This toolkit has been produced by the Association of Labour Providers, and the Chartered Institute of Procurement and Supply.

THE ASSOCIATION OF LABOUR PROVIDERS (ALP)
The Association of Labour Providers (ALP) is the specialist trade association for labour providers that supply the workforce for the consumer goods supply chain. This includes the food processing, horticultural and wider manufacturing, industrial, warehousing and distribution sectors.

The ALP promotes responsible recruitment and works to ensure that the provision and management of agency and seasonal labour in these sectors is recognised as a model of good practice.

ALP members range from small local labour providers to the largest multi-sector suppliers. All companies in the labour supply chain are welcomed as Associate Members.

THE CHARTERED INSTITUTE OF PROCUREMENT AND SUPPLY (CIPS)
CIPS is the world’s largest organisation dedicated to the procurement profession, with a global community of over 200,000 and is the dynamic champion driving the global procurement and supply management profession.

CIPS sets the global standard in procurement and supply management and helps businesses around the world to excel in procurement and supply, supporting them to improve and deliver results, and raise standards.

The CIPS Corporate Code of Ethics requires organisations adopting the code to:

- Conduct all business relationships with respect, honesty and integrity, and avoid causing harm to others as a result of business decisions, and
- Use procurement strategies to drive unethical practices from the supply chain

The increase in complex global supply chains is also increasing the opportunities for procurement malpractice. We have seen serious issues of bribery, fraud, corruption and human rights abuse emerging and we believe procurement and supply management has a part to play in eradicating these problems. We also believe it is important for procurement teams, which may include non-members, to be held accountable for sourcing, including supplier selection, and supplier management and for the organisations they work for to set the highest ethical standards for them to work to. If we are to eradicate unethical business practices from the supply chain, it is not enough to rely on individuals, we need to change organisational behaviour.

Chartered Institute of Procurement and Supply
INTRODUCTION

It is time to end the unfair procurement practices that are driving agency worker exploitation in the UK. How this occurs is detailed in our first Fair’s Fair Toolkit: ‘How unfair procurement practice is driving agency labour exploitation.’

This “Fair’s Fair” good practice toolkit supports the commercially sustainable procurement of agency labour by supporting UK buyers to make informed labour supply choices, underpinned by effective purchasing standards so that workers never pay the price of poor purchasing practice.

This toolkit will support business to:

- Achieve the CIPS Corporate Code of Ethics for the fair procurement of contingent labour and drive unethical practices from the supply chain
- Understand the key issues around pricing, contracts and due diligence to inform fair procurement practice.
- Embed ‘Fair’s Fair’ principles by working through the Fair Procurement Practice checklist.

In this toolkit we use the term ‘buyers’ to represent all people including procurement professionals, HR teams and operational leads who are responsible for the decision of which labour provider to support.

“Fair’s Fair” is an awareness and education programme to support the commercially sustainable procurement of agency labour so that workers never pay the price of poor purchasing practice.

PRINCIPLES

- **Fair for Workers** - Workers receive the pay and rights to which they are legally and contractually entitled, can work safely and are treated fairly in accordance with established ethical labour standards.
- **Fair for Labour Providers** - Charge rates are sufficient to meet statutory and contractual requirements and provide a sustainable margin.
- **Fair for Labour Users** – Ethical labour standards for agency workers are adhered to, and reputation is protected.

**FAIR’S FAIR WILL:**

- **Explain** and build understanding among procurement teams about how unscrupulous labour providers create additional income to bolster their earnings.
- **Supply** tools and training to help labour providers achieve sustainable commercial agreements that support them to source and retain agency workers fairly.
- **Provide examples and statistics** and engage with stakeholders to agree good practice guidelines and work towards a Fair’s Fair Charter.

HELP US ENSURE THAT THE PROVISION, USE AND MANAGEMENT OF LABOUR IN THE UK IS RECOGNISED AS A SUSTAINABLE MODEL OF GOOD PRACTICE
CONTEXT

Retailers operate in a competitive marketplace. Consumers expect choice and convenience at a low price. Suppliers have faced increasing production costs due to continual above inflation rises in wage rates and the impact of the coronavirus on social distancing and productivity.

Businesses are challenging their buyers to take cost out of their supply chain in order to maintain profitability. This is often the key priority for buyers and how they are measured by their business. However, the cost of labour is increasing. Pre COVID-19, reducing labour availability was pushing up costs, now it is social distancing and remote recruitment that are increasing outlay.

There is also pressure on buyers to include compliance with retailer/customer standards as well as responsible recruitment standards within their Codes of Practice, and to require that labour providers meet these standards. Due diligence processes to ascertain whether such standards are being complied with are either non-existent or not robust enough to uncover poor practice.

Buyers must understand the impact of their decisions and the potential risks of focusing predominantly on cost rather than value in relation to the procurement of contingent labour. Labour users that pay unrealistically low rates are knowingly or recklessly complicit in illegality as these rates can only be achieved through worker exploitation, tax evasion or both.

