
Sancroft

NHS Supply Chain Country Profile: UK

December 2017

United Kingdom – Labour Standards and Ethical Trade Profile



Population	64,769,452 ¹
Main Religion ¹	Christian (59.5%), Muslim (4.4%), Hindu (1.3%), other (2%), unspecified (7.2%), none (25.7%)
Minimum working age ²	13 years old*
Minimum wage (per hour per month) ³	<p>The hourly rate for the minimum wage depends on your age and whether you're an apprentice.</p> <p>You must be at least school leaving age to get the National Minimum Wage and aged 25 to get the National Living Wage - the minimum wage will still apply for workers aged 24 and under</p> <p>Ranges from £3.50 - 7.50 Per Hour US\$4.65 – 9.96 Per Hour Ranges from £595 - 1,275 Per Month US\$790 – 1693 Per Month</p> <p>A table of wages for different age groups can be viewed here: https://www.gov.uk/national-minimum-wage-rates</p>
Maximum working hours ^{4,5}	<p>Working time directive - you can't work more than 48 hours a week on average - normally averaged over 17 weeks.</p> <p>If you're under 18, you can't work more than 8 hours a day or 40 hours a week.</p>

* "UK law prohibits the employment of children under the age of 13 with exceptions for sports, modeling, and paid performances, which may require a child performance license. The law prohibits those under 16 from working in an industrial enterprise, including transportation or street trading. Children's work hours are strictly limited and may not interfere with school attendance. Different legislation governs the employment of persons under 16, and, while some laws are common across the UK, local bylaws vary. If required by local bylaws, children between the ages of 13 and 16 must apply for a work permit from a local authority. The local authority's education and welfare services have primary responsibility for oversight and enforcement of the permits."

	<p>Exemptions can be found here: https://www.gov.uk/maximum-weekly-working-hours</p> <p>Overtime:</p> <p>Employers don't have to pay workers for overtime. However, employees' average pay for the total hours worked mustn't fall below the National Minimum Wage.</p> <p>An employee's employment contract will usually include details of any overtime pay rates and how they're worked out.</p>
Working week	Monday to Friday
Main exports ⁶	Machinery, Vehicles, Semi-precious stones, Fuel, Pharmaceutical products, Electrical machinery and equipment, Aircraft, spacecraft, Medical or surgical instrument, plastics and plastic products, and organic chemicals.

Context

Politics

The United Kingdom, made up of England, Scotland, Wales and Northern Ireland, it is a parliamentary democracy with a prime minister as head of government. It is also a constitutional monarchy and the queen is head of state. Members of Parliament (MPs) are voted into government and the governing party is the one that holds the majority in the House of Commons. At any time, a vote of no confidence from the House of Commons can dismiss the governing party.

The UK's largest parties are the Conservatives and the Labour Party. The Conservatives lost their majority in a snap election held in June 2017. The election was called to unite government in advance of Brexit negotiations, but the Conservatives were forced to strike a coalition deal with the Democratic Unionist Party (DUP) to form a minority government. The deal was contentious as DUP face ongoing criticism for their views on abortion, gay rights and climate change⁷.

Following a vote to leave the European Union in June 2016, the government invoked Article 50 of the EU Treaty on 29 March 2017. Hence, as of 29 March 2019, the UK will no longer be a member of the EU. In the wake of Brexit, a new government department was created. The Department for Exiting the European Union (DExEU) is headed up by David Davis. Since June 2017, negotiations on the conditions of withdrawal have been underway and it was announced in November 2017 that parliament would get a binding vote on the final deal conditions⁸.

Economics

The UK's economy is the ninth-largest in the world, in terms of purchasing power parity (PPP), and makes up 3.9% of global GDP. It is the second largest economy in the European Union, behind Germany. The economy is highly developed and one of the most globalised. In 2016, it was tenth-largest goods exporter in the world and fifth-largest goods importer. The UK trails the US as second-largest for inward foreign direct investment⁹. The service sector contributes an estimated 80% of the country's GDP. The financial services sector plays a significant role; the UK's capital, London, is ranked as number one on the Global Financial Centres Index¹⁰. Aerospace and pharmaceuticals are also important industries; the country is home to the second-largest national aerospace industry and half of the UK's £16.5bn R&D spending is contributed from pharmaceuticals¹¹. 26 of the world's 500 largest companies are UK based¹². Oil and gas production from the North Sea, which stood at 2.8 billion barrels in 2016 also contributes to the economy¹³.

