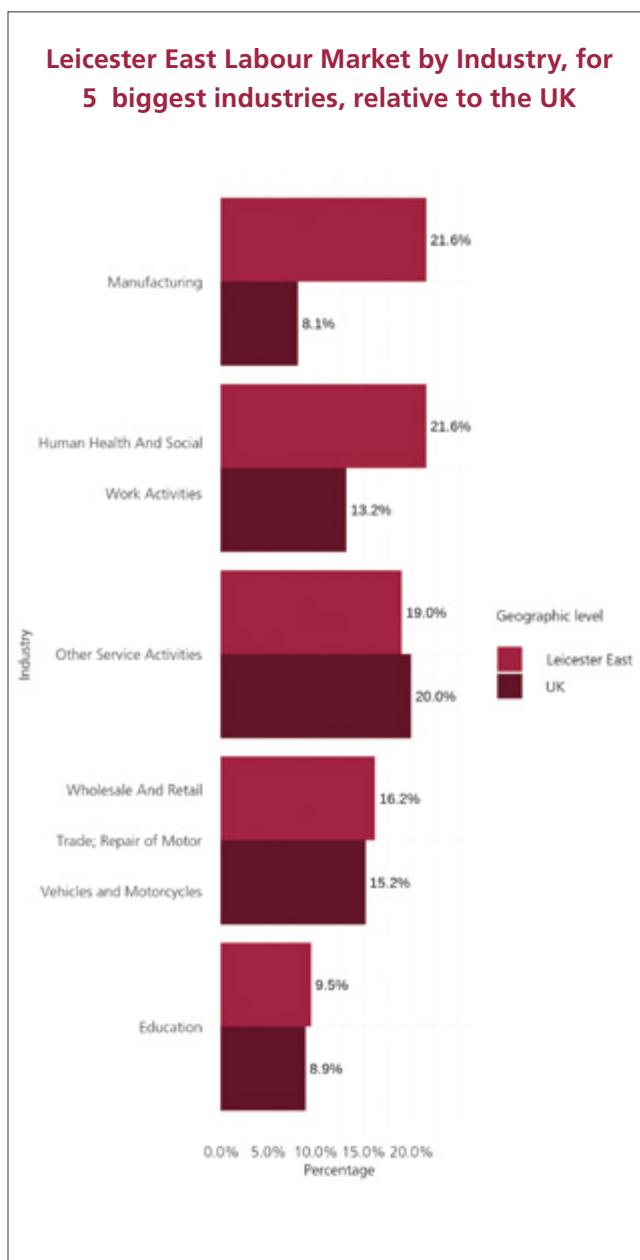
73,500 people aged 16-64 live in Leicester East³³. Of these, 75.4 per cent (64,000 people) are economically active.³⁴ This is below the national average. Nationally, 79.1 per cent of people are economically active.³⁵

Even prior to the pandemic, in Leicester East the level of unemployment was high relative to the rest of the UK. Only 71.6 per cent of people in Leicester East were recorded as being in employment³⁶, relative to 76.0 per cent of people across the UK.³⁷

Around 1 in 5 people in Leicester East do not hold any qualifications.³⁸ This is considerably higher than the proportion of people who do not hold any qualifications across the UK (7.7 per cent).³⁹

The labour market in Leicester East is largely dependent upon manufacturing. 1 in 5 (21.6 per cent) of all jobs in Leicester East are in the manufacturing industry.⁴¹

The gross weekly pay for full-time workers in Leicester East is around 30 per cent less than the national average gross weekly pay. In Leicester East, full-time workers earn around £419.30 a week, on average.⁴² This compares with a national average full-time gross weekly pay of £587.00.⁴³