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“Can we factor in the true cost of labour into the thing we are purchasing from this company – because if we did, there is no way a dress could cost five or ten pounds.”

Dame Sara Thornton, the UK’s Independent Anti-Slavery Commissioner speaking on the Today programme.
THE ‘5 RIGHTS OF PROCUREMENT’

It is now well established that the role of procurement is not to solely focus on the material, product or service itself, but on a wider range of considerations – Quality, Quantity, Place, Time, Price - “The 5 Rights of Procurement.”

Applying these 5 Rights in the context of labour provision, buyers must consider:

1. **QUALITY**
   - How quality permeates every aspect of the service - not just the suitability of the labour provided, but the quality of relationships, communication, process, management and brand protection.

2. **QUANTITY**
   - Ensuring a high degree of order accuracy to enable labour providers to supply the quantity and quality of workers required.

3. **PLACE**
   - Not only where workers are being recruited for/supplied to, but where the labour provider recruits workers from, including engagement with any recruitment intermediaries, in order to identify any risk of labour exploitation in the supply chain.

4. **TIME**
   - The more notice the labour provider has of requirements for both quality and quality, the more likely they are to meet them.

5. **PRICE**
   - The total cost of service provision is not just the unit price, but the impact that that provision has on your business costs. It is about value, not just price.
TOTAL COST OF LABOUR SUPPLY

The true value in a labour providers' service lies not in the unit cost of labour, but in its ability to source and supply the right number of workers, with the right skills at the right time to enable fast flexibility so that labour users are able to minimise overstaffing whilst remaining agile and responsive to customer needs.

Calculating the cost and value of agency labour provision is complex. Focusing on the lowest charge rate can result in incurring other hidden costs such as management time, overtime, weekend working, failure to meet orders, poor product quality, increased accidents etc. which in turn lead to the labour provision being more expensive.
## Fair procurement of agency labour toolkit

<table>
<thead>
<tr>
<th>Poor Quality Labour Provider</th>
<th>High Quality Labour Provider</th>
</tr>
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<tbody>
<tr>
<td>Lower charge rate but has:</td>
<td>Higher charge rate but has:</td>
</tr>
<tr>
<td>Poor management systems</td>
<td>Good management systems and compliance</td>
</tr>
<tr>
<td>Low quality of staff</td>
<td>High quality staff</td>
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<tr>
<td>High turnover</td>
<td>Low turnover</td>
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<tr>
<td>Poor time and attendance</td>
<td>Good worker engagement</td>
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<tr>
<td>Failure to supply</td>
<td>Reduction in overtime</td>
</tr>
<tr>
<td>Increased accidents</td>
<td>Good productivity</td>
</tr>
<tr>
<td>Increased induction and training costs</td>
<td>Reduced induction and training costs</td>
</tr>
<tr>
<td>High level of frustration</td>
<td>Right first time</td>
</tr>
<tr>
<td>Higher risk of exploitation</td>
<td>Workers treated as customers</td>
</tr>
<tr>
<td>Risk of reputational damage</td>
<td>Reputation protection</td>
</tr>
<tr>
<td>Significant management time invested</td>
<td>Minimal management time required</td>
</tr>
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</table>
**FAIR AGENCY LABOUR PROCUREMENT CHECKLIST**

1. **Understand the issues and risks**
   - Read the Fair’s Fair Toolkit: ‘How unfair procurement practice drives agency labour exploitation’ which details poor procurement practice and its consequences in the UK labour market.
   - A global view can be found in the [Responsible Recruitment Toolkit (RRT)](#), including their recent paper: [Practical Guide to Responsible Recruitment During Covid-19](#).
   - Read [HMRC’s Use of Labour Providers – advice on due diligence](#) to understand the government’s perspective and what happens if fraud or non-compliance is found in your supply chain.
   - Find more information on choosing the right Labour provider by exploring the [Good Practice for using UK Labour Providers](#) section of the ALP website.
   - Access training to gain further understanding of the issues and risks:
     - Eliminating worker paid recruitment fees (free places available)
     - Labour supply chain due diligence and partnerships (free places available)
     - Tackling Modern Slavery through Purchasing Practices
     - Complying with the GLAA Licensing Standards

2. **Agree policy on the use of agency workers.**
   - Agree your policy on the use of agency workers at Board level and integrate into the business’ management systems. The policy will inform the buying process.
   - Work through the Labour User checklist for the development of a policy on the use of agency labour to support you to define and record your approach to the use of agency labour.
   - Pay particular attention to how agency workers will be paid
   - See template policies for the responsible use of agency labour in the [RRT Resources list](#), including:
     - Template Labour User Responsible Recruitment Policy
     - Template Retailer and Brand Responsible Recruitment in Supply Chain Policy
3. **Ensure accurate labour forecasting and ongoing planning.**

Create a labour forecast giving labour providers an accurate estimation of labour requirement to bid against.

