

# TACKLING EXPLOITATION AND FORCED LABOUR IN THE UK HOTEL SECTOR



**Every year in the UK there are more than 270,000 hotel rooms available for tourism or business (BDO sector analysis, 2014). The hospitality sector accounts for nearly four million UK jobs, of which 2.44 million people are directly employed, including 403,000 reported to be in hotel and related employment – and 1.2 million who are indirectly employed, comprising supply chain<sup>1</sup> and employee-related jobs.**

The hotel sector is one part of the UK economy which has contributed to the expansion of the job market. However, many of these posts are seasonal, low-wage service jobs, which are often filled by migrant and agency workers. A 2014 report by the Migration Advisory Committee (MAC) suggested the weak levels of enforcement in low-wage sectors, including hotels and hospitality, has created a structural vulnerability in the UK labour market, leading to potentially serious levels of exploitation.

In 2013-2014, the University of Liverpool took part in an EU-funded project<sup>2</sup> to examine risks of human trafficking for forced labour in the UK hotel sector. This led to the creation of the first comprehensive guide designed for businesses in the hotel sector to incorporate a policy response to these risks. The full UK report<sup>3</sup> identifies issues around employment practices and corporate governance in the hotel sector relating to labour exploitation and trafficking for forced labour.



### The key findings were:

- Corporate social responsibility (CSR) in the hotel sector has led to achievements in the environmental sphere, but has done little to address labour exploitation, which at its worst can amount to human trafficking for forced labour
- Large numbers of migrant workers are now employed in low-skilled occupations within the sector; they are perceived as accepting inferior wages and are more vulnerable to poor working conditions due to a number of factors
- The majority of work done in hotels is now through agency labour rather than directly employing staff, especially in London, and this can have a number of negative risks for companies and conditions for workers
- Over the past five years several investigations by journalists have discovered exploitative practices in the hotel sector, particularly with contract cleaning and other outsourced functions
- There is evidence from the HMRC Minimum Wage Compliance Unit that employers within the hotel sector are failing to meet requirements and are using increasingly innovative and complex methods to avoid paying a fair wage
- As part of the Modern Slavery Bill (going through parliament 2014-2015) there is likely to be increased pressure on companies, either through the Companies Act, or other legislation, to carry out and report auditing of supply chains
- There have already been some initiatives undertaken by both NGOs and groups within the hotel industry (see below), but businesses need to assume responsibility and adopt policies that address these risks.

### Why is this happening in the UK hotel sector?

George Orwell, once a migrant worker in the kitchen of a luxury hotel in Paris, famously described the work as modern slavery. Unfortunately for some people working in the hotel sector in the 21st century, this description might still apply. While large numbers of workers in the UK hotel sector enjoy decent employment conditions, there is growing awareness of exploitative practices, particularly involving agency staff and migrants.

The report found that there are negative perceptions of some kinds of work in hotels which is seen as having long hours, low pay, and a lack of advancement opportunity. Without EU labour to fill employment gaps, the industry could not continue in its present form.

Migrants – regular and irregular – as well as seasonal and temporary agency workers, have all been identified as particularly vulnerable to exploitation, and therefore at risk of forced labour (see, for example, MAC 2014). These groups are known to be well represented in the hotel and hospitality sector. This research by the University of Liverpool highlights the ways in which workers are more vulnerable to exploitation in certain economic sectors that are characterised by poor working conditions and a lower level of protection in terms of employment rights.

1. Supply chain includes networks of suppliers, distributors, service providers and subcontractors

2. *Facilitating Corporate Social Responsibility in the Field of Human Trafficking*, ref: HOME/2011/ISEC/AG/THB/4000001962, led by Conny Rijken, Tilburg University, Netherlands

3. Balch, Alex and Rankin, Glynn (2014) *Facilitating Corporate Social Responsibility in the Field of Human Trafficking: The Hotel Sector in the UK*

## Where are the most severe risks?

There are different types of recruitment used by the UK hotel industry, but the report found that the main risks around the exploitation of workers could be linked to the use of temporary agencies or outsourcing companies. This was found to be more prevalent in London than in the rest of the UK, but these business practices exist throughout the sector. There is also evidence that some hotels were employing staff directly from their home countries and forcing them to stay in specified accommodation whilst living in the UK.

A key problem is that we do not know the true extent of this issue. This report found reluctance on the part of employers to discuss supply chains in any detail, despite claims that due diligence was being carried out.

