



HomeWorkers  
**hww** Worldwide

Organising  
For Rights

# **HOMWORKING IN THE UK:** A PRACTICAL AND ETHICAL GUIDE FOR BUSINESSES

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# Introduction

## **Homeworkers deserve equal treatment with other workers**

Whether a business is a retailer with homeworkers in its supply chains, or a company engaging homeworkers directly this principle of equality should be paramount. Homeworkers' legal rights will vary according to their employment status (whether they are a 'worker' or 'employee'). However, many businesses sign up to ethical codes (such as the ETI Base Code of labour practice) and any commitments they make to good working conditions should apply to all workers, including homeworkers who work offsite, or in their supply chains.

The good news for businesses is that ethical employment of homeworkers, ideally as employees with full employment rights, has real business benefits. These include higher standards and productivity, lower sickness absence, improved retention of skilled staff and greater legal compliance

and therefore lower legal costs. In addition, ethical employment of homeworkers is an important response to consumer concern about working conditions. Consumers are becoming increasingly anxious about the poor conditions experienced by some workers in global supply chains, and are no more likely to tolerate the exploitation of workers here in the UK. A robust policy that ensures homeworkers are treated ethically and fairly is the best defence against such reputational risk.

The good news for homeworkers is that, by following the advice and guidance in this pamphlet, you will be making a real difference to the working lives of some of the most vulnerable, and often lowest paid, workers in the UK. In-work poverty is a huge problem in the UK, affecting over 6 million people (4.1m adults and 2m children).<sup>1</sup> Addressing the poor pay and conditions experienced by many UK homeworkers will have a huge impact not only on those workers, but on the families they support.

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<sup>1</sup> <http://www.jrf.org.uk/blog/2012/11/work-poverty-outstrips-poverty-workless-households>

# What is homeworking?

**Homeworking is paid work, done in one's own home, for another person or business.** It is an integral part of many supply chains, local, national and international.

Homeworking is a hugely important way of working which enables many people with caring responsibilities - or other restrictions which prevent them going out to work - to earn a living.

Some people work from home occasionally, but also have an office base, but this guide does not address that kind of work. It is focussed on people who work exclusively from home and do not have another workplace.

Some people work at home on their own account, making items to order for customers, or making things to sell, but this guide is not about that kind of work. This guide specifically addresses homeworkers who are working for another person or business.

## Who are homeworkers?

Most homeworkers are women. Some studies suggest more men than women work from home, but that is because they tend to include those who run a business from home or those who work from home occasionally but also retain a work base. Studies of those who work at home for another person or business have demonstrated time and again that the vast majority of homeworkers are women.

The most common reason homeworkers give for working from home is caring responsibilities – homeworkers often have young or school age children. Other common reasons for working at home include long-term health problems and disabilities.

Traditionally homework has been viewed as particularly prevalent in Asian and migrant communities. While it is true that many Asian women have worked as homeworkers, particularly in the sewing trade, research shows that there is a long established tradition of homeworking in White British communities as well.

There is a common misconception that women take on homework to earn a little extra money for luxuries or treats, and that homeworking provides

a welcome but non-essential additional income. In fact, for most homeworkers the money they earn is vital family income, spent on basic living expenses and family costs.

## How do they fit into supply chains?

Homeworkers are often found at the end of long, complex supply chains, with layers of intermediary, subcontractor and supplier. The length of the chain between homeworkers working on a product and retailers selling that product, combined with the fact homework is done in the home, behind closed doors, can make homeworkers virtually invisible, both to the companies that sell their products and the wider public that uses them. Few people realise how many products they use on a daily basis may have passed through a homeworker's hands.

Although one of the things that characterises homework is its huge variety – the vast number of processes and products being worked on in people's homes – there are certain types of work, and types of supply chain that are more likely to involve homeworkers, and when looking for homework these are a good place to start.

As one of the primary attractions for businesses using homeworkers is their flexibility, homework is particularly likely to be found in chains where orders fluctuate, where there are short deadlines, or there is a strong seasonal element – such as greetings cards.