Labour provider recruitment and management costs are often fixed and based largely upon premises, staff and technology. Poor forecasts that grossly underestimate the labour requirement may mean that labour providers are unable to meet the need, whilst gross over-estimates mean that labour providers may not have quoted a charge rate that will cover their costs.

The ALP's [Effective Labour Planning Guide](https://www.labourproviders.org.uk) provides a step by step labour planning process.

Establish KPI's to measure the accuracy and timeliness of orders as part of the review process.

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4. **Use a fair labour provider selection process.**

A fair and robust scoring system should be used by purchasing teams to ensure that they select the “best” labour provider that meets the policy and standards set out in the terms of business and the SLA, rather than the one with a very persuasive salesperson.

See the Labour user checklist for the fair selection of labour providers for issues you should consider when designing a selection process.

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5. **Agree fair commercial terms.**

The rate paid by labour users is a key variable that the GLAA monitors. Labour users that pay unrealistically low rates are knowingly or recklessly conniving in illegality as these rates can only be achieved through worker exploitation, tax evasion or both.

These businesses face reputation damaging publicity if this is exposed. Specific guidance on rates is detailed in the [ALP Charge Rate Guidance](https://www.labourproviders.org.uk). The same information is also available as a [GLAA version](https://www.labourproviders.org.uk).

Invoice rates should be sufficient for the labour provider to meet all their statutory and contractual obligations and achieve a fair profit margin.

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6. **Agree fair and comprehensive Contracts and Service Level Agreements (SLA’s).**

Embed fair procurement process into the relationship between the labour user and the labour provider and ensure that the contract terms reflect the requirements of the business.

See Fair Contractual Terms.

The ALP has developed a [range of template contracts](https://www.labourproviders.org.uk) for labour providers to use with their clients. Labour users can also use these templates to ensure their standard terms of business have fair procurement practices built into them.

Agree and record a service level agreement detailing the agreed operational requirements. The SLA should be a living document reviewed at least annually and updated whenever information changes.

ALP has developed a template Service Level Agreement (SLA) which can be adapted by ALP members to meet their needs.

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<tr>
<td><strong>The labour provider and labour user should agree how each will be measured to assess their performance against the agreed terms in the SLA. This is usually by means of a set of agreed Key Performance Indicators (KPIs).</strong></td>
</tr>
<tr>
<td><strong>Hold regular review meetings appropriate to the size and contractual requirements of the business.</strong></td>
</tr>
<tr>
<td><strong>An open and honest partnership requires frequent review to ensure that both parties needs and expectations are being met. Whilst operational review may take place on a frequent, informal basis, formal reviews against the contract, SLA and KPI’s should take place on a regular basis and include HR and operations and be attended by senior representatives from the labour provider.</strong></td>
</tr>
<tr>
<td><strong>Agree a clear escalation process for how issues are raised, recorded and resolved. Ensure that the person or job role responsible for each level of escalation is clearly identified.</strong></td>
</tr>
<tr>
<td><strong>Undertake initial due diligence and ongoing audits to ensure labour provider compliance. Use 7 steps to embed labour provider due diligence and responsible recruitment as a guide.</strong></td>
</tr>
<tr>
<td><strong>Help prevent agency worker exploitation in your business with the <a href="#">Fair Agency Labour Procurement Practice Due Diligence Checklist</a></strong></td>
</tr>
<tr>
<td><strong>Sign up to the Labour Supply Chain Payment Charter to demonstrate your commitment to fair and transparent payment practices.</strong></td>
</tr>
<tr>
<td><strong>Consider signing up to the <a href="#">Prompt Payment Code</a> to demonstrate your good payment practice.</strong></td>
</tr>
</tbody>
</table>
KEY GUIDANCE AND RESOURCES FOR FAIR PROCUREMENT OF AGENCY LABOUR

Supplementary guidance, links and tools to support policy and process development.
A. PAYMENT TO WORKERS

The Agency Workers Regulations 2010 require that agency workers are paid parity with the equivalent directly engaged workers after they have worked for 12 weeks.

Many labour users choose to reduce pay to workers for the first 12 weeks to reduce cost. This will have an impact on the labour providers ability to source and supply appropriate workers since they will only be attracting people prepared to work for the lower rate offered initially. Before making such a decision, buyers should consider:

- The workers who will be happy to work at the post 12-week rate may not apply at the lower initial rate thus potentially reducing the quality of the workforce that can be attracted.

- Recruitment at the National Minimum Wage or National Living Wage means that you are competing on the same minimum terms as every other business – some of which will undoubtedly have better working environments, hours, locations or job content to attract workers.

National minimum wage rates do allow you to pay workers lower rates, based upon their age. However, this is a complex area of legislation which is explained in full in ALP Brief – National Minimum Wage Compliance.

Reducing pay for younger workers will reduce their attraction to your workplace and is on breach of ETI Base Code 7 which requires that there is no discrimination in compensation based upon age.

Payment for non-working hours

There are times when labour providers incur cost for non-working hours which are often not represented in the standard invoice rate. These include payment for:

- Induction training
- Ante natal appointments
- Maternity suspension
- Workers ordered and subsequently sent home with no work
- Workers sent home before the end of the booked shift

These are direct costs of employment where agency workers treatment should reflect what would happen to a directly employed worker in the same scenario.

