

June 2014

Member Brief No. 127

Charging of Fees to Workers for Work Finding Services

Introduction

This guidance must be read in conjunction with [GLA Brief Issue 38 – June 2014: Job-Finding Fees and Providing Additional Services](#) and seeks to ensure that:

- All labour providers may compete fairly using business models that comply with GLA licensing standards;
- Job seekers are not unfairly charged fees to cover their own recruitment costs;
- Food growers and producers are able to control the risk of reputational damage by taking action to prevent exploitative recruitment methods in their labour supply chain.

The guidance aims to assist organisations that supply permanent, agency, seasonal and casual labour (labour providers) to the UK agricultural, horticultural, food processing and packaging sectors that come within the regulatory remit of the Gangmasters Licensing Authority (GLA) and also to the growers and food producers that use these labour supply services (labour users).

GLA licence holders must comply with the critical Licensing Standard 7.1 Fees and Providing Additional Services which requires them not to:

- a) Charge a fee to a worker for any work-finding services.
- b) Make providing work-finding services conditional on the worker using other services or hiring or purchasing goods

[International Labour Organization Convention 181](#) concerning Private Employment Agencies states at Article 7: “1. Private employment agencies shall not charge directly or indirectly, in whole or in part, any fees or costs to workers.” The term “workers” includes jobseekers.

Charging Direct Fees for Work-Finding Services

A labour provider that charges a fee to a job seeker or worker for work finding services, whether such a charge is a mandatory or optional, is in breach of GLA Licensing Standard 7.1.

Below are examples of directly charging fees to workers for work finding services with guidance on whether this is likely to be a breach of GLA Licensing Standard 7.1.

Example 1: An overseas based labour provider charges a £180 introduction fee to forward a job seeker’s CV to a UK labour provider.

The overseas based labour provider is IN BREACH of Licensing Standard 7.1.

The UK based labour provider is not in breach of the licensing standard but is complicit if it knows or ought to know of the malpractice.

Example 2: A labour provider charges a £20 administration fee for processing a job seekers application.

This is a BREACH of Licensing Standard 7.1.

Example 3: A labour provider charges a £150 fee to a job seeker to work at a fruit farm in a seasonal picking role.

The labour provider is IN BREACH of Licensing Standard 7.1.

The fruit farm is not in breach of any legislation. However the fruit farm is likely to be complicit in the malpractice and run reputational risk, particularly where it is supplied with workers free of charge or at an obviously uneconomic rate.

Example 4: A labour provider charges a £5 placement fee to a worker for each shift that they work in a food factory.

The labour provider is IN BREACH of Licensing Standard 7.1 where this is part of its operating model (rather than the hidden actions of a rogue consultant).

The factory is not in breach of any legislation but is complicit if it knows or ought to know of the malpractice.

Indirectly Charging for Work Finding Services

A GLA licence holder that makes providing work-finding services conditional on the worker using other services or hiring or purchasing goods breaches GLA Licensing Standard 7.1. Such services are detailed in [GLA Brief Issue 38](#).

It is recognised that optional chargeable services that are supplementary to the work finding process offered by labour providers to job applicants and workers may be considered of value, for example to people with limited language skills or knowledge of the UK and who may be travelling abroad for the first time. Job applicants and workers should be able to make an informed decision on the costs and benefits of such services.

Below are examples of indirectly charging workers for work finding services with guidance on whether this is likely to be a breach of GLA Licensing Standard 7.1:

Example 1: An overseas based labour provider requires job seekers to pay a £60 translation service and £120 document preparation service to forward job seekers details to a grower. The grower pays a £45 placement fee to the overseas based labour provider for each picker introduced.

The overseas based labour provider is IN BREACH of Licensing Standard 7.1.

The grower is not in breach of any legislation. However the grower is complicit in the malpractice and runs reputational risk if the grower is aware that the placement fee it is paying is at an uneconomic rate.

Example 2: A labour provider requires workers to undertake two days picking training at a cost of £240 in order to be placed at a mushroom grower.

The labour provider is in BREACH of Licensing Standard 7.1.

The mushroom grower is not in breach of any legal requirements but in receiving trained pickers in such a way, is complicit in the malpractice and runs reputational risk.

Example 3: A UK labour provider uses UK and overseas based labour providers to source job seekers which it then supplies on to various growers and factories. The UK labour provider does not pay a sourcing fee to these other labour providers for this service. The supplying labour providers charge workers up to £280 for a range of services described as optional, including document verification, arranging transport and accommodation, support service. In reality jobseekers have a better chance of getting work if they pay for these services.

The supplying labour providers' business models are built on charging workers for work finding services. The supplying labour providers will be IN BREACH of Licensing Standard 7.1 where the fee is related to a core work-finding service or where in practice the service (and accompanying fee) is mandatory.

The receiving labour provider is not in breach of Licensing Standard 7.1 and the organisations it supplies are not in breach of any legislation. However these organisations through their business practices have driven the illegality down their supply chain. Where they know, or ought to know of such practices they are complicit in the malpractice and run reputational risk.