Homeworkers may be working directly for a factory or for smaller subcontractors. Some factory workers take work home with them, either for themselves or for other family members to do.

## What kinds of work do UK homeworkers do?

The work homeworkers do is often repetitive, labour intensive and, whilst some homeworkers use tools and equipment, a large proportion of the work is done by hand.

Homeworkers are often involved in assembly work, putting together components that may have been imported from abroad, or manufactured locally.

Homeworkers may be assembling components into finished products, or just doing one stage of assembly. Techniques used include soldering, gluing, and manual assembling (of folded items such as cardboard boxes). Products being assembled at home in the UK include artificial flower arrangements, venetian blinds and wedding novelties.

Packing is one of the most common forms of homework in the UK because it needs to be done by hand, and because it is at the point a product is packed that suppliers require most flexibility. A company can manufacture or import its products in bulk using homeworkers in the UK to pack and respond quickly and flexibly to last minute orders. Any products sold in packages may be packed at home, from bolts to balloons, from gift tags to hairgrips.

Sewing was a very common form of homework, but as most garment manufacture has been outsourced abroad this kind of work is now rarer in the UK. It does however continue on a smaller scale, particularly for specialist products, examples include ballet tights, football mini kits and sports equipment. And, it is being reported that garment manufacture is gradually returning to the UK, with the 'Made in Britain' label becoming increasingly desirable amongst both mainstream and boutique brands. Any garments or other stitched products made in the UK may involve homeworkers in their manufacture. Alterations and repairs may be done by homeworkers. Handknitting also continues at home in the UK, particularly for high-end designer knitwear.

Homebased delivery may not fit the traditional image of homework, but homebased couriers have a great deal in common with other homeworkers regarding their employment status, piece rate payment and the other issues they face. It is a growing area of employment for homeworkers, as internet shopping expands, and delivery is one area of work that cannot be relocated overseas. If your business involves home delivery you may have homebased couriers in your chain and much of the guidance in this booklet will be relevant to them as well as other homeworkers.

Telework is a growing area of homework in the UK, and can cover anything from desk-top publishing to virtual call centres.

## Examples of homeworkers in UK supply chains

The range of jobs that can, and are, being done at home is staggering. The illustration below provides just some examples of the homework going on the UK. If you are a retailer beginning to map your supply chain

(or a supplier who is unsure if your subcontractors could be using homeworkers) it may give you some ideas of where to start looking, but it is in no way a comprehensive or definitive list.



# Why focus on improving conditions for homeworkers?

## **Homeworking makes good business sense.**

It is a flexible and efficient way of working that can broaden your base for recruitment, and help you to retain skilled and valued staff. An ethical employment approach will benefit both staff and homeworkers, potentially raising standards and productivity, lowering sickness absence, and ensuring staff loyalty and commitment.

If you are attempting to build an ethical supply chain, there are a number of reasons why addressing homeworking conditions is an excellent place to start.

## **Homeworkers are amongst the most vulnerable workers in the UK, often subject to poor pay and conditions.**

They are often isolated, having little or no contact with other workers doing the same work. They may have little direct contact with the company they work for, only seeing the van driver that drops off and collects their work, and this can add to their isolation. Many homeworkers do not receive their full legal rights, or know what they are entitled too. Many more may receive the legal minimum, but do not benefit from the same contractual rights as the directly employed workforce. Homeworkers are generally paid by piece and, if piece rates are not calculated fairly or accurately, they may end up earning well below the national minimum wage. Homeworkers are often afraid to complain or attempt to improve their situation because they are so wary of losing their work. The fact that they feel unable to work outside the home (because of family responsibilities or health problems for example) makes it very difficult for them to find alternative work if they lose the job they have.