Labour providers who do not include such costs in their proposals, may not intend to pay workers in these scenarios.

- 6m workers were subject to wage theft totalling £3.1 billion in 2016, half of which was unpaid holiday pay.
- The Low Pay Commission estimates 23% of all workers entitled to the National Living Wage are underpaid.
- Do you audit what your agency workers are actually paid?
B. KEY PERFORMANCE INDICATORS (KPI’S)

Buyers should agree a set of KPI’s that reflect the requirements of the contract and SLA and are clear, easily measured and regularly reviewed. Examples of common KPI’s for a labour supply relationship include:

Measuring labour users performance:

<table>
<thead>
<tr>
<th>KPI Description</th>
<th>Equation</th>
<th>Standard Expected</th>
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</thead>
<tbody>
<tr>
<td>Orders received by cut-off</td>
<td>(No of workers ordered by deadline / number of workers in final order) x 100</td>
<td></td>
</tr>
<tr>
<td>Invoice paid within terms</td>
<td>(No of invoices paid within terms / total no of invoices paid) x 100</td>
<td></td>
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<tr>
<td>Accident reports completed on time</td>
<td>(No of accident reports completed on time / total no of accident reports) x 100</td>
<td></td>
</tr>
<tr>
<td>RIDDOR Incidents reported on time</td>
<td>(No of RIDDOR incidents reported on time / total no of RIDDOR incidents) x 100</td>
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Measuring labour providers performance:

<table>
<thead>
<tr>
<th>KPI Description</th>
<th>Equation</th>
<th>Standard Expected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fulfilment of orders received before cut-off</td>
<td>(No of workers ordered by deadline / total no of workers supplied) x 100</td>
<td></td>
</tr>
<tr>
<td>Labour turnover</td>
<td>(No of leavers / total no of workers supplied) x 100</td>
<td></td>
</tr>
<tr>
<td>Statutory excuse for Right to Work established</td>
<td>(No of workers with statutory excuse established / total no of workers supplied) x 100</td>
<td></td>
</tr>
<tr>
<td>Workers with completed induction</td>
<td>(No of workers with completed induction / total number of workers supplied) x 100</td>
<td></td>
</tr>
<tr>
<td>Workers with relevant training (i.e. ESOL, Food Safety, Tackling Hidden Labour Exploitation)</td>
<td>(No of workers with relevant training / total number of workers supplied) x 100</td>
<td></td>
</tr>
<tr>
<td>Invoice Queries resolved within 7 days</td>
<td>(No of invoice queries resolved within 7 days / total no of invoice queries) x 100</td>
<td></td>
</tr>
<tr>
<td>Workers with minimum satisfactory standard on review</td>
<td>(No of workers with minimum satisfactory standard on review / total number of workers reviewed) x 100</td>
<td></td>
</tr>
<tr>
<td>Complaint / Grievance resolution</td>
<td>(No of complaints or grievances resolved within agreed timescale / total no of complaints or grievances received) x 100</td>
<td></td>
</tr>
<tr>
<td>Minimum agreed score on audit achieved</td>
<td>(No of audits with minimum score achieved / total number of audits) x 100</td>
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</table>

KPI’s may be measured weekly, monthly and annually and by department, site or contract depending upon the needs of the business. Where labour is provided across multiple departments or sites, or by multiple labour providers, comparing KPI’s helps to identify areas of particular concern or examples of best practice.
C. FAIR CONTRACTUAL TERMS

Labour providers are legally required to agree in writing the terms that will apply between the labour provider and the labour user and give the labour user a copy of these terms.

Written terms must include the amount and method of calculating the fee, any applicable refunds/rebates and the rules surrounding these, and the procedure for dealing with unsatisfactory workers. These terms must be recorded in a single document. Any variations to the terms must also be documented and a copy provided to the labour user as soon as possible after agreement.

ALP provides members with legally approved Template Terms of Business.

For larger contracts, particularly those where investment on the part of the labour provider is required, it may be required to negotiate specific contractual terms with exclusivity and/or fixed minimum durations.

ALP recommends that you take legal advice from a lawyer with specific expertise in the issues relating to labour providers where new contractual agreements are required.

Critical Contract Issues:

Some issues arise regularly in contract negotiations between labour users and labour providers. Ethical and compliant labour providers are more likely to be concerned about such issues since they often represent uninsurable risk.

Less scrupulous labour providers will happily accept difficult clauses in the hope that they will never become a problem, or because they have no intention of complying with them.

Buyers are advised to check the labour providers insurance cover for any liabilities which they accept over and above their legal responsibilities.

| The responsibility for Health and Safety | The Health and Safety Executive states in its guidance on 'Health and safety for agency/temporary workers': 'In practice, the day-to-day responsibility for health and safety during the assignment will lie with the end user

Labour providers and labour users have a joint responsibility for the health and safety of workers. In short, the labour user must provide a safe working environment, but the labour provider must be satisfied that it is safe before a worker is supplied.

