

OPERATION CARDINAS AND BEYOND:
Addressing exploitation risk in the
construction sector

April 2022

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Many organisations helped with the research for this report. We would like to thank in particular:

Achilles

Amey

Balfour Beatty

BDL

Carey Group

Construction Industry Training Board

Construction Skills Certification Scheme

Laing O'Rourke

Lendlease

Mace

McLaughlin & Harvey

Morgan Sindall

Multiplex

Scape

Sir Robert McAlpine

Stanhope

Stronger Together

Supply Chain Sustainability School

Willmott Dixon

With special thanks to DS Peter Eddy, Metropolitan Police

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FOREWORD

Dame Sara Thornton – Independent Anti-Slavery Commissioner

Construction is a major employer and vibrant part of the UK economy. An estimated 2.2 million people are working on the buildings and infrastructure that form the backdrop to our everyday lives.

While the sector is striving to meet its sustainability and carbon targets, it faces particular challenges in the ethical management of labour. The ongoing skills shortage, which has historically been offset by migrant workers, has been exacerbated by the pandemic and changing immigration rules. The sector's labyrinthine network of subcontractors obscures visibility of lower levels of supply chains. Financial penalties for delays, shortages of labour and materials, and the rapid churn of the workers, place numerous pressures on contractors on a daily basis.

This report looks at what happens when criminality infiltrates legitimate business supply chains. It analyses the case of Operation Cardinas in which a Romanian organised crime group (OCG) operated between 2009 and 2018. During this time, the OCG placed an estimated 300 – 500 victims onto major commercial and residential projects across London and the southeast. The criminals used a variety of tactics to circumvent security and avoid suspicion.

The experience of one of the contractors caught up in the 18 month investigation, and the actions that it took to protect victims, opens up a fascinating debate. Many companies would have been tempted to terminate the relationship with the criminals immediately to protect their reputation. This company chose to put victims first to support the police investigation. In doing so it had to navigate many other risks, but gained a unique insight into how victims were blending into the workforce. I want to thank the company for allowing us to include its experiences in this report. Disclosure and discussion of such incidents is essential for enabling more mature conversations across every sector.

While modern slavery is at the extreme end of exploitation, workers, particularly those supplied by agencies, can be made vulnerable through a variety of factors, such as not having proper contracts or terms and conditions. This can result in non-payment of minimum wage or holiday pay, unfair financial penalties and a general lack of employment protections. Environments of non-compliance can be enablers for more severe forms of labour abuse. The second half of this report looks at how contractors are responding to these risks. It also explores evolving best practice in the ethical management of labour.

I am pleased that a number of joint initiatives are getting under way. Collaborative working between competitors is particularly important for tracking trends and emerging threats. It can also support development of training materials and other targeted interventions. In other strong examples, contractors are taking a holistic approach to their internal processes, working across many departments to ensure that tackling risk of labour exploitation remains a core activity.

However, businesses in this sector face an extraordinary number of challenges. Some contributing to this report highlighted the difficulties that even experienced and well-resourced teams can have in understanding the nuances of complex taxation, employment and visa issues. The difficulties experienced in providing effective support to workers, and battling non-compliance in supply chains, underlines the pressing need for government to provide more guidance and leadership across the spectrum of issues.

I hope that the government's plans to create a Single Enforcement Body, which brings together the Gangmasters and Labour Abuse Authority, the Employment Agency Standards Inspectorate and HMRC's National Minimum Wage team, will provide a more coherent platform for support, helping to drive up standards while simultaneously holding businesses to account.

INTRODUCTION

Purpose of the report

The purpose of this report is to learn lessons from a major modern slavery case in construction; review the factors that lead to the exploitative environments in the sector; explore the most effective ways that businesses can safeguard workers.

Operation Cardinas is one of the UK's largest modern slavery investigations. It involved a criminal group operating undisturbed for a number of years across London and the southeast. During this time, the group managed to place victims of forced labour into a number of major construction sites and infiltrated at least 33 businesses. Cardinas illustrates the material and reputational risks that labour exploitation poses to construction, as well as its negative impact on security, health and safety and, potentially, the quality of the build.

Modern slavery tends to be perpetrated by organised criminals and is the most extreme form of exploitation. However, common commercial practices can create vulnerabilities in the workforce, enabling conditions in which both cynical opportunism and outright criminality can thrive. This report highlights best practice that is evolving to address the sector's complex labour risks.

Methodology

The Independent Anti-Slavery Commissioner's office analysed Operation Cardinas. Detective Sergeant Peter Eddy of the Metropolitan Police, who led the investigation, provided added insight and an overview of the evidence used by prosecutors. A company caught up in the case was also interviewed to understand the lessons learnt within the business, and how victims were protected during the investigation.¹

Subsequently, IASC interviewed a further 16 organisations to understand the structural, economic and cultural challenges that contractors are facing in managing labour issues within their supply chains. Interviewees tended to be in sustainability or procurement-related roles and included principal contractors, a tier one contractor, an auditor, a framework operator and a client. Current activity, collaborative initiatives and evolving best practice were discussed, along with perceived risks.

Context

Construction is one of the UK's largest and most important economic sectors, employing an estimated 2.2 million workers in 2020.² The sector has consistently been cited as at high risk of labour exploitation by the Director of Labour Market Enforcement.³ The government also

¹ See case study in appendix.

² See Office for National Statistics (2021) 'Construction Statistics, Great Britain: 2020': <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/articles/constructionstatistics/2020>

³ DLME (2021) United Kingdom Labour Market Enforcement Strategy 2021-2022: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040317/E02666976_BEIS_UK_Labour_Market_Enforcement_Strategy_2021-22_Accessible.pdf.

identified construction as one of three priority risk areas for departmental procurement in its modern slavery statement of 2020.⁴

In common with other high risk sectors, construction faces an ongoing labour shortage. In the last two decades, migrant labour, particularly from the European Union (EU) has increasingly been supplementing the local ageing, mostly male, workforce. However, in this sector, migrant labour is mostly concentrated in the south. In 2020, half of construction workers in London were born outside the UK.⁵

Widespread use of temporary migrant labour is a risk factor for any sector, but construction faces additional challenges. Major projects are continually evolving, with subcontractors joining and exiting during different phases. Thousands of people could be involved over the lifecycle of one project, many supplied through a complex network of subcontractors and labour agencies. Onsite, the worker demographic can fluctuate daily.