## **Homeworkers are often invisible.**

As homework is done in people's houses, it often goes unnoticed. A visitor to a factory, for example, could be completely unaware that alongside the onsite workers large numbers of homeworkers are also employed. If factories subcontract out some of their work they may not be aware that homeworkers are being used by the subcontractor. Sometimes suppliers may be tempted to keep the fact they use homeworkers quiet, particularly if they feel the company they are supplying would not look favourably on homework – this is why it is important to be positive about homeworking, and encourage openness. Homeworkers may not be represented in the same way as members of the onsite workforce and they are rarely members of trade unions.

## **If you get it right with homeworkers it will be easy to address vulnerable workers in the supply chain.**

Whilst the invisibility of homework and the vulnerability of homeworkers may make improving their working conditions a challenge, addressing these issues will make it easier to address similar problems for others in the supply chain. Finding out exactly who work is being subcontracted out to, and what processes your suppliers are doing offsite, will give you greater insight into your supply chains. You may identify other vulnerable workers such as migrant workers, or agency workers as well as homeworkers when mapping your supply chains in detail. Steps you might take to improve things for homeworkers, such as managing orders to minimise erratic workloads and rush orders, or improving communications to workers about their rights and entitlements will be of equal benefit to other groups of vulnerable workers.

# Guide for retailers with homeworkers in the supply chain:

The following is a brief summary of advice for retailers who may have homeworkers in their supply chains in the UK or overseas. The steps set out below are taken from The Ethical Trading Initiative's (ETI's) Homeworker Guidelines.' To view the original

guidelines and other ETI homeworking resources visit: <http://goo.gl/yzUqL6>

## UNDERSTAND WHAT GOOD WORKING CONDITIONS LOOK LIKE:

Make sure you understand what working conditions homeworkers have a right to expect, legally and according to codes of labour practice that you have signed up to.

### Make a commitment:

Inform everyone of your commitment.  
Tell people about your approach to homeworking.

### Map your supply chains:

Develop a clear picture of your supply chains and where homeworking occurs.

### Find out more about homeworkers in your supply chain:

Consult with local voluntary organisations, and with trade unions who are active with homeworkers; and carry out or commission your own research with homeworkers.

### Decide where to start taking action:

Think about where you can have most impact on the lives of homeworkers.

### Identify actions to improve working conditions:

Remind yourself what conditions homeworkers have a right to expect, and review the actions that you can take to ensure those.

### Work with your suppliers:

Raise your suppliers' awareness by providing training, advice, tools and other support. Consult with them and work jointly to deliver the necessary actions.

### Take action in your own company:

Ensure you do not undermine suppliers' ability to give decent pay and conditions to homeworkers through your own practices. In particular:

- review pricing and ordering procedures; and
- raise awareness and build capacity within your company.

### Work with other stakeholders:

Collaborate with other companies and non-commercial actors, including community groups and trade unions, to make progress in situations where it is particularly challenging to identify and address homeworkers' conditions on your own.

### Set up an internal review system:

Set up systems to monitor progress towards your goals, and to help improve the way you develop and target your activities to improve homeworkers' conditions.



## What follows is our interpretation of how you might apply these steps when working with homeworkers here in the UK.

### 1. Understand what good working conditions look like

Make sure you understand what working conditions homeworkers have a right to expect. Check any codes of conduct you have signed up to, as these should apply to homeworkers as well as other workers, and see our guide for suppliers on page 12 for guidance on UK law and best practice.

**In common with other workers, UK homeworkers are generally entitled to:**

- be paid at least the National Minimum Wage (NMW), or a piece rate which is equivalent to the NMW
- 28 days paid annual leave (part-time workers get 5.6 weeks off at their normal hours)
- a maximum 48 hour working week (unless they have agreed to work longer)
- health & safety protection
- protection from discrimination
- join a trade union of their choice

**Some UK homeworkers have employee status, and are also entitled to:**

- maternity leave and paternity/parental leave
- redundancy pay if they have worked over two years for the same employer
- the right to claim unfair dismissal if they are sacked without notice or good cause
- a written statement of their terms and conditions of employment

However, the ETI Base Code<sup>1</sup> and other credible codes of conduct go beyond basic legal requirements, to include higher standards. It is worth noting that the minimum wage, for example, is just that - a minimum. It is not a target wage for homeworkers, but is the least they should receive. The ETI Base Code requires companies to work towards payment of the living wage, which may be substantially higher than the minimum wage.