Prosperity levels vary significantly across the country; South East England and North-East Scotland are the richest areas per capita. In England, one in four households in the South East are millionaires compared to only one in fifty in the North East¹⁴. Arguably, the regional variation in economic prosperity is the most extreme in Europe¹⁵. There have been ongoing calls to reform taxes and investment to mitigate the gap widening further¹⁶.

Demographics

In 2016, the UK's population hit a record high, estimated to be 65.6million. The population is expected to continue growing, reaching over 74 million by 2039. The country's population is ageing; 18% aged 65 and over and 2.4% aged 85 and over. This is placing increasing pressure on the National Health Service.

The dependency ratio worsening as more people reach pensionable age. In 2016 there were 285 people aged 65 and over for every 1000 people aged 16 to 64 years. Despite a larger population contributing positively to the size and productivity of the workforce, it also increases the burden on social services such as education, healthcare and housing, leading many to question the sustainability of these services¹⁶.

The UK is highly urbanised; 83.1% of the population live in urban areas. The population exists principally in and around London, with significant clusters found around Manchester, Birmingham and Liverpool, in the Scottish Lowlands between Edinburgh and Glasgow, southern Wales in and around Cardiff, and eastern Northern Ireland centred on Belfast¹.

Labour Market Profile

In October 2017, it was estimated that 32.10 million people are in work. The employment rate has increased to 75.1% from 74.5 % in 2016 and the unemployment rate remains at 4.3%, the joint lowest since 1975¹⁷.

The major employer is the motor industry, from wholesale through to repairs, supporting 4.22 million of the country's workforce, followed closely by human health & social work activities, which employs 4.18million. Education, manufacturing and professional, scientific & technical activities are the next three biggest employers¹⁸. The Prime Minister announced a series of measures to promote the tech and digital industries in November 2017. Measures include doubling the number of tier one visas to 2,000 to attract "exceptional talent" into areas such as engineering and medicine¹⁹.

The UK was labelled as performing poorly by the latest gender gap report from the World Economic Forum. The country trails behind France and Germany in 15th place out of 144 and was ranked at 53rd for economic participation and opportunity, as a result of the significant divide in unpaid work between sexes. The report revealed that 57% of all work undertaken by women is unpaid, compared to 32% for men. Notably, in terms of estimated earned income, the UK was ranked at 95th with women earning just 66% of men's monthly earnings²⁰.

Industry Summary:

Labour Force Occupation (2014) ²¹	
Agriculture	1.3%
Industry	15.2%
Services	83.5%

Medical Technology

The UK is on track to secure a 5% share of the global ‘connected healthcare’ market by 2020, which is anticipated to grow to £37bn. This growth has been driven by large amounts of investment into the intersection between technology and medical science. South-East England is expected to play a particularly significant role and the existence of the NHS provides a strong platform for the industry’s success.²²

The UK’s has the third largest medical device market in Europe, behind Germany and France, and is the sixth largest in the world. It had an estimated value of \$9.5billion in 2015 and the UK is home to approximately 3000 medical manufacturers, a combination of subsidiaries of large US companies and small scale domestic firms. The biggest consumer of medical devices is the NHS. Suppliers to the NHS must meet specific procurement rules, pricing policies and large-scale requirements. Therefore, this access to the market may be restricted for smaller firms.²³

The implications of Brexit for the UK’s medical industry are uncertain. It has been announced that the European Medicines Agency, currently based in London, will be relocated following Brexit and it is unknown if the UK will remain a member of the agency²⁴. Recent significant changes to EU legislation in areas of In Vitro Diagnostics (IVD) and Medical Devices (MD) have fuelled the concerns about disruption to the UK medical technologies sector due to Brexit²⁵.

Key Risk Areas

Companies sourcing from the United Kingdom will need to be aware that there is a risk of labour rights abuse within their supply chain. No global supply chain will be categorically free of issue and buyers have a responsibility to ensure that they are doing all they can to mitigate the risk of occurrence within their realm of business and, where an issue is discovered, take steps towards remediation. The below outlines the key risk areas pertinent to the United Kingdom and the areas in which a company sourcing from the United Kingdom may want to be particularly vigilant.