To date, few large cases of modern slavery have emerged in construction, which has led some to argue that the industry does not have a problem. However, visibility of what is happening in the lower tiers of supply chains is often poor, or non-existent. Even on well-run sites, ethical audits have unearthed a range of problems. Some fall within the 11 forced labour indicators as defined by the International Labour Organisation (ILO). The indicators include deception, abuse of vulnerability, intimidation and threats, withholding of wages, debt bondage and excessive overtime.⁶

In a sector struggling with low profit margins, ethical labour initiatives must compete with other priorities such as health and safety, quality, environment or mental health campaigns. And while major businesses must write an annual modern slavery statement⁷ on the steps that they are taking to address modern slavery risk in their operations and supply chains, they do not have contractual relationships with small businesses in the lower tiers of supply chains, where the risk is highest.

Several people interviewed for this report felt that they were battling a culture of box ticking and compliance, as well as a resistance from some quarters that labour exploitation was a risk at all. Building sites can be tough environments, which can filter into an assumption of how people can be treated.

During the coronavirus pandemic, businesses had to restructure to survive. With non-critical staff furloughed, many ethical initiatives were put on hold. Some interviewees expressed concerns around stalled momentum and the return of poor practice. However, others felt that where construction clients were looking more closely at labour risk, this was helping to reinvigorate the agenda.

⁴ Home Office (2020) UK government modern slavery statement: <https://www.gov.uk/government/publications/uk-government-modern-slavery-statement>.

⁵ CITB (2021): [citb-migration-and-uk-construction-report-2021.pdf](https://www.citb.co.uk/media/1000000/citb-migration-and-uk-construction-report-2021.pdf).

⁶ The ILO defines 11 indicators of forced labour, which represent the most common signs or clues that point to the possible existence of a forced labour case. See https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_203832.pdf

⁷ Businesses with a turnover of £36 million or more must write a modern slavery statement under the UK Modern Slavery Act (2015). See <https://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>.

OPERATION CARDINAS

“This case involved the degradation of fellow human beings. It involved the denial of their humanity and failure to recognise that these are human beings who feel pain and misery just like all of us. That disgusts me.”⁸

Judge Rajeev Shetty

On 19 June 2019 three members of a Romanian family were found guilty of modern slavery offences. Grigore Lupu, then 39, was jailed for ten years. His older brother Alexandru, 43, received an eight year sentence while their nephew Valentin, 24, received ten years. The Lupus were part of a wider network that had been exploiting up to 500 Romanians between roughly 2009 and 2018. In a later trial, six members of another organised crime group (OCG) linked to the case were convicted in a Romanian court. They are currently awaiting sentencing.

The Lupus placed their victims across a range of building and demolition projects in London, the southeast and the home counties. Projects ranged from small sites to prestigious major developments in the capital. The gang used a variety of fraudulent tactics to gain fake credentials and access to the workplace.

The Metropolitan Police identified at least 33 companies, including contractors, agencies and umbrella firm payroll providers, that had unwittingly been paying into accounts controlled by the OCG. Cumulative transactions for each business ranged from £100s to £100,000s. However, investigators believe that the identified businesses were only a fraction of those infiltrated by this long-operating gang.

The Lupus made an estimated £2.4 million from the exploitation, buying expensive cars and jewellery, while their victims received as little as £18 a day - or no money at all - for months of labour. Victims suffered such deep levels of physical and psychological harm that DS Peter Eddy, who led the investigation, likened their long-term trauma with sexual exploitation.

Victims were crammed into cockroach and rat-infested properties owned or managed by the criminal network. Due to a shortage of bedding, some had to go scavenging for mattresses dumped on the street, and many slept in their clothes. Access to washing facilities was rationed to once or twice a week, and entire households were often only allowed to share the same basin of water. The crowded, unhygienic conditions led to outbreaks of scabies. Victims were fed meat that was long past its sell by date and sometimes rancid. Many became ill with frequent stomach upsets, which they attributed to the diet.

The traffickers and their victims

Members of the Lupu OCG were Romanian. Police believe that the group was operating from at least 2009, recruiting and exploiting an estimated 300 to 500 people over nearly a decade.

⁸ The Sun (2019) ‘Dirty Secret: shameful truth of £10m flats built by slaves’: <https://www.thesun.co.uk/news/9367304/13m-flats-built-by-slaves-with-bogus-building-skills/>

All known victims were from poor parts of Romania, sometimes from the same villages as their recruiters. Many had never travelled beyond their local region. Some were illiterate in their own language.

Victims were recruited either directly by gang members, their associates or via word of mouth. Desperate to escape severe poverty, many were impressed by the apparent wealth, clothes and successful lifestyles of their recruiters. Given little time to think, they quickly found themselves in cars and minibuses bound for the UK.

Methods of entrapment

In Romania, the traffickers made attractive offers to their targets: wage rates that were impressively high by local standards, with travel, food and accommodation included. Victims believed that they could earn enough to support their families back home.

On arrival, the deception became immediately apparent. Victims had been tricked into a state of debt and destitution and did not have the means to leave and find work elsewhere. Despite the brutal environment, the majority did not attempt to escape. This was partly out of disempowerment and fear of reprisals, but also in the hope that they would eventually receive what they were owed. The gang used a variety of methods to exert control.

Deception in working agreements

The OCG had originally offered victims work in the UK at the rate of £500 for 30 days. However, the traffickers did not explain that the £500 pay was calculated as 30 working days, not including weekends, so the already paltry amount was to cover six weeks. Even this substandard deal evaporated on arrival.

Debt bondage

The traffickers said that all the costs – travel to London, accommodation, food, transport, work permits and personal protective equipment (PPE) would be paid for by their recruiters. On arrival, victims immediately found themselves in debt bondage, and the perpetrators ensured that the debt kept accumulating. The costs of travel to the UK and accommodation were ‘deducted’ from their promised salaries.

Creating false expectations

The OCG used ‘bread crumbing’ tactics to manage victims’ expectations, and make them reluctant to leave. Victims were continually reassured that they would soon receive full pay once the debts were cleared. In the interim, they were given ‘pocket money’ – in the best cases £10 or £20 a day, in the worst cases much less – which kept them in a state of hope as their debts accumulated.

Unfair deductions

Accommodation costs were disproportionately high for the abysmal living conditions in which victims found themselves. They were charged for inedible and unsafe food, for bathing or showering, and fined for spurious reasons. They also had to pay inflated fees for their commute to work, even though many were forced to share tickets. For CSCS (Construction Skills Certification Scheme) cards, which were essential for getting on many construction sites, the charge was quadruple that of an actual card, even though many were recycled or fraudulently obtained.

Control of bank accounts

The exploiters sometimes opened up bank accounts for the victims, but gave them no control over them.