Labour providers and labour users must co-operate fully to assign and agree individual responsibilities before workers are placed. Details of exactly how this can be achieved and recorded are contained within ALP Brief; Managing the Health and Safety of Agency Workers.
 |
| Indemnities | Since Labour Users have day to day responsibility for supervision, direction and control of workers, it is inappropriate to require a labour provider to indemnify the Labour User against the actions of the agency worker.

These types of clauses are usually intended for contractors who do not work under the supervision and direction of the Labour User. |
### Penalty Clauses

Clauses where the labour provider is required to pay a penalty for poor performance are extremely difficult to draft effectively since performance can be negatively impacted by the labour user in several ways:

- Late ordering or inaccurate forecasts
- Poor treatment of workers
- Insufficient supervision or management

Added to which, if the labour provider is not able to make a profit from the contract, then this may drive exploitation of workers.

Poor performance should be dealt with through the review process with the ultimate sanction being the withdrawal of opportunity.

### Transfer of workers

Since people are the assets of a labour provider's business, it is usual to have clauses in the contract which require the labour user to pay a fee, or enter into an extended period of hire for any worker they wish to engage directly, or through another labour provider.

Whilst such clauses are necessary in order to protect the labour providers business against unscrupulous clients, they should be clear, reasonable and explicitly agreed.

Labour users often discover such clauses when wishing to transfer workers from one provider to another during a change of labour provider.

### Statutory increases

Labour providers have to pay the same statutory costs as any other employer.

When statutory costs increase, labour users should accept that the labour providers invoice rate will rise as a consequence.

Statutory costs are defined within the ALP Charge Rate Guidance which labour users can access to ensure that accurate recharges for statutory costs are applied. A GLAA version of the document is also available.

### Payment terms

The vast majority of agency workers are paid on the Friday following the week of work. In commercial parlance, this means that the labour providers 'suppliers' are paid on 7 day terms, and the labour provider has no reasonable way of extending these terms.

Labour provider invoices should be seen as a labour cost, rather than be subject to the labour users standard supplier terms, and should be paid no later than 30 days from date of invoice.
D. INITIAL DUE DILIGENCE AND ONGOING AUDIT

Buyers must be confident that their labour providers can operate legally and ethically and due diligence to achieve this requires more than a simple questionnaire or sign off.

The fact that a business has a GLAA licence does not provide adequate due diligence since in recent years labour providers in the regulated sector are often never inspected by the GLAA or if they are, only once in many years.

Labour providers should be audited against the agreed standards prior to supply and regularly thereafter, ideally by a trained objective auditor who understands the industry and will include worker interviews as a key part of the process.

ALP provides a 'Fair Agency Labour Procurement Due Diligence Checklist', available from the Fair's Fair section of our website, detailing the main practices applied by unscrupulous labour providers to undercut compliant operators and the due diligence that buyers can undertake to guard against such practices in their business.

Complyer is an easy-to-use software tool specifically created for auditing Labour providers’ compliance with:

- The GLAA Licensing Standards
- The Agency Workers Regulations
- The Modern Slavery Act transparency in supply chains good practice.

Complyer can be used internally or by an ALP authorised auditor.

Social compliance and customer requirements

Responsible recruitment is on the rise as consumers demand assurance that good and services are not just compliant with statutory requirements, but also with accepted ethical standards such as the ETI Base Code.

Retailers often have their own ethical standards that they audit businesses against, and those standards apply to agency workers in the supply chain as well as to directly engaged workers.

'7 Steps to Embed Labour Provider Due Diligence and Responsible Recruitment.' lists a range of resources to support organisations on their responsible recruitment journey including:

- **Responsible Recruitment Toolkit (RRT)** is a global programme offering an unparalleled toolkit to help businesses achieve and be recognised for responsible recruitment. The RRT online tool provides access to comprehensive and practical responsible recruitment guidance and allows recruiters to self-assess to track their progress. The 'Free' level is free to all; the 'Plus' level is free to eligible RRT Sponsors suppliers and ALP labour provider members - [find out more information here](#).

- **Clearview** offers independent certification of social compliance standards, created specifically for labour providers. Clearview helps drive continuous improvement in ethical and operational labour supply standards helping ensure brand protection and giving customers confidence in the ethical treatment of labour in the workplace

- **Stronger Together** is a multi-stakeholder collaborative initiative supporting organisations to tackle modern slavery within their businesses and supply chains. Stronger Together offers **The Progress Reporting Tool (PRT)** is a pioneering online self-assessment tool that supports companies globally to measure progress made in addressing modern slavery risks and **Organisational Performance Assessments** that provide an affordable, independent verification of your company’s progress in tackling modern slavery.
E. LABOUR USER CHECKLIST FOR THE DEVELOPMENT OF A POLICY ON THE USE OF AGENCY LABOUR

Use this checklist to inform the development of your policy on the use of agency labour. It is not exhaustive but describes some of the key elements buyers should consider.