Bribery and Corruption

In Transparency International’s (TI) 2016 Corruption Perceptions Index the UK ranked as the 10th equal least corrupt nation; a score that has been maintained over the last five years²⁶. Despite corruption not being a widespread risk, TI’s recent report on Corruption in the UK identifies key sectors and institutions where corruption vulnerabilities are present. Risks were identified in the NHS in relation to potential fraud in relations with patients, professionals, managers and contractors. Equipment fraud, falsifying work records and procurement are some of the fraudulent activities identified. Further risks in the NHS are the perverse incentives of performance management systems and the decision to abolish the Audit Commission poses another, more immediate, risk.²⁷

Migrant Workers

Migrant workers are considered as ‘special’ in the UK because of requiring a greater duty of care due to increased vulnerability. Language barriers and cultural differences in the attitudes to health and safety are identified as key risks. The inability to understand health and safety training and instruction and workers often do not admit to having limited English for fear of losing their job. Migrant workers are also at risk of being overworked and exploited by gang masters. The UK’s national independent watchdog for work-related health, safety and illness, the Health and Safety Executive (HSE), has outline four key aspects that must be adopted to ensure that migrant workers are protected: clear and simple training, effective communication, ensure competence in workplace and clarify importance of health and safety.²⁸

Expert members of the Labour Exploitation Advisory Group published a position paper in August 2016 highlighting how the employment of low-skilled migrant workers in unregulated labour sectors, often via recruitment agencies or other subcontracting models, can create the perfect conditions for

labour abuses to thrive, and in some cases to develop into extreme exploitation. Furthermore, the paper draws attention to the UK having one of the weakest labour law enforcement structures in the EU²⁹.

Case Study: Brexit

Ongoing Brexit negotiations mean that there is uncertainty over the constraints EU migrant workers will face following the UK's departure from the EU. In August 2017, research from Office for National Statistics (ONS) revealed that EU migrants make up over 20% of the labour force in 18 British Industries, including healthcare services. Figures also illustrated an early impact of Brexit on the UK workforce with EU net migration falling by 51,000 in the year to March 2017³⁰. Further to this, research has also exposed a lack of willingness for UK professionals aged 24 and under to take on work that EU migrants traditionally do in the UK; 54.6% are unwilling to take on roles of EU migrants³¹. Specifically, adverts for jobs in the social care sector have increased by 64% in the last year, as a result of industry growth coupled with a reduced number of EU workers³².

Modern Slavery and Forced Labour

According to the Global Slavery Index 2016, there are an estimated 11,700 people enslaved in the UK. A report published by the Joseph Rowntree Foundation in 2013 identified that because of the UK's moderate regulation on business and stricter regulation on immigration, low-paid groups of the workforce are particularly vulnerable to forced labour³³. Although the Modern Slavery Act was introduced in 2015 to tackle cases of forced labour, slavery and trafficking, a 2017 survey revealed that more than a third of UK businesses are failing to uphold their responsibilities to combat modern slavery³⁴. Key challenges for the UK in tackling modern slavery have been identified as increasing the awareness of modern slavery in the police force, improving the identification and referral system and providing more sustaining protection for victims³⁵.

Case Study: Care Sector

Research published by professor of social justice, Gary Craig, in June 2017 detailed the vulnerability of workers in UK care homes in the UK³⁶. The report recognised that levels of exploitation of employees in social care sector as already being very high, and union organisation is very weak. The key risks were identified as isolation, lack of frequent and effective regulation, and lack of staff training. Pressure to find workers at short notice increases the temptation to cut corners and use an agency that may not have been audited. Further to this, the anti-slavery coordinator for Wales has admitted there could be cases of modern slavery within the Welsh social care sector. It was also highlighted that as a result of a large number of Welsh companies not reaching the £36m threshold stated in the Modern Slavery Act, there is a reliance on voluntary engagement and hence gaps are more than likely³⁷.

The 2014 Care Act identifies modern slavery as a new form of risk within adult social care, listing forms of abuse and vulnerability. However, it fails to consider whether those providing care may be vulnerable to forms of modern slavery. Research suggests that adult social care – characterised by informality, fragmentation and vulnerability – is one where instances of modern slavery may be more common than considered to date³⁸.