## Is enough already being done?

As with most of the economy, there is no dedicated labour inspection system in place in the hotel sector. A confusing array of regulators and enforcement agencies, including the Health and Safety Executive (HSE) and the HMRC (particularly the Minimum Wage Compliance Unit), share responsibility for ensuring employment rights are respected. However, these organisations have limited resources and inspectors, and there have been no specific measures regarding agency working in the hotel sector. Responses tend to be reactive rather than proactive.

Trade union representation is also very low in the hotel sector, with only about 4% of workers in London represented by a trade union. In some parts of the UK labour market there is a licensing system for labour providers, run by the Gangmasters Licensing Authority (GLA). There have been calls for the GLA to be expanded into other areas, such as hospitality, where seasonal demand for labour fluctuates and there are large numbers of agency workers, but GLA is currently limited to agricultural and food-related sectors.

Growing recognition of problems in the hotel sector has led to a number of initiatives, but they have generally found it difficult to engage business and/or demonstrate impact. The Staff Wanted Initiative, for example, developed a campaign including guidance and information leaflets, which were sent to over 1,600 hotels. While this generated significant interest the project did not receive public backing by any major hotel chain. Information and advice for companies does exist: the International Tourism Partnership (ITP) in collaboration with employers and its working group on trafficking has created guidance on its website (see: [www.greenhotelier.org/know-how-guides/addressing-human-trafficking-in-the-hospitality-industry/](http://www.greenhotelier.org/know-how-guides/addressing-human-trafficking-in-the-hospitality-industry/)) to explain the problem of human trafficking, bringing together information and advice on issues such as due diligence processes.

There are other examples where work has been done by hotels to address working conditions. These include the Whitbread and Intercontinental hotels within the UK. The former has developed a corporate social responsibility strategy which includes commitment to good employment practices, while the latter has decided to adopt the Living Wage in their flagship London hotel and plans to roll this out to their other hotels.



### The main preventative measures taken by business, NGOs and others to address labour issues in the hotel sector are:

- The International Tourism Partnership (ITP) initiative (see previous page)
- The Staff Wanted Initiative – which seeks to raise awareness of hotel sector labour issues – has developed a campaign using the ‘SEE’ (Scrutinise, Engage, Ensure) formula
- The Tourism Child-Protection Code of Conduct is a voluntary set of business principles that travel and tour companies can implement to combat child trafficking and sex tourism (initiated by ECPAT International: End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes)
- The ‘Say Something if you See It Campaign’ warns hotel staff to look for suspicious signs, such as men arriving with much younger girls, and provides training for frontline staff
- The Ecumenical Council for Corporate Social Responsibility (ECCR) is a church-based investor coalition working for economic justice, human rights and environmental sustainability, and has published two reports into trafficking in the hotel sector and campaigned before the 2012 London Olympics for businesses to become ‘traffick-proof’
- Demands by ethical consumer groups for companies to include anti trafficking policies, for example the ‘Celebration without Exploitation’ initiative, have been set up in advance of the South Africa World Cup.

### Where next?

Companies need to act in advance of the imposition of new requirements, and to reduce their organisational risk. The University of Liverpool has developed the first guide designed to help all businesses in the UK hotel sector. It specifically addresses risks around trafficking for forced labour, and aims to help companies meet the responsibility to promote and protect human rights in the business context. It provides:

- Information about identifying and mitigating risks for the hotel sector
- Tools and instruments to help companies comply with the law and implement good practice, including checklists and indicators
- Practical step-by-step instructions about how businesses can meet the ‘responsibility to respect’ human rights, thereby securing dignity, equality and safety from abuse and exploitation for all those that work in the sector.

### The Modern Slavery Bill (2014-2015) – increasing requirements for business?

There is much debate in the UK currently about the best way to tackle human trafficking and forced labour, particularly in light of the forthcoming Modern Slavery Bill, which is due to go before parliament in 2014-2015. Although many anti-trafficking groups have generally welcomed the prospect of new legislation in this area, some have expressed significant reservations. There are concerns that the Draft Bill with its emphasis on criminal legislation, rather than a focus on the environments where forced labour exists, could have little impact on the causes of exploitation.

The government has proposed a ‘cooperative’ approach with business, but discussions during the drafting of the legislation included the possibility of extra requirements for companies (e.g. via licensing, reporting, or increasing corporate liability). It is therefore possible that some form of reporting requirement will be imposed with regard to the auditing of supply chains, potentially as part of the Companies Act.

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