Withholding ID cards

The OCG kept victims' passports or identity cards. One victim recalled a perpetrator taking his card "as a safety measure, so that I do not run away from him, but he did not return it to me." The traffickers used this power to play on victims' fears that they would be deported.

Forced criminality

The gang forced victims to commit minor criminal acts, such as fare dodging or using child tickets on public transport. Some were made to carry out minor traffic offences, including driving without insurance, accumulating parking tickets, or not paying congestion charges. This could result in prosecution, and ensured that victims remained fearful of the authorities and reluctant to seek help.

Violence, intimidation and threats

Assaults were common. Victims that raised objections were threatened or beaten. The traffickers would join forces to use knives, violence or issue death threats to anyone who tried to leave. Having been conditioned and traumatised by abuse, some victims were later threatened with eviction when work opportunities dried up.

Isolation

The OCG took measures to keep a low profile. Victims were not allowed out at weekends, and were seldom allowed into the gardens of the houses they were staying in, to avoid attracting attention of neighbours. Under a strict regime, lights in the house were switched off at 8pm.

Controlling victims at work

The Lupus and their associates often worked alongside the victims on building sites. Acting as interpreters, they made sure the victims did not step out of line or bring attention to themselves. Sometimes the perpetrators would leave an alpha victim in charge. These are victims that have been abused and conditioned over a long period of time. Having earned special status with the traffickers, they exert control over fellow victims in return for privileges.

Undermining workplace security

The victims were usually employed as unskilled labour. Undertaking cleaning, or fetching and carrying jobs, they received less scrutiny than qualified tradespeople. Most were working on construction sites, but some were placed in the demolition sector and forced to do gruelling shifts without any training. The gang used a range of tactics to manipulate site security.

Fraudulently obtaining CSCS cards

CSCS cards provide proof that individuals have the appropriate training and qualifications for the work that they do on construction sites. OCG members and their associates worked with a corrupt testing centre for health and safety tests, in order to obtain cards fraudulently. Sometimes they used the technique of ghosting – getting someone else to sit an exam instead of the candidate. At other times, a corrupt invigilator would answer the test questions themselves.

Recycled CSCS cards

Many Cardinas victims were given other peoples' CSCS cards with photographs that obviously did not resemble them. Despite this blatant security breach, they habitually gained access to sites.

Fake and doctored pass letters

As the waiting time for CSCS cards can be around two weeks, some sites accept a printout of the pass letter which shows that the individual has passed the relevant health and safety tests to work on site. The OCG exploited this system, doctoring or manufacturing fake pass letters. The police recovered a number of fraudulent documents from Lupu residences as well as evidence of crude forgeries on a perpetrator's computer. Even though the letters had clashing fonts where a new name was simply laid over the original text, many foremen and security staff must have accepted them without question.

Adding other bogus qualifications

At times the perpetrators added minor qualifications to increase the hourly rate that their victims could earn. For example, they registered workers as tape joiners – (a job that involves taping together dry lining boards). In a more sinister scenario, the gang also obtained and doctored asbestos removal certificates. As a result, some victims were forced to work in high risk environments, exposed to toxic materials without the training or knowledge to protect themselves or those around them.

Using limited companies

Each of the three defendants prosecuted in the Operation Cardinas case operated their own labour agency. As bosses of limited companies, they had a veneer of respectability.

Abuse of labour contracts

Construction labour contracts commonly carry a clause that if an individual is not able to attend on a certain day, they, or their labour provider, can send someone equally qualified in their place. The OCG used this system to its advantage, moving victims in and out of projects without raising suspicion.

Missed indicators in Operation Cardinas

Over the course of the investigation, it appeared that many different parties would have witnessed some indicators of exploitation. That the gang managed to operate undisturbed for some years indicates the challenge for businesses, banks and wider society in recognising and then acting upon evidence, suspicion or concerns.

Appearance

Living in squalid conditions, the men had infrequent access to washing facilities or washing machines. Many would have been turning up in the same clothes that they had slept in day after day. On some occasions, they were sent home from site to wash, because co-workers objected to their poor hygiene.

Clothes and kit

One victim recounted how, when working on a demolition site, workers had laughed at the broken and inadequate boots that he and other victims were wearing. Co-workers commented that the boots didn't provide the protection required on site.

Site inductions

It is not unusual for gangs of one nationality to work together on a project, with some acting as translators for the others. While this can be legitimate in many cases, it is also a risk indicator for exploitation. The Lupus worked the situation to their advantage. During onsite inductions, all paperwork for the victims was filled out by a trafficker, criminal associate or alpha victim.

Administration

Names, addresses and contact numbers would have been supplied as part of the site induction. Many of the details were identical, which should have raised suspicion. In some companies, such information was stored on separate PDF documents. This made it difficult for administrators to spot patterns or anomalies.

Security

Even though victims were carrying reused and recycled CSCS cards which clearly did not represent them, or crude forgeries of CSCS pass letters, they still habitually managed to pass site security. The fact that the OCG managed to operate this ruse over so many locations for such a long period, suggests worrying systemic weaknesses in vetting and security.

Informal approaches

There must have been incidences of traffickers approaching foremen to try and bring victims onto construction sites informally. On some occasions they will have been denied access because the circumstances were suspicious. This information could have been shared more widely amongst local sites and contractors.

Banks and financial activity

OCG members frequently acted as interpreters at banks and filled out forms on behalf of many victims. While this is not a guarantee of exploitation, it should have been a red flag for banking staff. There were many examples of money going into shared bank accounts. The unusual activity was neither picked up by the financial institutions, nor the companies paying into the accounts.

The response of one company caught up in the Operation Cardinas case, and how it protected victims, is at appendix page 28.

DRIVERS OF EXPLOITATION RISK IN CONSTRUCTION

The following section is an analysis of the drivers of vulnerability in the construction workforce, based on the experience of principal and tier one contractors, auditors, NGOs and other organisations interviewed for this report.

Critical worker shortages and unfilled vacancies

Construction has been suffering a skills shortage for decades. This has been intensified by the Covid-19 pandemic and changing immigration rules. With many lower skilled roles failing to make the government's shortage occupation list,⁹ one contractor complained of losing 80% of its European workforce from London projects. Many EU nationals that went home in the summer of 2021 have not returned.

Lack of skills was noted at every stage of construction, from groundworks and bricklayers to cladding and roofing specialists. The finishing trades, such as drylining and plastering are also experiencing heavy losses. Some businesses complained of a lack of support functions such as security guards and cleaners. An international shortage of haulage drivers is also slowing the critical delivery of materials and management of waste.