Cyberattacks

The National Health Service faced a ransomware breach in May 2017 which severely hampered operations; appointments, referrals and orders were cancelled. The National Audit Office published a report in October 2017 revealing that the NHS remains vulnerable to hackers. It also highlighted the necessity for systems to be made more sophisticated in order to mitigate further breaches.³⁹

Trafficking

The UK was ranked as a Tier 1 country in the Trafficking in Persons Report 2017, which means that the government fully meets the minimum standards required to eliminate trafficking. The report

highlighted issues in victim identification and the referral system, concluding that there is the need for prolonged victim care⁴⁰. In addition, recent figures from the National Crime Agency reveal that child trafficking referrals hit a record high in 2016, having risen by 30% in a year. In most cases children were enticed into exploitative and criminalised labour. In terms of country of origin, the UK had the highest number of cases with 255 reported, followed closely by Albania and Vietnam with 227.⁴¹

Governance

Context

The UK's labour laws are considered to be the most flexible labour laws in the European Union. Therefore, it is deemed to be a very attractive place for companies to do business⁴². In January 2016, the UK ratified the ILO's Protocol to the Forced Labour Convention. However, the government have been widely criticised for the lack of progress in preventing labour exploitation since the ratification. Theresa May launched the Taylor Review on Modern Employment Practices in October 2016, promising to reform the labour market, but plans have been labelled as 'unambitious'. Particular attention has been drawn to the limited labour inspection and enforcement capacity, with a FLEX (Focus on Labour Exploitation) report publishing research illustrated that the UK has just 0.4 labour inspectors per 10,000 workers. This falls far below the ILO's 1 to 10,000 worker recommendation.⁴³ A report published in December 2017 by the National Audit Office further criticises the effectiveness of the modern slavery system and questions 'very low' prosecution rates⁴⁴

National Legislation

The UK has one set of employment laws, with some minor differences in Scotland and Northern Ireland. The major elements of employment law are the common law, statute and European law. The common law is the legal basis of the employer/employee relationship. The statute includes a series of legislations, in addition to the common law, introduced since the 1970s to improve employment protection. Finally, until a Brexit deal is agreed, the UK remain subject to the European Community Treaty, which has been particularly influential in issues associated with equal pay and discrimination.⁴⁵

Notably the Modern Slavery Act became law in March 2015, it makes provisions to tackle slavery, servitude, forced labour and human trafficking⁴⁶. Other noteworthy changes made by the government to employment law include⁴⁷:

- Trade Union Act (March 2017): The Act reforms the rules on trade union ballots for taking industrial action.
- Gender pay gap reporting (April 2017): Large employers are now legally obliged to publish their gender pay gap, this includes the difference in hourly earnings as well as the gap in bonus pay.
- Apprenticeship Levy (April 2017): Employers with a wage bill of greater than £3 million per year will be liable to pay a new apprenticeship levy.
- National Minimum Wage and National Living Wage (April 2017): Increases in hourly rates of pay were made for both.
- The Immigration Skills Charge Regulations 2017 (April 2017): Requires employers who sponsor skilled workers under tier 2 of the points based system to pay £1,000 per certificate.

International Trade Union Confederation (ITUC) Rights Index⁴⁸

The ITUC rights index uses a methodology that considers the standards of fundamental rights at work, in particular the right to freedom of association, the right to collective bargaining and the right to strike. Using this methodology countries are ranked on a scale of 1-5, with a high score suggesting a government is failing to guarantee these rights. In 2017, the UK received a rank of 4, which means that workers have reported systematic violations of rights.

International Standards

The UK has ratified all eight of the fundamental ILO conventions. Out of 87 Conventions and 2 Protocols ratified by United Kingdom, 56 are in force, 27 Conventions have been denounced and none have been ratified in the past 12 months.⁴⁹

Other Useful Resources

Further information is available on the following websites:

- ILO Labour Law Database -
http://www.ilo.org/dyn/natlex/natlex4.countrySubjects?p_lang=en&p_country=GBR
- Transparency International Corruptions Perception Index
<https://www.transparency.org/country/GBR>
- US State Department Database on Forced and Child Labour per product
<http://www.dol.gov/ilab/reports/child-labour/list-of-goods/>

¹ <https://www.cia.gov/library/publications/the-world-factbook/geos/uk.html>

² <https://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>

³ <https://www.gov.uk/national-minimum-wage-rates>

⁴ <https://www.gov.uk/maximum-weekly-working-hours>

⁵ <https://www.gov.uk/overtime-your-rights>

⁶ <http://www.bbc.co.uk/news/business-41413558>

⁷ <http://www.independent.co.uk/news/uk/politics/tory-dup-alliance-petition-conservative-democrat-unionist-minority-government-hung-parliament-a7783651.html>