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<thead>
<tr>
<th>No</th>
<th>Policy element</th>
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<tbody>
<tr>
<td>1.</td>
<td>The business case for using agency workers – what is the purpose of using agency workers and how does this fit into the overall business labour planning strategy. This provides buyers the context in which they need to operate.</td>
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<tr>
<td>2.</td>
<td>An understanding of the true cost of labour to the business and how the use of labour providers can impact this.</td>
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<td>3.</td>
<td>Set business attitude to the labour provider – a commodity supplier or a key business partner?</td>
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<tr>
<td>4.</td>
<td>Set business culture to agency workers – valued or 2nd class citizens?</td>
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<tr>
<td></td>
<td>- Are agency workers provided with the same facilities, training, PPE and health surveillance as directly employed workers?</td>
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<td></td>
<td>- If workers are sent home early at the start of the shift, or early, are they given compensatory pay?</td>
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<td>- Are appropriate lead times provided meaning workers can plan their day/week and do not lose out on other opportunities?</td>
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<td>5.</td>
<td>Group Contract or Site by Site – centrally procured contract to maximise economies of scale, or individual site suppliers to capture local experience and preference?</td>
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<td>6.</td>
<td>Sole/dual or multi labour providers – agreement on the approach to using labour providers based on the labour requirements, cost benefit analysis and the attitude towards labour providers</td>
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<td>7.</td>
<td>What proportion of workforce is agency? Are they used to cover holidays and sickness, seasonal peaks, particular roles or as an integral part of the labour plan?</td>
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<tr>
<td>8.</td>
<td>Which job roles will agency labour cover? This will impact on the skill levels of agency workers required and the type of labour provider that would be suitable.</td>
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<tr>
<td>9.</td>
<td>Required external standards – what statutory, ethical or client led standards must labour providers adhere to and how will they be audited to ensure compliance?</td>
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<tr>
<td>10.</td>
<td>Payment to workers – will there be pay parity or a differential for the first 12 weeks? This will form part of the buyer’s negotiation strategy and a key element of the contractual terms.</td>
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F. LABOUR USER CHECKLIST FOR THE FAIR SELECTION OF LABOUR PROVIDERS

Use this checklist to inform your process for the fair selection of labour providers. It is not exhaustive but describes some of the key elements buyers should incorporate.

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<tr>
<td>1.</td>
<td><strong>Is the labour provider licensed?</strong> - To supply workers into food processing, packaging, agricultural or shellfish gathering roles (known as the ‘regulated’ sector) labour providers must hold a current licence issued by the Gangmasters and Labour Abuse Authority (GLAA). Current licensing status can be verified by checking the Public Register. Using an unlicensed labour provider to supply labour into the regulated sector is a criminal offence. Buyers should register with the GLAA Active Check facility to be automatically informed of any changes to the licensing status of the labour providers they use.</td>
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<td>2.</td>
<td><strong>Financial due diligence</strong> – Can the labour provider provide the service you require legally and sustainably without exploiting workers? Extremely low charge rates indicate either illegality or alternative sources of revenue – usually the workers themselves. Use the GLAA or ALP charge rate guidance to check rates.</td>
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<td>3.</td>
<td><strong>What do labour user references say?</strong> – Ask for a list of long standing, new, and ex clients and call or visit a random selection who have not been ‘primed’ beforehand. Ideally you should visit businesses with similar requirements in a similar area.</td>
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<td>4.</td>
<td><strong>What do workers say?</strong> – Ideally speak to workers whilst visiting current customer sites to gain first-hand feedback. If this is not possible, ask for the results of recent worker surveys, third party audits or Just Good Work data. In addition to looking at the feedback, ask what is done with it, or examples of where worker feedback has resulted in a change in process.</td>
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<td>5.</td>
<td><strong>How does the labour provider attract and retain good candidates?</strong> What sourcing methods are used? Do they use second tier providers, and if so how do they ensure consistency with your required standard? Buyers should perform an online search for current job adverts to check the quality of recruitment advertising.</td>
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<td>6.</td>
<td><strong>How does the labour provider ensure no direct or indirect discrimination?</strong> The labour provider should be able to demonstrate a range of sourcing methods which will attract people from all local communities, and their selection and assignment procedures should be objective and free from bias, whether conscious or not. For example, are workers from a particular country assigned first simply because they speak the same language as the person assigning them?</td>
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<tr>
<td>No</td>
<td>Policy element</td>
<td>Included?</td>
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<td>7.</td>
<td><strong>What is the process for establishing the statutory excuse in respect of a workers right to work in the UK?</strong> Labour providers should be able to evidence that all recruiters are effectively and regularly trained in RTW processes and may also employ technological aids such as online document checkers.</td>
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<td>8.</td>
<td><strong>Are any workers engaged through an umbrella company or other intermediary?</strong> If so, why? What is the benefit to the labour user, labour provider and worker? Check a copy of a worker contract to see who is identified as the employer.</td>
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<td>9.</td>
<td><strong>Are there any deductions or charges made to agency workers’ wages, other than statutory deductions?</strong> If so, this may indicate that the labour provider is bolstering their profits by charging workers. Pay particular attention to charges for services such as insurance, transport and accommodation to ensure that they are lawful, reasonable and genuinely freely chosen. ALP has a number of relevant briefs available from the Resources section of our website.</td>
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<td>10.</td>
<td><strong>What happens to outstanding holiday pay when workers stop working?</strong> When the worker leaves the labour provider there will usually be some holiday pay which has been accrued and untaken which must be automatically paid to the worker in their final pay. Some labour providers simply do not pay it unless it is requested, or employ other methods designed to make it difficult for the worker to receive their outstanding pay, such as requiring them to pick it up from the office. Any unpaid or uncollected holiday pay is then retained by the labour provider.</td>
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<td>11.</td>
<td><strong>Can the labour provider provide examples of internal audits?</strong> Internal audits should be regular and comprehensive, and as well as describing any issues identified, should also record what actions were taken to correct issues, share best practice and update policy and procedure.</td>
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<td>12.</td>
<td><strong>Can the labour provider share the results of internal satisfaction surveys or interviews?</strong> For both clients and workers. Good labour providers want to know how their stakeholders feel about their service and how it can be improved. Look for evidence that changes have been made as a result of feedback.</td>
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<td>13.</td>
<td><strong>Is there effective access to remedy for workers including a confidential whistleblowing mechanism?</strong> – Good labour providers want to know when something goes wrong, so that they can put it right and prevent it from happening again. The existence of effective access to remedy mechanisms, including a confidential whistleblowing mechanism indicates a business that has considered the needs of the workforce and is focussed on meeting them.</td>
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<td>14.</td>
<td><strong>Can the labour provider provide third party ethical audits?</strong> As above, labour providers who invest in third party audits are interested in hearing about the reality of their service provision so that they can continuously improve.</td>
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<td>15.</td>
<td><strong>What is the current average order fulfilment rate/worker turnover</strong> – These are popular KPI’s, but may not be indicative of service to your business, since they are impacted by elements such as the volume of orders, lead time, pay rate, availability of local labour and the labour users reputation. Tread carefully when taking such numbers into account, unless they can be independently verified and are relevant to the type and scale of labour your business requires.</td>
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G. LABOUR SUPPLY CHAIN PAYMENT CHARTER (DRAFT)