Contractors can face financial penalties if they do not complete on time, or may lose work altogether. Businesses of all sizes can be impacted. In a recent survey of small and medium sized (SME) builders,¹⁰ 89% reported that they had had to delay starting jobs and 60% had had to pause projects due to a shortage of materials or workers. In addition, 12% had to cancel work entirely due to lack of available people.

There are concerns that, when under pressure, businesses could ignore the usual protocols and processes for bringing workers on site.

Manipulation of visa routes

Abuse of the new visa system, and lack of enforcement from government, could result in many people trying to work in the sector without proper documentation. This could manifest, for example, as overstaying as a visitor or working full time on a study visa.

The Commissioner's office has heard concerning reports of Eastern Europeans being recruited onto the seasonal scheme for agriculture. They are misled by rogue agents that they can easily be moved into construction, using the same visa.

The full extent of the problem is as yet unclear. Rogue recruiters could be spreading misinformation for short term financial scams. However, in more sinister scenarios, criminal networks could be manipulating and profiting from those with insecure immigration status.

⁹ Immigration rules are more relaxed for roles listed on the government's shortage occupation list. Migrants only need to earn 80% of a job's usual going rate to qualify for the skilled worker visa. See <https://www.gov.uk/government/publications/skilled-worker-visa-shortage-occupations/skilled-worker-visa-shortage-occupations>.

¹⁰ Federation of Master Builders (Oct 2021) <https://www.fmb.org.uk/resource/89-of-builders-having-to-delay-jobs-says-fmb.html>.

Those workers that do not have secure immigration status are extremely vulnerable to manipulation and exploitation, either by organised crime groups or cynical opportunists.

Lapses in security and vetting

For reasons of security and safety, most major contractors stipulate that workers must be registered and have their documentation checked before they can access a site. Given the rapid churn of workers, processing people places a heavy burden on resources. Responsibility is often passed down the supply chain: principal contractors will check right to work on their own employees and direct hires, but rely on suppliers to manage the process in the tiers below them.

In the best cases, sites have airport type scanners for verifying passports, but many locations rely on staff to do visual checks. Interviewees acknowledged the risk of sophisticated forgeries being missed. They also said that, without specialised training, site teams could struggle to understand complex visa arrangements. The standard of labour agency processes is variable. Some are relying on video calls and photocopies of passports, rather than face to face meetings, when recruiting new workers.

In Operation Cardinas, criminals habitually found ways to undermine apparently tight security, even on large sites. Recent research by supply chain specialist Achilles,¹¹ suggests that this may be a greater problem than industry thinks. When Achilles analysed anonymised data from 1,368 confidential worker interviews and 48 supplier audits on major building projects it found:

- 26% of companies had not requested or verified appropriate right to work documentation.
- 21% of workers were found to be using non-standard documentation to access the site.
- 5% had not been required to present any identification or right to work documents at all.

Separately, other interviewees cited a number of issues, either picked up by security checks or third party audits. This included: workers from the Windrush generation unaware they needed to apply for identity documents; non-EU workers using fake Italian or Greek identity cards; workers accessing sites using cards belonging to other people – and doing roles for which they were not qualified.

Security lapses can allow a culture of non-compliance to thrive, putting the security, safety and wellbeing of everyone on site at risk.

Abuse of the CSCS card scheme

Holding a CSCS card¹² is not a legal requirement, but most major contractors and housebuilders require that workers show a valid card to work on site. Each card contains the photograph of the worker, along with their skill level and qualifications, including health and safety training. Criminals are using a variety of methods to bogusly obtain cards.

¹¹ Achilles (2022) Ethical Employment Trends Report: <https://www.achilles.com/industry-insights/ethical-employment-trends-report/>.

¹² The CSCS logo can be found on cards for 38 different card schemes, representing different construction sectors. There are 2.1 million CSCS cardholders in the UK. See <https://www.cscs.uk.com>.

The Construction Industry Training Board (CITB) estimates that between 10 and 15 centres out of the 400 it has approved to run health and safety tests for CSCS could become corrupted or controlled by criminals at any time. In the case of Operation Cardinas, the gang made heavy use of one rogue centre, using two or three other centres less frequently. Methods of corruption include hacking IT systems to manipulate the electronic testing system; 'ghosting' (sending in substitutes to sit exams); bribing invigilators. In extreme cases the entire centre can be taken over by the criminal gang for set periods.

CSCS calculates that fraud impacts less than one percent of applications. Nevertheless, it admits that more work needs to be done. Since 2000, CITB has closed down 25 centres where it has discovered fraud, malpractice or maladministration, and has cancelled around 6,000 tests, most of which were used to obtain cards. A cancelled card will be flagged up on an electronic card reader only if the site system has been connected to the internet, and has been recently updated. CSCS launched Smart Check in April 2022 to make it easier to check all CSCS cards via a single mobile phone app. However, if site teams fail to do regular checks, there will always be the risk that unqualified workers are continuing to access sites.

Fraudulently obtained or fake CSCS cards have been used by human traffickers to gain work for victims of modern slavery. Those locations that do not regularly electronically check cards carry a heightened risk of modern slavery or other forms of criminality gaining access.

Cultural and language barriers

Building sites often have diverse populations, but migrant workers, who tend to be more at risk of serious exploitation, may be reluctant to report problems. This could partly be due to language barriers but also because they do not trust or understand the system.

From the perspective of management, well-educated senior staff may find it difficult to identify with the barriers that prevent some workers from speaking out. For example, if confidential complaint lines are rarely used, management might assume that the business need take no further action. They may not consider other possibilities, such as the fact that the lines are not fully trusted or do not get enough publicity.

The macho culture in parts of the industry can normalise assumptions that tough treatment is part of everyday life on site. Given the labyrinthine nature of recruitment, site audits have shown that both British and foreign-born workers can be unsure of who their employer is. This can compound a generalised feeling of disempowerment.

Workers that feel disempowered or mistrustful will be reluctant to speak out and will be more vulnerable to manipulation and exploitation by criminals and opportunists.

Poor visibility of the treatment of temporary workers

The construction industry can be a lucrative sector for skilled workers. Certain trades, such as electricians and scaffolders, can command good rates of pay. However, those earning close to minimum wage, and being paid through payroll or umbrella companies, are more vulnerable due to hidden charges and deductions. Some interviewees observed that miscalculation of wages was common.

While many payroll companies operate within the law, some have been criticised for lack of transparency and unfair deductions. Dubious practices include 'double dipping': charging an agreed commission to the client, but also illegally deducting the same amount from the worker pay packets.

Several principal contractors mentioned the challenge of tracking worker payment, particularly as payroll companies can arbitrarily transfer workers into new organisations without informing the individual or the contractor for whom they are working. One commented that checks would need to be carried out ideally every week, but that this was too impractical to implement.

