

DUE DILIGENCE TO ENSURE LABOUR PROVIDER GOOD PRACTICE

STEP-BY-STEP GUIDE



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Introduction

Using a labour provider should provide a valuable resource. The flexibility of temporary agency workers allows businesses to cover for sickness, holiday and other shortages and react quickly to additional labour requirements resulting from production variations and seasonal fluctuations. Agency workers also provide a valuable source of experienced workers for permanent recruitment.

However, the Association of Labour Provider's (ALP) Fair's Fair toolkit [How Unfair Procurement Practice is Driving Agency Labour](#) Exploitation details the many and varied practices applied by unscrupulous labour providers to illegally undercut compliant operators.

HMRC warns in its [Supply chain due diligence principles](#):

'Failing to take reasonable action to make sure that your supply of labour is legitimate can lead to significant legal, financial and reputational risks to your business. It could even stop your business from operating entirely.'

You may be liable for unpaid taxes and National Insurance contributions. You may be unable to recover VAT payments and you could be criminally prosecuted with an unlimited fine if someone acting on your behalf facilitates tax evasion.'

Proper checks are also important for protecting workers and preventing modern slavery.'

Labour providers and their clients should agree standards that meet good practice and statutory requirements under all tax, health & safety and employment laws including the [Conduct Regulations, Gangmasters Licensing Act, Modern Slavery Act](#) and [Agency Workers Regulations](#), and establish an effective due diligence process to monitor and improve those standards. This document will help you to do that.



The Compliance Operations Rating Evaluation '[CORE Score](#)' checklist, provides businesses with an accessible tool to monitor all the elements of a compliant and successful labour provider service, explaining the standards required and linking to further guidance and support.

Labour User Due Diligence – Step by Step Process

STEP 1. Build capacity and understanding and obtain ongoing support and advice.



The Association of Labour Providers (ALP) promotes responsible recruitment and good labour management practice for organisations that supply the workforce to the UK food processing, agricultural and wider consumer goods supply chain.

- ▶ GLAA licensed labour providers may become ALP Members
- ▶ UK labour providers without a GLAA licence may become ALP Provisional Members
- ▶ All other companies in the UK supply chain may become Associate Members.

All levels of ALP membership provide full access to the ALP library of technical briefs, guides, templates and webinars as well as helpline support and regular updates through our forums, newsletters and updates with discounts on services and ALP Academy workshops.

Watch this short [video](#) to find out about all the benefits of ALP membership. Read the ALP Fair's Fair toolkits [How Unfair Procurement Practice is Driving Agency Labour Exploitation](#) and [Fair Procurement of Agency Labour Good Practice Toolkit](#).



The ALP Academy provides modular training on all aspects of labour supply and workforce management for UK supply chains and labour providers. **Up to date, practical and cost effective** and designed and delivered by industry experts, all modules can be delivered online or in house. Training is available for individuals and small teams or as a development programme across groups and departments. Combine any of our modules, in your preferred order, or ask us to design something entirely new.



Stronger Together is a multi-stakeholder collaborative initiative supporting organisations in all sectors to address modern slavery risks within their business and supply chains.

Stronger Together provides expert guidance, training, resources and tools that equip and support businesses to **deter, detect and deal with the risks of forced labour**, labour trafficking and other hidden labour exploitation.

Stronger Together focus on creating advice that is practical, pragmatic and easy for any business, of any size to understand and use. Stronger Together launched in the UK in 2013 and has since grown to have a global reach, running projects and programmes in countries across the world.



The Responsible Recruitment Toolkit (RRT) drives ethical and professional recruitment and labour supply that's good for workers, recruiters and clients.

RRT promotes responsible recruitment in supply chains by providing a toolkit of support to help businesses achieve and be recognised for responsible recruitment whichever industry they are in.

The programmes' unparalleled flagship service, the RRT online tool, enables business to build capacity in, and self-assess, responsible recruitment practices through:

- ▶ Access to step-by-step guidance comprehensively developed from, and mapped to, international ethical standards
- ▶ Specialist guidance contextualised to specific countries and sectors
- ▶ An extensive library of downloadable resources including template policies, checklists and management systems tools
- ▶ Self-assessment reporting functionality

Labour User Due Diligence – Step by Step Process

STEP 2. Establish your policies and terms

- ▶ Labour providers should establish and embed their own 'Code of Practice for the Responsible Sourcing and Supply of Workers'. The [Responsible Recruitment Toolkit](#) has template responsible recruitment policies which can be adapted for this.

- ▶ **Labour users should:**

Use the 'Labour user checklist for the development of a policy on the use of agency labour' in the [Fair Procurement of Agency Labour Good Practice Toolkit](#) to develop your policy.

Use the 'Labour user checklist for the fair selection of labour providers' also in the [Fair Procurement of Agency Labour Good Practice Toolkit](#) to select your labour provider.

- ▶ **Labour providers and their labour user clients should:**

Establish contractual terms in a written and signed commercial contract. The ALP template 'Terms of Business between Labour Provider and Labour User' and other contracts may be downloaded by members from the [ALP Help Centre](#).