Fair and transparent payment practices are essential for the protection of workers and the achievement of successful partnership working between labour providers and labour users. This Charter aims to create a more collaborative culture and ensure a strong, resilient, and sustainable labour supply chain in the UK.

By becoming a signatory to this Charter, an organisation agrees to apply the fair payment commitments in its dealings with its UK supply chain, to be monitored for the purposes of compliance by reporting against a set of agreed key performance indicators (KPIs), and to consider the performance of its supply chain against the agreed KPIs when awarding contracts.

FAIR PAYMENT COMMITMENTS

LABOUR PROVIDER:

1. We calculate and detail charge rates in accordance with statutory provisions and industry guidelines to include all payments due to the worker and government.

2. We make full and correct payment as and when due to workers for all time worked. All pay and deductions are itemised on payslips that are received by workers prior to payment.

3. We make full and correct payment of all appropriate statutory benefits workers are entitled to, including Statutory Sick Pay, Maternity or Paternity pay and pensions.

4. We ensure that calculation of holiday entitlement will be transparent and accrued, calculated, and paid to workers in accordance with statutory provisions.

5. Payment due to a worker in respect of any work they have done is not withheld or unreasonably delayed on the grounds that payment has not been received from the labour user or for any matter within the control of the labour provider.

6. We do not charge directly or indirectly, any recruitment fees or related costs to workers and we apply contractual provisions requiring likewise to recruitment intermediaries and sub-agents that may be used in the recruitment supply chain - with appropriate due diligence to confirm adherence.

7. We earn no profit from our workers or applicants other than that charged to clients. Where services such as transport or accommodation are provided, fees are no more than the cost of provision, and we earn no incentives, kickbacks, or commissions from third parties who supply goods or services to our workers.

8. Workers are engaged by us directly in a recognised employment relationship.

LABOUR USER:

1. We pay a charge rate for supplied labour that takes into account the particular costs of supply plus a sustainable net margin in accordance with statutory provisions and industry guidelines.

2. We do not apply any type of payment or discount including “Flat Fee/Pay to Stay” payments, prompt payment or retrospective discounts as an incentive or requirement to be on a supplier list, as an “investment into potential future business opportunities” or other similar types of arrangements.

3. We pay the labour provider within 30 calendar days from the end of the week in which the labour was supplied.

4. We make correct full payment as and when due for all labour supplied, in accordance with the contract. We do not deliberately delay or unreasonably withhold payment or change terms retrospectively to extend agreed payment dates.