Conditions for temporary workers are less visible in the lower tiers of supply chains: while most principal contractors check the labour management practices of their direct suppliers, responsibility for checking the lower tiers is usually handed to subcontractors. There are concerns that subcontractors are not doing enough to check conditions for agency workers. Findings from Achilles from subcontractor audits included that:

- 31% of companies were unable to demonstrate that they checked for charges made to workers for employment through agencies or umbrella companies.
- 27% did not verify that workers engaged by third parties such as subcontractors, agencies or umbrella companies, were paid in line with project or nationally recognised minimum pay rates.
- 20% of companies were found to be applying non-standard charges to workers in the form of commission, agency, payroll or administration fees.
- Some workers had lost as much as 25% of their weekly wage through non-standard deductions.

There is a problematic lack of visibility of how temporary workers are being treated in the lower tiers of supply chains. Organisations that are not rigorously vetted, or held to account, could take advantage by imposing a raft of unfair deductions onto worker pay, or could be enabling more severe forms of exploitation.

Lack of terms and conditions

Interviewees observed a sharp deterioration of governance standards between tier one and the lower tiers of supply chains. In some cases, a concerning lack of formality has been found, for example, labour agencies failing to provide a contract, or written terms and conditions. Some small labour providers run their operations on social media platforms such as WhatsApp, sending texts to workers about new jobs, start dates, hourly rates and little else.

This informality is not just confined to micro-organisations. Achilles audits found that 11% of companies could not demonstrate that they had issued indirectly employed labour with written terms and conditions, nor could they demonstrate that third party providers had communicated terms on their behalf.

With unclear terms and conditions, workers have no clarity about their pay, deductions, breaks or overtime agreements. This can give them little recourse to challenge unreasonable demands, for example, being forced to do excessive overtime on lower rates of pay, or being fined as a form of disciplinary action.

Vulnerability caused by self-employment

Construction has traditionally had very high levels of self-employment. In 2020, 17.4% of the workforce was self-employed.¹³ While the status can be lucrative for well-paid roles, those on low wages can be disadvantaged: self-employed workers have little protection under employment law and lose their rights to sick pay or holiday pay. More critically, they are not legally entitled to national minimum wage or national living wage.¹⁴

In many parts of the industry, self-employment is the only option. Self-employed workers have few protections, and those on low pay rates may not even receive minimum wage.

¹³ Office for National Statistics (2021) 'Construction Statistics, Great Britain: 2020': <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/articles/constructionstatistics/2020>.

¹⁴ UK Government 'The National Minimum Wage and Living Wage': <https://www.gov.uk/national-minimum-wage/who-gets-the-minimum-wage>.

EVOLVING BEST PRACTICE

The following section explores measures that businesses are taking to address risk of labour exploitation, both internally and with suppliers. Examples are based on interviews and do not represent all activity from each contractor – or initiatives elsewhere in the sector.

Building internal capability

Direct employment

Directly employed workers are less vulnerable to exploitation than temporary or agency workers. Interviewees agreed that increasing direct employment in the sector was desirable. However, they pointed out that cultural change was necessary, and that clients needed to lead on the agenda.

Lendlease said it was monitoring the proportion of agency-supplied workers within its projects and was actively looking at ways to encourage direct employment, particularly in security and logistics, where the workforce is transient. Multiplex has set targets in its *Social Equity Strategy* of increasing directly employed labour by 20% for every £1 million spent on projects by 2025, and 40% for every £1 million of spend by 2030.

However, there is one major outlier: Laing O'Rourke has effectively brought its supply chain in house, directly employing around 10,000 people, including trades such as steel fixers, concrete placers, finishers and carpenters.

Laing O'Rourke's general policy is not to allow those with self-employed status to work within the business, except in exceptional circumstances. The company has reduced the recruitment agencies that it uses for direct hires, managing and vetting them through a dedicated workforce team. The head of procurement Europe said that this had reduced churn in the workforce, especially in mechanical, electrical and plumbing (MEP) roles.

Modern Slavery working groups

A number of contractors have formed internal working groups to coordinate and strengthen their response to the threat of forced labour. For example, Laing O'Rourke's group cuts across a number of different functions, including the security team, and meets regularly to ensure that its strategy remains relevant to developments in local and international labour markets. Balfour Beatty's modern slavery working group is chaired by its sustainable procurement manager, with representation from across the UK business including HR, legal, procurement, supply chain and communications functions.

Carey Group has formed a modern slavery huddle, sponsored by the chief people officer, with representatives from HR, business and learning development, payroll, the subcontractor commercial team, procurement and sustainability.

Helplines and reporting concerns

It is standard for large businesses to provide whistleblowing or speak up lines for employees, agency workers, suppliers or other stakeholders to raise concerns. Several contractors are promoting these services as the first point of contact. For example, Balfour Beatty is asking for all

suspected reports of modern slavery and human trafficking to go through its anonymous helpline. This is managed by a third party, with all issues reviewed by the legal team.

Willmott Dixon will be giving extra promotion to the Modern Slavery Helpline this year. The service was seen as a useful support because it is open 24 hours a day, and reporting is confidential. Other contractors praised the Modern Slavery Helpline for offering translators and support when queries were raised.

Many contractors have protocols for handling suspected cases of forced labour. However, one large contractor admitted it was still in the process of drafting one. Others said that their protocols needed further development.

Multiplex collaborated with Stronger Together in 2018 to devise a modern slavery site escalation chart. Multiplex has embedded the process into its ethical management system,¹⁵ in which each incident is recorded and collated. The escalation chart has also been shared with other members of the Stronger Together construction steering group,¹⁶ and will appear as a free resource in the updated Stronger Together toolkit, to be published this year.

Mace has an escalation flowchart which involves the Gangmasters and Labour Abuse Authority (GLAA) its NGO partner Hope for Justice and the Modern Slavery Helpline. It also provides a speak up line and email address for reporting issues internally, and has been encouraging workers to download the Modern Slavery Helpline app onto their phones.

Morgan Sindall is taking a dual approach. Its protocol stipulates that if someone discovers a suspected case of forced labour, they should raise the issue with regional management as well as calling the whistleblowing hotline, and that the two processes should happen in parallel.

Sir Robert McAlpine acknowledges that its site based works managers and staff would be most likely to report labour exploitation concerns and are asked to speak to either their project manager or regional HR manager if there is a problem. "Our message to them is that they are not there to solve the problem. We ask them to pick up the phone and talk to us."