Equal treatment is an important principle, for example homeworkers' pay should be level with onsite employees doing the same work.

Communication and consultation with homeworkers and employees themselves is key. Involve your workforce in determining what good working conditions look like. This can be done through a recognised trade union or other forum.

### 2. Make a commitment and tell everyone

In order to improve the conditions of homeworkers in your supply chains you first need to make it clear you have a positive attitude to homeworking in your supply chain, and you recognise your responsibilities to homeworkers. It is important to recognise that homeworking can be a positive choice for both businesses and homeworkers themselves.

**The benefits to a business can be considerable:**

- Wider pool of applicants from which to recruit - e.g. those who would prefer to or can only work at home.
- Improved retention of employees - such as working parents with childcare or other caring responsibilities.
- Productivity gains.
- Increased motivation – and lower sickness levels.
- Savings – on workplace accommodation etc.
- Greater flexibility.

If you have a positive and open attitude to homeworking, and communicate this to your suppliers, subcontractors and homeworkers themselves then it will be easier to take steps to improve their conditions. Without such a commitment there is a risk that homeworking will remain concealed, making it impossible for you to fully understand your supply chains, and take the necessary steps to make improvements. Think about how you might communicate this to homeworkers themselves, to ensure they feel fully involved in the process.

Make your open and positive approach to homeworking explicit by drawing up a homeworker policy. See Appendix II for a good example of a

<sup>1</sup> <http://www.ethicaltrade.org/eti-base-code>



homeworker policy, which has been produced by John Lewis Partnership. You can check out ETI resources including a model policy on the ETI website (<http://goo.gl/DSHr8e>) or contact HWW for more information on how to draw-up and implement your own homeworker policy.

### 3. Map your supply chain/ contractors, subcontractors and homeworkers

Using the information and suggestions on page 7 begin mapping your supply chains looking at products and processes where you think you may find homeworkers. This mapping process will involve talking to colleagues, asking suppliers for information, gathering information through site visits and keeping a careful record of the information you gather.

When talking to your suppliers and subcontractors about homeworking make sure you stress the positive commitment outlined above to encourage openness.

Mapping your supply chain can produce other businesses benefits. By improving your understanding of your supply chains you may, for example, identify skills issues that could be improved leading to greater productivity.

### 4. Find out more about homeworkers in your supply chain

In order to understand the specific issues faced by homeworkers in your supply chains and where you should begin work to improve conditions, it is important to talk to homeworkers themselves. This can be difficult, particularly as homeworkers are often afraid of losing their work.

Homeworkers will need reassurance that their work will not be jeopardised, and, if they are taking part in any research they may wish to remain anonymous. Working with local community and voluntary organisations to facilitate any research can help build trust. Consult with trade unions that are active at the factory that is supplying work to the homeworkers. Do they, or their members, have contact with the homeworkers?

Research with homeworkers in the UK has identified a number of common concerns for homeworkers. These include low pay, irregular work, and a lack of awareness of or the means to enforce their employment rights.

Talking to homeworkers will help you prioritise the areas you need to work on. It is obviously essential that you address legal requirements such as the minimum wage. However, there may be other issues around communication for example, or the way the work is distributed, which can be easily addressed but will only emerge if homeworkers are properly involved.