Good Practice and Due Diligence - Labour Users

Policy

- The labour user does not charge fees or costs to jobseekers for job placement services.
- Neither the labour user, nor its labour providers, agents, or sub-agents require jobseekers or workers to post a bond.
- The labour user's financial arrangements with labour providers, agents and sub-agents are economically sustainable without assuming, or permitting, fees from jobseekers for work finding services as part of the revenue for services provided.
- The labour user has a clear public policy against charging directly or indirectly, in whole or in part, any fees or costs to workers and job seekers for work-finding services.
- The labour user requires its labour providers, agents and sub-agents to have a clear public policy against charging directly or indirectly, in whole or in part, any fees or costs to workers for work-finding services which requires them to clearly inform job seekers about this policy at the point of recruitment.
- The labour user should specify whether labour providers may sub-contract the sourcing of labour to other agents and sub-agents. If so, such agents and sub-agents should be named and hold a GLA licence.
- The labour user has a mechanism for confidential reporting of violations of this policy by agents and sub-agents to the labour user, consistent with fair grievance, investigation, and remediation procedures.

Due Diligence

- The labour user discusses and agrees the labour sourcing supply chain model and route with its labour providers.
- The labour user should conduct appropriate due diligence on its labour providers. It should require that its labour providers conduct and provide evidence of appropriate due diligence on its agents and sub-agents, where possible in relevant countries of operation, to ensure compliance down the entire recruitment chain.

- Where the labour user has agreed that the sourcing of labour may be sub-contracted to agents and sub-agents the labour user should:
 - Register all the named sub contracted labour providers on the GLA Active Check facility to be informed of any changes to their status;
 - Require to be provided with a copy of the contract between the labour provider and all such sub-contractors detailing arrangements and charges.
- That where goods or services are paid for by workers or jobseekers that:
 - Details and charges for these services are fully disclosed and clearly explained with time and opportunity to make an informed and free choice whether or not to participate.
 - Fees or charges provide value for money and fairness to consumers.
 - The services are optional and supplementary rather than intrinsic to the work-finding service and do not serve to recover employer recruitment fees at the worker's expense;
 - The workers actually received the services as described, rather than them being sham or grossly misleading;
 - That those jobseekers who did not use these services were still provided with work finding services;
 - That workers who did use these services were not favoured over those jobseekers who did not use these services;
- The labour user should interview workers to confirm compliance with the above arrangements.

Good Practice and Due Diligence - Labour Providers

Policy

- The labour provider does not charge fees or costs to jobseekers for job placement services.
- Neither labour provider nor its agents, or sub-agents require jobseekers or workers to post a bond.
- The labour provider's business with its labour sourcing agents and sub-agents is economically sustainable without the use of a model in breach of [GLA Brief Issue 38](#).
- The labour provider has a clear public policy against charging directly or indirectly, in whole or in part, any fees or costs to workers for work-finding services which clearly informs workers about this policy at the point of recruitment.
- The labour provider requires its labour sourcing agents and sub-agents to have a clear public policy against charging fees to job seekers for work finding services which clearly informs workers about this policy at the point of recruitment.
- All labour sourcing agents and sub-agents should hold a GLA licence.
- Arrangements and charges, including optional ones, should be detailed in a contract between the labour provider and all labour sourcing agents and sub-agents.
- There is a written and signed agreement between any labour provider, agent or sub-agent and jobseekers detailing any charges made and what services have been selected.
- There is a mechanism for confidential reporting of violations of this policy to the labour provider by agents and sub-agents, consistent with fair grievance, investigation, and remediation procedures.

Due Diligence

- Labour providers that use labour sourcing agents and sub-agents should register all of these on the GLA Active Check facility to be informed of any changes to their status.

- The labour provider conducts due diligence with its labour sourcing agents and sub-agents, where possible in relevant countries of operation to ensure compliance.
- That where goods or services are paid for by workers or jobseekers that:
 - Details and charges for these services are fully disclosed and clearly explained with time and opportunity to make an informed and free choice whether or not to participate.
 - Fees or charges provide value for money and fairness to consumers.
 - The services are optional and supplementary rather than intrinsic to the work-finding services and do not serve to recover employer recruitment fees at the worker's expense.
 - The workers actually received the services and they were as described;
 - Those jobseekers who did not use these services were still provided with work finding services
 - Workers who did use these services were not favoured over those jobseekers who did not use these services
 - Fees or charges are paid after the offer of a position is made
- The labour provider should interview workers supplied through labour sourcing agents and sub-agents to confirm compliance with the above arrangements.

Further Guidance and Information

Please note that this document is not exhaustive and is not intended to be used as a substitute for legal advice and consequently all liability for any claim or loss is excluded by the parties.

For further guidance on the content of this guidance please contact the Association of Labour Providers on 01276 509306 or at info@labourproviders.org.uk.

For information on GLA licensing please contact the Gangmasters Licensing Authority on 0345 6025020 or at licensing@gla.gsi.gov.uk.