Education and training

All businesses recognised the importance of education and training to tackle risk of labour exploitation. For example, Amey has made it compulsory for all managers to undertake training on spotting the signs of slavery. Their training must be updated every two years, and this is measured as a key performance indicator. The contractor has produced an educational video in order to reach workers in all environments, including mobile road and rail projects. Managers must record onto a centralised system when the teams have received and understood their training packages. Amey's modern slavery working group monitors the proportion of workers that have been reached.

Several interviewees recognised the need for specialist training for specific roles, such as procurement functions. Sir Robert McAlpine recently rolled out extra training for its site managers. Other contractors are also considering similar specialist training for supervisors, who would be closer to issues on site than their office-based bosses.

Helping workers to understand their employment rights is a growing area of focus.

¹⁵ For more on the ethical management system, see page 23.

¹⁶ See also the multi-stakeholder initiatives section on page 24.

The GLAA launched a new qualification in 2021. The Level 1 Award in Workers' Rights and Labour Exploitation¹⁷ is a ten hour course, developed to help young people understand their rights in the workplace, including elements such as the national minimum wage, holiday pay and how to read payslips. The course is being rolled out in educational institutions, but some contractors are reportedly introducing, or planning to introduce the qualification to site workers.

Working with suppliers

Onboarding and vetting processes

When tendering for work, or to join an established supply chain of a principal contractor, subcontractors have to go through a prequalification process. Compliance or accreditation organisations, which verify and check documents, are commonly used for the first stage of vetting.

McLaughlin & Harvey, for example, partners with Constructionline and has mandated that businesses in its supply chain must be verified to gold level. This means that they have to answer additional questions on bribery, corruption and modern slavery. McLaughlin & Harvey says that 80% of the supply chain has so far reached this target.

Prequalification processes can be time consuming, particularly because questions can vary from organisation to organisation. To streamline the process, industry body Build UK launched a common assessment standard in March 2021, which is based on existing industry questionnaires. However, the questions relating to labour risk are high level and compliance focused, for example: whether a company has a modern slavery statement; whether anyone in the organisation has convictions for child labour or human trafficking; whether the organisation ensures that companies in its supply chain are aware of and abide by modern slavery legislation.

In the wider industry, many contractors appear to be doing little more than seeking reassurance through prequalification and policies, but some are going further, through additional or bespoke onboarding processes. Balfour Beatty, for example, uses an e-procurement system for all tenders for its labour, subcontracting and materials suppliers. The system contains integrated sustainable procurement questions. Balfour Beatty also requires all suppliers, regardless of size or turnover, to upload a modern slavery statement. Small businesses are permitted to supply shorter policy documents. Links to free resources and training materials are provided on the platform.

Training suppliers

As a minimum, major contractors require suppliers to show evidence of anti-slavery and worker protection policies. While this is an important step, it will have little impact unless the suppliers can prove that those policies are being properly implemented.

Responsible businesses are increasingly supporting their supply chains to meet their required standards. Given the acute skills shortage, this was seen as the preferable option to zero tolerance for poor governance. One said: "We need to give suppliers the tools to improve before going in with harder demands."

¹⁷ GLAA (2021) 'GLAA launches national workers' rights qualification': <https://www.gla.gov.uk/whats-new/press-release-archive/28012021-glaa-launches-national-workers-rights-qualification/>.

A number of external specialists have been engaged to work with internal staff and supply chains. Willmott Dixon has put the majority of its five identified high risk trades through modern slavery training with Stronger Together. Mace has engaged Hope for Justice to carry out training sessions for internal staff and contractors. Morgan Sindall has also been working with several external agencies.

A large number of interviewees mentioned that they were using the resources of the Supply Chain Sustainability School. The school is funded by major clients, contractors and tier one suppliers and offers free training to suppliers on a range of business issues, including environment, quality and modern slavery. In one example, Willmott Dixon has run breakfast workshops on ethical labour with all of its seven regional business hubs through the school.

The school launched the People Matter Charter¹⁸ in 2020. The charter is designed to help organisations of all sizes address workforce issues through a single strategy. It covers areas such as diversity, exploitation, wellbeing, employment conditions and training. Since the charter was launched, 130 organisations have signed up. Nearly half of the signatories are subcontractors, 12% are main contractors, 12% are suppliers and 18% labour agencies. The school is supporting signatories to embed best practice principles of the charter. Its long term goal is to measure the impact of these activities on supply chains.

Streamlining labour providers

Many contractors have been reducing exposure to risk by streamlining their labour agency relationships. For example, since 2015, Balfour Beatty has used a single agency to centrally manage its labour requirements. The appointed agency must use an audit framework, developed by the contractor, to assess all the agencies subcontracting to it.

McLaughlin & Harvey uses agencies to supplement labour brought in by its subcontractors. Historically the company worked with between 40 and 50 labour agencies, but has reduced this to seven.

Willmott Dixon has seven regional centres which manage their own local supply chains. Every regional office has a service level agreement with two or three labour agencies and will only procure directly from those partners. In 2021, the company started carrying out deeper dives on each of these partners.

Audits, site visits and worker engagement

For contractors diving deeper into their supply chains, activities are falling into two broad categories – the first is looking at supplier systems and processes, the second is commissioning worker engagement to understand whether policies and procedures are having the desired effect.

- **Sir Robert McAlpine** introduced worker interviews in 2018 and now plans to roll them out to 10% of sites. The interviews have been designed to be short and informal conversations, to put workers at ease. The contractor has been using the findings from the interviews to hone its audit strategy. It commissions Achilles to carry out labour practice audits, looking at supplier processes in areas such as right to work checks, PPE

¹⁸ Supply Chain Sustainability School, People Matter Charter:
<https://www.supplychainschool.co.uk/partners/groups/labour-group/people-matter-charter/>.

and accommodation. Sir Robert McAlpine's audit and interview strategy has already reached tier two of the supply chain in some cases.

Unusually, Sir Robert McAlpine employees will often be present during the audit. The head of ethical and sustainable procurement said there were several advantages to direct involvement "We feel that it sends a strong message to suppliers, and I've also learnt a lot about the make-up of supply chains beyond tier one."