#### MADISON HOSIERY – ETHICAL EMPLOYMENT OF HOMEWORKERS CASE STUDY:

Madison Hosiery, a supplier to major UK retailers, uses homeworkers as an integral part of its packing business. Madison Hosiery has made the conscious decision to treat homeworkers as employees (rather than as workers, or self-employed as is common practice), and has done so for many years. While there are some costs to this, they have concluded that, on balance it is not only the ethical choice, but is has distinct business advantages:

*'All our homeworkers are directly employed as employees. Because we engage homeworkers directly*

*there is no third party. They are more dedicated because they are directly employed by the company – this is a fundamental advantage. The quality is obviously a lot better.'*

*'There are benefits to directly employing them: quality of work, traceability, sanctions – including formal disciplinary procedures and quality control. It is far more constructive for both sides to use these procedures than simply disengaging [which is your only option if using subcontractors]'*

## 5. Decide where to start and prepare for action

Think about where you can have most impact, where you have identified homeworkers, and how their conditions could be improved.

Think about which suppliers you have an enduring relationship with, so you can work with them to bring about change over time.

Bear in mind you may want to find partners such as trade unions and community organisations to work with to ensure homeworkers themselves are part of the process.

## 6. Identify actions to improve working conditions

You may wish to start with legal obligations such as NMW and holiday pay, then explore good practice models such as full employee status for homeworkers.

## 7. Take action in your own company

Ensure your own company practices, such as pricing and ordering processes do not have a negative impact on your suppliers' attempts to improve homeworkers' conditions. Ordering processes that create rush orders and dramatically fluctuating orders put homeworkers under particular pressure. Some homeworkers have to work long into the night to complete orders where there is short notice.

## 8. Work with your suppliers/ subcontractors

Provide the necessary training, advice and support to raise your suppliers' awareness of the issues.

Remember, ethical employment of homeworkers has business benefits for your suppliers as well as your brand. For example, direct employment makes consistency and quality control easier to achieve, improves loyalty and reliability and means any problems can be resolved through training or internal procedures. Direct employment makes consistency and quality control easier to achieve, improves loyalty and reliability and means any problems can be resolved through training or internal procedures.

## 9. Work with other stakeholders and unions

A good starting point is to discuss with any onsite unions whether they have any contact with homeworkers. Unions are increasingly interested in reaching out to vulnerable workers so this may be an opportunity to build a joint project, which could be a learning process for everyone.

One piece of collaborative work done with suppliers, trade unions and/ or voluntary organisations could be to map the value chain to understand what homeworkers are earning as a proportion of the product's value. ETI has developed a tool for Value Chain Analysis that will be of use here. Contact HWW or ETI for further information.

## 10. Set up systems to monitor progress towards your goals

Homeworkers themselves should be involved in these systems, as they can help you measure real impact on the ground.

## INTERVIEW WITH A HOMEWORKER

Karen works at home making cards for a local company. She attaches decoration to the printed cards, which are then sold in card shops and

supermarkets. One thing that frustrates Karen is that people don't recognise what she does as a real job.

**'Some people don't think it is real work. Because I make cards at home they think it's a hobby which makes me really angry.'**

The amount of work Karen receives varies. She usually earns about £60-70 per week and works about 12-15 hours. This works out as between £4 and £5 per hour (substantially below minimum wage). Karen enjoys her work and finds it fits well around her family life.

**'I'm always there for the children, to take them to school and collect them. I don't have to worry about childcare in the school holidays, which is a big thing.'**

The only downside is that, as a homeworker she doesn't get full employment rights.

**'It annoys me that we don't get treated the same**

**as those who work on site. If there is no work one week then you don't get paid anything and that is frustrating. We do our tax and insurance the same as everyone else but we don't get holiday pay. We're going on holiday next week, but I won't receive any holiday pay whilst I'm away. I'm doing a job like anyone else but why should we be treated differently just because we work at home?'**

As a homeworker, Karen is legally entitled to the national minimum wage (£5.80 per hour at time of interview) and holiday pay – but it can be very hard for a homeworker to assert these rights without being afraid they will lose their work.

**'Finding this work was the main thing. I was looking for a long time and I felt guilty when I wasn't working. So it meant a lot to me when I found this work. The only thing that annoys me is that I don't get treated like everyone else.'**



# Guide for companies who employ homeworkers:

**What follows is a guide to best practice for the direct employment of homeworkers.** If your company does not employ homeworkers directly, but may have

homeworkers in your supply chains this guide should prove useful when discussing the employment of homeworkers with your suppliers and subcontractors.