5. Service and statutory cost variations are agreed promptly and fairly and payments for such variations are included in the payment immediately following the completion of the varied contract terms.

6. We adopt a transparent, honest, and collaborative approach when resolving differences and disputes with the labour provider. We ensure any withholding of payment due to supply disputes is proportionate and clearly, specifically and demonstrably justified in line with the arrangements set out in the contract and relates only to the labour time in dispute.

7. We pay all indirect working time costs including time spent on training, induction, travel between sites and changing time.

8. Where workers are ordered, arrive and are subsequently not used, or not used for the full shift, we pay at least a minimum attendance payment.
H. PROMPT PAYMENT CODE

The Prompt Payment Code (PPC) is a voluntary code of practice for businesses, administered by the Office of the Small Business Commissioner (SBC) on behalf of BEIS. It was established in December 2008 and sets standards for payment practices between organisations of any size and their suppliers.

Code signatories undertake to pay suppliers:

- on time
- within the terms agreed at the outset of the contract
- without attempting to change payment terms retrospectively
- within a maximum of 60 days and to work towards adopting 30 days as the norm

The benefits

If you pay promptly, then it’s a real benefit to your supplier and potentially to you, the customer, as you could benefit too by receiving more favourable pricing or service which could make you more competitive.

Once approved, you can use the PPC logo on your documentation and website to show that you are serious about good payment practice.
1. **7 STEPS TO EMBED LABOUR PROVIDER DUE DILIGENCE AND RESPONSIBLE RECRUITMENT**

### ACCESS FREE GUIDANCE TO UNDERSTAND THE ISSUES
- Good Practice Checklist for Using Labour Providers (UK) ALP
- Whitepaper - Achieving Responsible Recruitment in Global Supply Chains (UK and Global) RRT
- Summary guidance on responsible recruitment standards (Global) RRT
- Guide on Eliminating Worker-Paid Recruitment Fees and Related Costs (UK & Global) RRT

### MAKE A POLICY COMMITMENT
- Download the FREE model Responsible Recruitment policy relevant to your business type: Brand/Retailer, Supplier/Labour User; Labour Recruiter/Provider (UK & Global) RRT

### MAP YOUR DIRECT AND SUPPLY CHAIN LABOUR PROVIDERS
Higher risk sectors include: Agriculture; Fishing; Food Processing and Packaging; Manufacturing; Warehouse and Distribution; Recycling/Waste Disposal; Cleaning; Construction; Catering and Hotels—list the labour providers used by your business and suppliers.

### BUILD CAPACITY AND UNDERSTANDING
#### ONLINE CAPACITY BUILDING
- Subscribe to RRT to access step-by-step guidance and template resources (UK and Global) RRT

#### OPEN, IN-HOUSE AND ONLINE TRAINING
- ALP Academy - recruitment and compliance training (UK) ALP
- Responsible Recruitment training for labour providers and their clients (UK and Global) RRT
- Training to detect, deter and deal with modern slavery risks (UK and Global) RRT

### OBTAIN ONGOING SUPPORT AND ADVICE
- Become an ALP member to access essential information and services on agency labour (UK) ALP
- Labour provider compliance and consultancy support services (UK) ALP
- Responsible Recruitment Expert Consultants Network (UK and Global) RRT

### EMBED GOOD PRACTICE, SELF-ASSESS AND REPORT PROGRESS
- Software tool to enable self/client audit against UK legal and regulatory requirements (UK) Comply
- Self-assessment and reporting to clients on responsible recruitment performance (UK and Global) RRT
- Good practice implementation checklist for labour providers on tackling modern slavery (UK) RRT

### INDEPENDENT AUDIT AND CERTIFICATION
- Specialist labour provider single client site audits against UK law and regulations by third party audit bodies (UK)
- Expert verification of labour provider’s progress in implementing slavery risk prevention good practice (UK)
- Certification scheme for labour providers against responsible recruitment standards (UK and Global)
- Next generation labour standards audit for employers including labour supply due diligence review (UK)

### Visit our family of websites to access the resources listed above

**ALP**
Trade association promoting responsible recruitment to the UK consumer goods supply chain.

**Comply**
Specialist agency labour compliance software and auditing.

**Clearview**
Global responsible recruitment verification scheme for labour providers.

**Responsibility Recruitment Toolkit**
Online toolkit to support supply chains to embed and report responsible recruitment practices.

**Stronger Together**
Multi-stakeholder collaborative initiative supporting organisations to tackle modern slavery within their businesses and supply chains.

**Sureview Assurance**
Next-generation labour standards audit and improvement programme.

**Fast Forward**
Building sustainable supply chains.

**Labour Providers**
info@labourproviders.org.uk
01276 509306

**Responsible Recruitment Toolkit**
info@responsible-recruitment-toolkit.org

**Stronger2gether**
info@stronger2gether.org

**Complyer**
enquiries@complyer.co.uk

**Clearview Assurance**
clearview@nsf.org

**Fast Forward**
enquiries@fastforwarduk.org

**Labour Providers**
www.labourproviders.org.uk

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