Establish a **Service Level Agreement (SLA)** including agreed Key Performance Indicators(KPI's) to manage the relationship with your labour provider and to measure whether the service is achieving policy commitments. whether the service is achieving policy commitments.

The ALP member [Model SLA](#) is a document that:

- ▶ Outlines the services, processes and standards in relation to the provision of temporary agency workers by the labour provider to the labour user
- ▶ Enables both labour providers and labour users to understand their respective obligations – both legal and procedural
- ▶ Acts as a framework for both parties to work in partnership to agree standards and continually improve the quality of service



STEP 3. Map your direct and supply chain labour providers

Businesses may use a number of labour providers and each of those may use a number of recruitment intermediaries. These could be sub-contractors, umbrella companies or other models as defined in the [ALP Guide to Recruitment Intermediaries](#).





Each of the recruitment intermediaries should be subject to the same set of required standards, and appropriate due diligence processes should ensure that this is the case.



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STEP 4. Compliance Due Diligence – Self-Assessment

Regular review meetings attended by senior representatives from both the labour provider and the labour user should review performance against the agreed standards and agree targets for continuous improvement or actions to remedy poor performance.

Charge	Who for	Cost	What is it and what does it do?
	All UK labour providers in any sector	Free and open source	The CORE Score checklist, is an accessible interactive pdf which brings all compliance requirements together in a single document. It provides a self-assessed score to enable gap analysis and action planning; signposts to key guidance and resources and supports collaborative working with clients.
	UK labour providers and labour users	Annual licence £325 ALP members / £385 others	Complyer provides labour providers and their clients with a software tool to assess and monitor compliance against key UK statutory requirements including the Gangmasters and Labour Abuse Authority (GLAA) Licensing Standards and Agency Workers Regulations.
		1 to 2 days social auditor costs	Labour Provider Internal Audit – A confidential internal audit requested by a labour provider on their own business Labour Provider / User Partnership Audit – A collaborative audit conducted at the request of the labour user to provide a platform to work in partnership with their labour provider to improve standards. Assessment conducted by an expert consultant with findings mapped to GLAA Licensing Standards and detailed improvement recommendations report.
	All UK labour providers in any sector	Free and open source	The Stronger Together ' Labour Provider/Recruitment Business Good Practice Implementation Checklist ' is an accessible interactive pdf which provides a self-assessed score against the steps labour providers should take to prevent third party hidden exploitation, slavery and human trafficking in their operations. Steps taken may be included in Modern Slavery Statements.
		Free and open source	Labour providers may upload evidence to publicly demonstrate their commitment to tackling hidden labour exploitation and become a Stronger Together Business Partner .
	Global	Free for ALP members and RRT Sponsors' eligible suppliers	The Responsible Recruitment Toolkit online tool provides step-by-step guidance on implementing responsible recruitment, enables self-assessment of performance and allows subscribers to view and share real-time progress reports with their supply chain.
	All UK labour providers in any sector	As above	Labour providers may upload evidence to publicly demonstrate their commitment to responsible recruitment and become an RRT Business Partner .

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STEP 5. Compliance Due Diligence – External Verification

Charge	Who for	Cost	What is it and what does it do?
	UK labour users and supply chain	1 to 2 days social auditor costs	Labour Provider Independent Third Party Audit - independent audit requested by a labour user, retailer, main contractor or other third-party. Conducted by an ALP authorised audit body and experienced social compliance auditor using the Complyer tool mapped against GLAA Licensing Standards.
	All UK labour providers in any sector	1 to 2 days expert consultant costs	An independent verification assessment conducted by a Stronger Together approved Expert Consultant validating progress made in applying the steps taken to prevent third party hidden exploitation, slavery and human trafficking in their operations as detailed in the ' Labour Provider/ Recruitment Business Good Practice Implementation Checklist '. Report provides an achievement score and detailed improvement recommendations.
	All UK and global labour providers in any sector	Scheme management and auditor costs apply depending on business size certificated	Clearview is a global social compliance certification scheme to support labour recruiters and temporary labour providers to demonstrate that they operate responsibly, professionally, legally and ethically in their sourcing and supply of workers, thus creating a market advantage for their businesses. Mapped to a wide range of global standards, Clearview applies in any country for any sector including high risk activities such as food processing, agriculture and horticulture, garment and general merchandise manufacturing, warehousing and logistics, general factory and industrial work, construction, cleaning, catering and hospitality.

Labour Provider and Responsible Recruitment - Expert Consultant Support

Access direct support from our expert consultants to support your compliance and due diligence journey. Each consultant has years of senior level experience as either a labour provider or a labour user and can be booked from as little as two hours.

From simple document reviews and confidential consultative audits, all the way up to strategy and policy development, **our consultants help you to get it right and keep it right.**

For further details and to discuss your support requirements: Contact Labour Provider Expert Consultants [here](#) and Responsible Recruitment Expert Consultants [here](#).