## 1. Recruitment of Homeworkers

### Where to recruit homeworkers

You could start by advertising internally. Employees who have children under 17 or disabled children under 18 have the right to request flexible working arrangements, and other onsite workers may like the opportunity to work from home. Homeworking jobs can also be advertised through conventional methods such as local newspapers, job centres, recruitment agencies or distributed through current networks such as existing employees and/or homeworkers.

### Selection Procedure

It is good practice to have a recruitment procedure for all vacancies that arise within a company or organisation. This recruitment procedure should apply to both onsite workers and homeworkers.

The job description and person specification should document the roles of the job and the profile of the person you would like to fill the position.

- A job description should include the purpose of the job, and the tasks that would need to be performed by the post holder.
- The person specification sets out the skills and knowledge required and the personal attributes needed to do the job. These may be different for someone who is working at home.

Once you have set out the job description and person specification the process of application forms and interviews should be handled in exactly the same way as you would for an onsite employee.

### Induction

New workers should have an induction procedure where training can be provided, working arrangements can be discussed and the homeworker can gain some insight into the workings of the business. It is also an opportunity for a trade union or employee representative to meet with new workers. Induction training should be used as a means of not only going through the work involved, but also to provide a general overview of how the business works, and its policies and procedures. An induction is particularly important when employing homeworkers as they are likely to have less day-to-day contact with colleagues and therefore fewer opportunities to ask questions later.

A staff handbook can supplement the information contained in a contract of employment. It is not a statutory requirement, but should be available as part of a best practice approach to employing homeworkers. The staff handbook should be available to all workers. It is a good idea to provide each homeworker with a copy of the handbook as part of their induction.

## 2. Employment Terms and Conditions

It is best practice to treat homeworkers as employees and ensure they have parity with those directly employed onsite. Not only will this ensure that the employer is conducting their business in an ethical and fair way but this approach also has clear business

benefits around loyalty, reliability and quality control (see page 9 –Madison case study).

Failing to treat a homeworker as an employee will not, in any case, avoid statutory entitlements that apply to

workers, such as national minimum wage, the right to paid holidays, the right to work in a safe and healthy working environment, protection from dismissal on certain grounds, the right to join a union and the right to paid time off for ante-natal care.

Employees have certain rights from their first day at work, including the right to an itemised pay slip, the

right to statutory sick pay (subject to level of earnings) and protection from unfair dismissal on some limited grounds. Holiday entitlements are also accrued from day one. After 8 weeks an employee is legally entitled to a written statement of terms and conditions. Some employees may have enhanced rights, agreed to in their contracts, which are in excess of the statutory minimum.

### 3. Paying Homeworkers

#### The National Minimum Wage

Homeworkers, like other workers are entitled to the National Minimum Wage (NMW). The NMW Act is intended to cover anybody who works for another person or a firm or company, regardless of where they actually do the work or whether they have a written contract of employment. In fact, homeworkers are specifically named in Section 35 of the NMW Act as being included in the legislation.

#### NMW – NO EXCEPTIONS

The NMW is a pay ‘floor’ below which no worker should fall. There are no exceptions for small businesses and no variations in the rate according to region, type of work or whether a worker is full-time, part-time or casual. Workers, including homeworkers, cannot agree to work for a lower rate of pay than the NMW. The only exceptions or limitation are in terms of age – there is a lower rate for younger workers.

If you pay your homeworkers an hourly rate then their pay can be calculated in exactly the same way as other onsite workers (though you will have to ensure you include all hours worked, including any time they may have to spend collecting and returning work to you).

If, however, you pay your homeworkers by piece-rate then there are specific things you need to bear in mind to ensure your homeworkers are receiving at least the NMW rate of pay, and you are fully compliant with the law.

Most homeworkers will either be time workers (i.e. paid according to how many hours they work) or rated output workers (i.e. piece workers paid according to how many items they make, process, pack or assemble).