Source: ONS Business Register and Employment Survey³⁵

33 ONS, 2020. "Annual Population Survey".

34 Ibid

35 Ibid

36 Ibid

37 Ibid

38 Ibid

39 Ibid

40 ONS, 2018. "Business Register and Employment Survey"

41 Ibid

42 ONS, 2019. "Annual survey of hours and earnings - resident analysis"

43 Ibid

Health

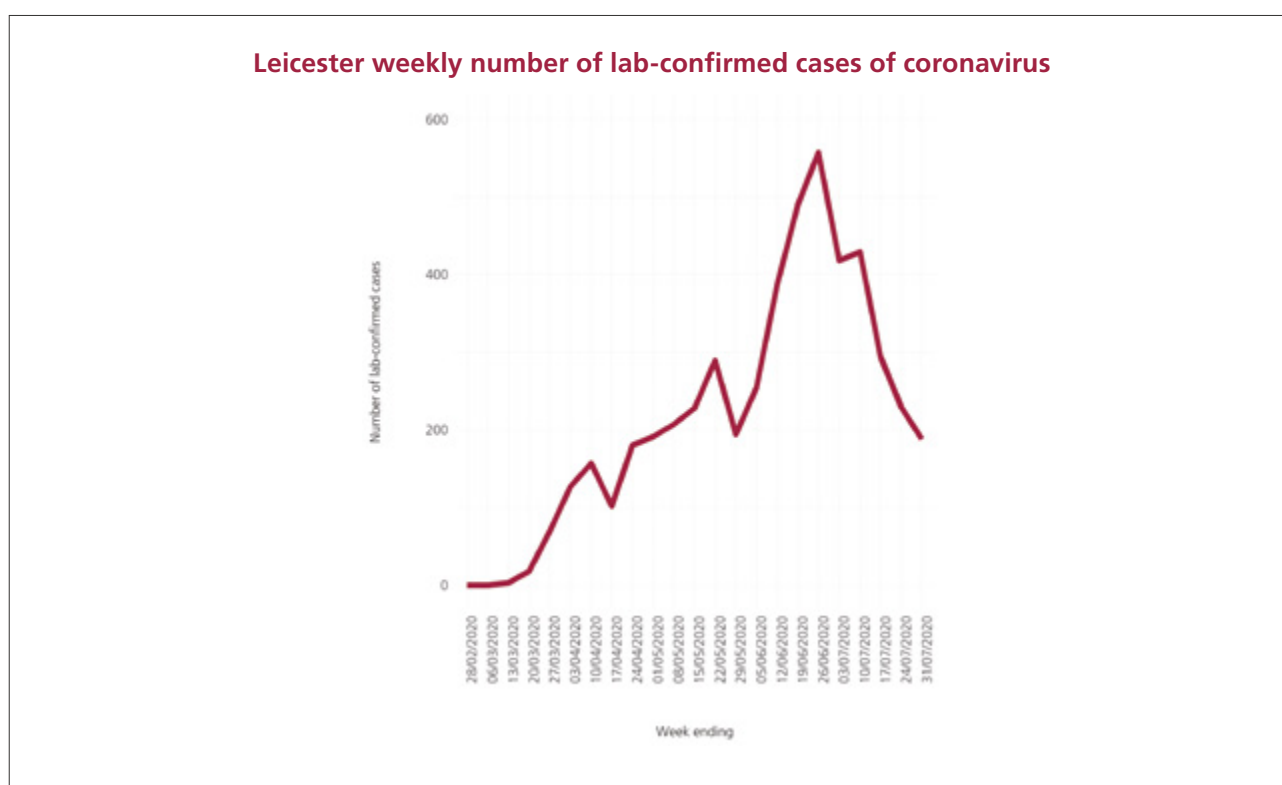
In Leicester, the life expectancy at birth for both males and females is less than the national average.

For males, the life expectancy at birth in Leicester is 77.2 years (in England it is 79.6 years).⁴⁴ For females, the life expectancy at birth is 81.9 years (in England it is 83.2 years).⁴⁵

The under 75 mortality rate for all causes is higher in Leicester East than the rest of England. In Leicester East 412.6 per 100,000 people die before the age of 75 (in England 330.5 per 100,000 people die before the age of 75).⁴⁶

Leicester East has a relatively high infant mortality rate of 6.3 (compared to the national infant mortality rate for England of 3.7)⁴⁷

Coronavirus



Source: COVID-19 Lab confirmed cases⁴⁸

Following high numbers of confirmed cases of Coronavirus, in late June, Leicester experienced a local lockdown.

When the lockdown was imposed, the seven-day infection rate in Leicester, was three times higher than the next highest area.⁴⁹ Admissions to hospital were between six and 10 per day in Leicester, rather than one or two, as in other trusts.⁵⁰

44 Public Health England, 2019. "Local Authority Health Profile"

45 Ibid

46 Ibid

47 ONS, 2020. "Infant mortality (birth cohort) tables England and Wales"

48 Leicester City Council, 2020. "COVID-19: Lab-confirmed cases"

49 Hansard, 2020. "Health Protection (Coronavirus, Restrictions) (Leicester) Regulations 2020"

50 Ibid

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