- **Lendlease** has also been working with Achilles to develop worker interviews on its sites, and has started carrying out audits of its top 50 suppliers, which account for between 85% - 90% of its total spend. The audits include all the major trade contractors working with Lendlease, as well as logistics and security companies. Lendlease is a real living wage employer, and the detailed half day audit includes aspects such as whether the subcontractor has adequate processes in place to manage this, and how workers are employed through agencies. Lendlease plans to audit suppliers once every two years, and will be supplementing its findings with worker interviews.
- **Mace** has appointed internal staff to check that subcontractors are meeting their contractual obligations, including their processes and procedures to tackle modern slavery. This include visits to suppliers. Mace is also working with partners, including the Slave Free Alliance, to carry out assessments of its processes and check where the approach can be improved.
- **Laing O'Rourke** uses a security team to conduct deep dives into its supply chains, giving particular focus to high value, high risk areas. Supply chain risk is managed through Laing O'Rourke's project and technical teams, as well as the procurement department. Suppliers are assessed on their future order books, to ensure that they have adequate resources to carry out the future pipeline of work. The company's head of procurement for Europe said: "We want to understand stretch in our own orderbooks. From a modern slavery perspective we don't want to overload suppliers to the point where their resources are at risk of being able to deliver on a particular project."
- **Amey's** procurement team started desktop risk assessments of its supply chains around five years ago. These look at both strategic risk to the company in terms of spend and risk to labour. The highest risk areas identified included cleaning, catering and temporary staff. Other categories included railway labour and ground maintenance, and road marking contractors. The contractor uses the findings of the assessments to inform audit strategy, in order to target the highest risk areas through further review, face to face meetings or calls.

Implementing an ethical management system

Multiplex has developed a management system addressing all critical aspects of ethical labour, including health and safety, living wage, job security, wellbeing and fair employment practices. It is based on the UN Guiding Principles on Business and Human Rights,¹⁹ the principles²⁰ of the Building Responsibly Group²¹ and the ISO 31,001 standard for risk management.

¹⁹ <https://shiftproject.org/resource/un-guiding-principles-on-business-and-human-rights/intro/>

²⁰ <https://www.building-responsibly.org/worker-welfare-principles.>

²¹ [https://www.building-responsibly.org/.](https://www.building-responsibly.org/)

The system encompasses due diligence, audits, worker interviews, worker representation committees and grievance mechanisms. Multiplex uses a digital dashboard to monitor changes in the labour risk profile of the workforce. The dashboard presents a simple visualisation of data, fed in by the social value team on a monthly basis. This enables the contractor to minimise delays as it responds to issues.

Access to remediation protocols is another feature of the system. There is also training and capacity building to ensure that workers are educated on their rights and pay at all site inductions, as well as their ability to bargain collectively. Subcontractors have to nominate an ethical labour representative who has to undergo specialised training, submitting information to the project team on an ongoing basis.

In addition, Multiplex managers and directors are required to visit sites every month to talk to workers. Multiplex says that this is an important aspect of cultural change, so that workers can feel respected and part of the team.

Multiplex launched its *Leave No One Behind Social Equity Strategy*²² in December 2021, setting environmental and ethical labour targets including:

- By 2022 100% of its first tier supply chain will sign up to the Multiplex supply chain charter.
- By 2022, 100% of new supply chain partners will be screened and audited against Multiplex's ethical labour principles.²³
- By 2025, 20% of the tier two suppliers will be audited against the principles.

Multi-stakeholder initiatives

Achilles Ethical Business Working Group

In 2021, Achilles formed a new ethical business working group with 11 contractors and clients, supported by NGO Unseen. The aim of the group is to establish a culture of continuous improvement through shared data and collaborative working. Members are part of Achilles' ethical business programme and agree to utilise ethical audits and worker interviews. As well as receiving data on their own supply chains, they will also receive a quarterly update of results across the group, based on aggregated and anonymised data. The findings will be used to improve supply chain management, understand trends and emerging threats and to finetune worker questions and audit strategy.

Suppliers that have been audited under the programme will receive action plans focusing on compliance, training, mitigation, remediation support and annual goal setting, and will be encouraged to undergo annual certification. Results of individual audits will be uploaded to the platform, and be visible to all Achilles clients. However, suppliers have discretion on how much information they wish to disclose.

²² Multiplex (2021) 'Ensuring no one is left behind in the race to net zero': <https://www.multiplex.global/news/social-equity-strategy>.

²³ The Multiplex Ethical Labour Principles are based on the Building Responsibly Principles, the UN Guiding principles on Human Rights and the ETI Base Code.

The Stronger Together Construction Programme Steering Group

The group is launching a new project in 2022. Group members are collaborating to analyse potential risks presented by their tier one dry lining suppliers. Fifteen high or medium risk suppliers have been identified and have been offered training covering exploitation, employment and labour legislation issues.

Suppliers will be given time to review and update their processes, and will undergo a Fast Forward audit between four to six weeks after the initial engagement.²⁴ Subsequently, the steering group will pool the results, which will inform training strategy for supporting suppliers in the future. The steering group is also promoting an SOS hand signal that potential victims of modern slavery can use to discreetly ask for help.²⁵

&Wider pilot

For the past year, Morgan Sindall, Mace and another contractor have been working on a pilot to engage with workers via confidential mobile phone interviews. Dutch supply chain specialist &Wider is contacting workers and asking a set of psychometric questions designed to understand the worker experience.

Morgan Sindall said it was important for competitors to work together, in order to share the data and identify the issues at scale. Mace said that it had used &Wider on six of its projects to date.

Scape

Scape procures projects on behalf of public sector clients. It does this through a framework of national and regional contractors and consultants. Its partners remain on the framework for between four and six years.

The organisation is using its long term relationships to raise standards in social value and ethical labour management. In late 2021, Scape and its partners drew up and agreed to work to a set of commitments. These include that:

- Partners will commission labour practice audits and workforce engagement surveys on an agreed proportion of high risk trades on major construction projects.
- All audits and surveys are to be aligned, based on industry best practice, to ensure consistency of data.
- Data from the findings will be shared and tracked.
- Academic partners will support analysis of the findings, placing them into the context of other industrial sectors and international experience.

Scape is creating a forum and regular working group for sharing best practice on other operational aspects of training such as site inductions. It will be compiling its first set of audit findings within a year.

²⁴ <https://www.fastforwarduk.org>.

²⁵ <https://www.stronger2gether.org/construction-adopts-hand-signal/>.

The influence of clients

Clients are influential in setting the tone of how a project should be run. But interviewees noticed a variation in approach between those that were experienced in commissioning new buildings, and those that were less experienced and had lower awareness of labour risk.

While carbon and sustainability targets tend to lead the private sector agenda, social impact considerations are gaining ground. Interviewees welcomed the fact that a number of clients are moving away from compliance-led criteria to more thoughtful questions around process. Some are looking at their supply chains in more depth.

For example, in 2021, Stanhope issued a detailed questionnaire to its suppliers around environmental and social issues. The questions on ethical labour were open ended and qualitative, and covered areas such as auditing and living wage. Stanhope is now following up the survey with conversations with individual suppliers to understand more about their approach and systems. It will also be checking processes around living wage.