#### Fair Piece Rate System

In the case of homeworkers paid by output, national minimum wage legislation can be complied with in two ways.

- Either the national minimum wage must be paid for every hour worked or
- Tests must be carried out to find the speed that an average homeworker would take to complete the work. The piece rate must then be set so that an average homeworker can earn 120% of the national minimum wage. This is called a ‘system of fair piece rates’ (SFPR).

You will need to be able to provide evidence that you have carried out tests in order to calculate the fair piece rates. You do not need to time all your workers but the sample you time must be representative. It will not be acceptable to time just your fastest workers.

It is better to time homeworkers in their own homes, rather than in a factory situation as this will more accurately reflect their working situation and therefore the real time the work takes.

For further information about paying fair piece rates call the Pay and Work Rights Helpline on 0800 917 2368 or visit the government’s website:  
<http://goo.gl/9uwZYl>

## The Written Notice

You will also need to provide your homeworkers with a Written Notice containing certain specified information before the start of the worker's pay reference period. The Notice must:

- explain that, for the purposes of compliance with the NMW legislation, the worker will be treated as working for a certain period of time;
- state that, for the purposes of determining this period of time, the employer has conducted a test to calculate the average speed at which the workers perform the task;
- state what the 'mean hourly output rate' for the task is;
- state the rate or sum to be paid to the worker;
- give the telephone number of the Pay and Work Rights helpline.

## Keeping Records

All employers must keep sufficient records to be able to show that they have paid the NMW to all their workers. Keep records of all notices for different jobs and details of how you set the rate for each different job/task or piece. Employers should also keep records of fair piece rates and details of tests they carried out to establish the mean hourly output rates for all jobs. In the event of an NMW complaint, the burden of proof is on you, the employer/ supplier of work, to show that you have paid the level of the NMW so it is important that these records are kept clear, accessible and up to date.

It is a criminal offence to fail to keep records, or to keep or produce false records. It is also a criminal offence to refuse or prevent an officer from seeing these records.

The rules do not state what form the records should be kept in or what counts as 'sufficient' records. This is intended to provide the flexibility for an employer to keep records that are appropriate to their specific business situation. What is important is that you are in a position to show that you have paid at least the level of the NMW to your workers in the case of any complaint or dispute that arises.

## The Pay Reference Period (PRP)

The Pay Reference Period (PRP) is the period of time over which a worker's earnings can be averaged by their employer (or supplier of homework) to reach the hourly rate for that pay period. This should be the worker's normal pay period but can be no more than one month in any event. So, if you usually pay your homeworkers weekly, their pay reference period will be one week. An employer cannot average earnings over a period of, say, three months, to take account of times when homeworkers may have been working on higher paid products or busy periods, such as in the run up to Christmas, when homeworkers may have earned higher hourly rates.

### SELF-EMPLOYED HOMEWORKERS?

Some companies try to avoid paying minimum wages to their homeworkers by claiming they are self-employed.

Section 28(1) of the NMW Act reverses the burden of proof so that an employer (or the supplier of homework) has to prove that a worker is not eligible for the NMW, rather than the worker having to prove that they are eligible. This means that it is no longer acceptable for a supplier of homework simply to tell workers that they are self-employed. Unless the homeworkers are genuinely running their own business, they will almost certainly be entitled to the NMW. This is the case even if they are currently deemed to be responsible for paying their own income tax and National Insurance contributions.

## National Insurance

It is best practice to treat your homeworkers as employees for income tax and National Insurance purposes.

## Expenses

Your homeworkers may be paying for work-related costs such as electricity to run a machine or computer, telephone, internet, heating and lighting for the room they work in, work-related travel expenses or tools and equipment.



Since April 2012 employers have been able to pay up to £4 per week (£216 per year) towards work related expenses without any supporting evidence needed. If your homeworkers have higher expenses supporting evidence such as copies of utility bills may be required.

In some cases you may be able to negotiate a higher tax threshold for your homeworkers with HM Revenue and Customs in order to take into account the extra expenses incurred by homeworkers.