⁸ <http://www.bbc.co.uk/news/uk-politics-41975277>

⁹ <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2198rank.html>

¹⁰ http://www.longfinance.net/images/gfci/gfci_21.pdf

¹¹ <https://www.ft.com/content/4e0e046-9b6a-11e6-b8c6-568a43813464>

¹² <http://fortune.com/global500/list/filtered?hqcountry=Britain>

¹³ <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2244rank.html#uk>

¹⁴ http://www.huffingtonpost.co.uk/mathew-lawrence/wealth-inequality-dimensions_b_18359582.html

¹⁵ http://www.huffingtonpost.co.uk/entry/gap-between-britains-regional-economies-is-biggest-of-any-country-in-europe-labour-mp-says_uk_5a0077d5e4b0c965300113b8

¹⁶ <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/overviewoftheukpopulation/july2017>

¹⁷ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/latest>

¹⁸ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employmentbyindustryemp13>

¹⁹ <http://www.yorkshirepost.co.uk/news/pm-unveils-plans-to-boost-uk-tech-industry-ahead-of-brex-1-8857549>

²⁰ <http://www.independent.co.uk/news/business/news/uk-gender-equality-progress-pay-gap-decades-wef-report-education-business-wep-fawcett-society-a8031621.html>

²¹ <https://www.cia.gov/library/publications/the-world-factbook/geos/uk.html>

²² <https://www.ft.com/content/11b3db16-e199-11e5-8d9b-e88a2a889797>

²³ <https://www.emergogroup.com/resources/market-united-kingdom>

²⁴ <http://www.pmlive.com/pharma-thought-leadership/brexit-implications-for-the-pharma-industry-1191477>

²⁵ <http://www.pmlive.com/pharma-intelligence/brexit-talks-threaten-supply-of-medical-technologies-12143>

²⁶ <https://www.transparency.org/news/feature/corruption-perceptions-index-2016>

²⁷ <http://www.transparency.org.uk/publications/corruption-in-the-uk--part-two---assessment-of-key-sectors/#.WhP7r1Vl-Ws>

²⁸ <https://app.croneri.co.uk/feature-articles/migrant-workers-risks-and-solutions>

²⁹ <http://www.labourexploitation.org/sites/default/files/publications/LEAG%20position%20paper%2001.pdf>

³⁰ <https://www.newstatesman.com/politics/uk/2017/08/brexit-effect-how-eu-migrants-are-already-shunning-uk>

³¹ <http://smallbusiness.co.uk/tackling-workload-left-eu-migrants-2541691/>

³² <http://www.telegraph.co.uk/business/2017/10/18/flight-eu-workers-leaves-care-sector-vacancies/>

³³ <https://www.theguardian.com/global-development/2013/nov/20/forced-labour-uk-escape-fear-polish-migrant>

³⁴ <http://www.independent.co.uk/news/uk/home-news/uk-businesses-failing-modern-slavery-flouting-responsibility-combat-a7931201.html>

³⁵ <https://www.antislavery.org/slavery-today/slavery-uk/>

³⁶ <http://www.ncl.ac.uk/media/wwwnclacuk/socialrenewal/files/NEREFResearch%20Briefing%20No%2010.docx>

³⁷ <https://www.theguardian.com/social-care-network/2017/jun/30/modern-slavery-welsh-social-care-sector>

³⁸ <http://www.emeraldinsight.com/doi/abs/10.1108/JAP-08-2016-0016?af=R>

³⁹ <http://www.telegraph.co.uk/news/2017/10/27/nhs-must-get-act-together-suffer-bigger-cyber-attack-says-national/>

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- ⁴⁰ <https://www.state.gov/documents/organization/271339.pdf>
- ⁴¹ <http://www.independent.co.uk/news/uk/home-news/child-trafficking-referrals-in-uk-hit-record-high-figures-show-a7665201.html>
- ⁴² <http://economia.icaew.com/en/news/october-2017/uk-remains-most-attractive-country-for-businesses>
- ⁴³ <https://www.opendemocracy.net/beyondslavery/caroline-robinson/uk-modern-slavery-and-elephant-in-room-prevention>
- ⁴⁴ <https://www.theguardian.com/global-development/2017/dec/19/theresa-may-under-fire-anti-slavery-scheme-failure>
- ⁴⁵ <http://www.tim-russell.co.uk/upimages/employment%20guide.pdf>
- ⁴⁶ <https://www.gov.uk/government/collections/modern-slavery-bill>
- ⁴⁷ <http://www.acas.org.uk/index.aspx?articleid=3909>
- ⁴⁸ <https://www.ituc-csi.org/ituc-global-rights-index-2017-18767?lang=en>
- ⁴⁹ http://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102651