Central government departments are increasingly using MSAT (the Modern Slavery Assessment Tool)²⁶ to engage with their suppliers on risk. Other public sector authorities were thought to be taking a more tick-box approach. However, local authorities are placing increasing emphasis on social value and the impact of projects on local communities.

²⁶ MSAT was developed by the Home Office and is now being used by central government departments <https://supplierregistration.cabinetoffice.gov.uk/msat>.

CONCLUSION

Interviewees agreed that leadership, collaborative working and agreement of common principles are necessary to drive innovation in a sector that is beset by tight margins, critical labour shortages and a compliance-driven culture.

They called for government to deliver on its commitment to strengthen the Modern Slavery Act and hold non-compliant businesses to account. They also wanted government agencies to provide business with more coherent guidance on the spectrum of labour and human rights risk. One complained that post Brexit, it was finding it challenging to navigate the nuances of the visa and taxation system, owing to a perceived lack of coordination or guidance from government agencies, adding:

“The state of flux has highlighted inequalities and ambiguity. We feel that we’re being forced to take the lead in providing direction and clarity, even when it’s not there.”

Government proposals to create a Single Enforcement Body, which will bring together the GLAA, Employment Agency Standards Inspectorate and HMRC’s National Minimum Wage team were welcomed by interviewees, who saw the advantages of having a one-stop shop for their enquiries.

Many argued that licensing of labour providers would be crucial for raising standards, citing the example of the GLAA’s licensing scheme for agriculture.²⁷ Several mentioned a lack of intelligence specific to the sector, and wanted targeted meetings with government agencies to exchange views on trends and emerging threats.

The leadership of public and private sector clients was seen as critical for setting expectations around projects, promoting best practice and social value. Many agreed that introducing living wage was desirable. However, given the cost pressures it would put on supply chains, it should be mandated by government, in order to create a level playing field across the industry. Clients were also called upon to pay realistic prices that accounted for the extra costs of ethical procurement.

While there are a range of emerging examples of innovation and best practice, interviewees complained of a lack of consistency across the sector. One suggested that contractors should collectively define and agree basic minimum standards around labour provision, but that a neutral body should lead on the process. There were also calls for a common platform for sharing of data and audits. This would help major contractors manage risk, and reduce the administrative burden for suppliers.

It was agreed that those at the top of supply chains needed to create conditions that encourage lower tier contractors to be more open about their challenges, although changing the culture would take some time. The sector is collaborating in other non-competitive areas, such as embodied carbon. It has also dramatically improved its approach to health and safety in the last three decades. Interviewees thought that ethical labour could follow a similar trajectory.

²⁷ The GLAA labour licensing scheme covers agriculture, horticulture, fish processing, shellfish gathering, dairy farming, and the processing and packaging of any fresh produce.

APPENDIX

Protecting victims during an investigation: one company's experience of Operation Cardinas

What does a contractor do when it suspects that there is forced labour on one of its projects? A common reaction is to remove the traffickers immediately. This strategy may minimise reputational damage, but it does little to disrupt the organised criminals that can easily move on to other targets. It also risks putting victims in greater danger.

A subcontractor had this dilemma when police first made contact while investigating Operation Cardinas. This case study explores the measures that the business took to protect workers over an 18 month period, while working closely with police.

Background

The subcontractor operates predominantly in London and the southeast, it is typically involved with between 40 and 50 live projects at any time, working on a mixture of high profile commercial, residential and mixed use developments. A high proportion of its workforce is made up of migrant workers, mainly from Eastern Europe.

The investigation

Police contacted the company's payroll department in 2018 asking for details of two workers. After liaising with the officer, the employee decided to carry out her own payroll investigation. She discovered that a number of workers on different projects were linked to the same bank accounts.

Although the police investigation had initially focused on two people, the subcontractor now suspected that 12 potential victims were hidden within its operations.

Protecting victims

After discussions with the police, the company agreed to keep the victims working on its sites, so that the investigation could continue without alerting the traffickers. At this point, many companies would have decided to terminate contracts in order to reduce corporate risk. But the company's first priority was to protect the victims.

The construction director says: "At this point I took a deep breath. It's a natural instinct to want to get rid of the risk immediately, but we didn't want to kick the problem down the road. We wanted to manage it. We felt a moral commitment to the people that were being abused."

Health, safety and wellbeing

While the investigation was ongoing, there were significant health and safety risks to manage. The general health of the victims was not known. If, as was suspected, they were not getting enough food and rest, they posed a danger to themselves and fellow workers. To further complicate matters, victims were dispersed across different sites.

To manage the situation, the director moved all the victims onto one very large project. He ensured that the work they were given was not too physically arduous.

“I put one of my most diplomatic and robust managers on site with them,” he said. “We hadn’t seen any sign of violence, but I chose someone that would be able to step in and intervene if there was trouble.”

The company also found a way of ensuring that victims could receive free nutritious food every day. In an initiative that was disguised as a pilot scheme, workers were given vouchers to use in the site canteen. Multiple sites were chosen for the pilot to avoid raising suspicion.

Watching the criminals operate

The investigation lasted another 18 months, but to prevent rumour or speculation within the business, only four people were aware of what was happening: the CEO, the construction director, the site manager and the payroll specialist.

As time went on, the construction director says that he was surprised at how easily the vulnerable people blended with the rest of the workforce on site.

“Superficially there was no obvious sign that anything was wrong. There was no sign of tension or coercion in the group, and all the paperwork and ID documents were in order. The only red flag was with payroll.”

How the OCG manipulated the company systems

Management have since discovered that the OCG scouted out the company before introducing victims into the business. Joining as self-employed workers, they became familiar with the vetting systems and security processes, and what would be required to pass through the system.

“They knew that we would insist on seeing a genuine passport, rather than a photocopy, and that workers must produce a proper CSCS card. They were smart enough to know that their men had to have the proper steel capped boots to be allowed to work on our sites. They did everything right,” the construction director says.

He adds that the dirty clothes of the victims would not necessarily have raised concerns. “Labouring is a dirty job. Some people get changed when they come to site, but many don’t bother. Their appearance didn’t necessarily raise suspicion.”

Learning from Operation Cardinas

As a result of Operation Cardinas, the company vets worker gangs more closely, deliberately asking more challenging questions. It has also introduced a policy of paying all workers individually and directly into bank accounts. Staff training to raise awareness of modern slavery has also been rolled out across the business. The company has also shared its experience with industry peers. The construction director says:

“We use our experience to explain how the situation arose, and how challenging it can be to spot the signs. Our advice to other organisations is, ask awkward questions. Make sure people are who you think they are. This is a bigger problem than industry realises.”