## 4. Other entitlements for Homeworkers

### Holiday Pay

Workers, including homeworkers, have a statutory right to paid holidays under the Working Time Regulations 1999. Some homeworkers may have enhanced rights in their contract of employment, or through custom and practice.

Each homeworker is entitled to a minimum of 28 days (5.6 weeks or pro-rata equivalent) paid holidays in a year. This means that homeworkers should have a minimum of 5.6 weeks in every year, when they do not work, and they are paid holiday pay.

The holiday should be taken by the worker in the holiday year, and not substituted for pay in lieu. A worker does, however, have a right to be paid for any statutory leave entitlement which is outstanding on the termination of their employment.

Many homeworkers have different work patterns from office or factory workers. If a worker has no normal working hours then a week's pay is the average pay received over the preceding 12 typical full working weeks. Any week for which no pay was due should be replaced by the previous week for which pay was due.

You can no longer include an amount of payment for holidays in a worker's hourly or piece rate. This system known as 'rolled up holiday pay' is now illegal.

### Pension

Over the next few years (from October 2012 to 2018) all employers must by law offer a workplace pension scheme. This rule is being applied gradually according to the size of the employer. Employers, workers and the government will all contribute.

All eligible workers must be automatically enrolled into a pension scheme with employer contributions provided they:

- are aged between 22 and State Pension age
- earn at least £9,440 a year (figure for 2013 – to be reviewed each year)
- work in the UK

Find further information at <http://goo.gl/qX9r0P>

### OTHER ENTITLEMENTS FOR EMPLOYEES

If you choose to adopt best practice and engage homeworkers as employees then they will be entitled to the same range of statutory rights as other employees including a written statement, sick pay, maternity, paternity and adoption rights, right to request flexible working, protection against unfair dismissal, redundancy rights etc. All these rights should be applied in exactly the same way as you would for on-site employees.

Some workers are entitled to Statutory Maternity Pay, Ordinary Statutory Paternity Pay and Statutory Sick Pay, so you may wish to seek advice on this.

For further information on the difference between workers and employees, and the rights they are entitled to visit <http://goo.gl/VWAfUA>

## 5. Health, Safety and Insurance

### Health and Safety

Work related accidents, injuries and illnesses cause distress to those involved and could cost your business money and time in terms of:

- Lost production time
- Failure to meet production deadlines
- Loss of morale and increased turnover of staff
- Prosecution under health and safety laws
- Damage to your company's reputation

Under the Health and Safety at Work Act 1974 employers have a duty to protect the health, safety and welfare of their employees, including homeworkers. More recent legislation outlines specific measures for dealing with hazards such as monitoring controlled substances, providing personal protective equipment and conducting risk assessments. You should ensure that risk assessments are carried out and health, safety and welfare training and information are provided to all your workers.

### Insurance

Whilst the emphasis must always be on prevention of accidents or ill health, it is also important to ensure you are fully insured and that all your workers are

covered by adequate insurance in case anything does go wrong.

### Employers Liability Insurance

The statutory requirements for Employers Liability Insurance apply to homeworkers. Remember that you will need to ensure that your insurer is aware that you are using homeworkers. Make sure that you get this in writing and a copy should be provided onsite and to all individual homeworkers.

There are a number of insurance companies which specialise in insurance for those employing homeworkers. If you use a company that specialises in insuring homeworkers you can be sure that if you receive a claim from a homemaker you are covered.

There is a requirement that the certificate of Employers Liability insurance be displayed at the place of business. It is advisable to copy it and give copies to your homeworkers, or send details to them annually to ensure compliance.

### Insuring Equipment, Materials and Products

Household domestic insurance policies are not sufficient to cover people who work at home, whether

### HAZARDS AND HOMEWORKING

Homeworkers are entitled to all the same health and safety protections as onsite employees, but there are also specific issues likely to affect homeworkers which you may need to give special consideration to:

**Most homes have not been designed with work in mind** so, unlike a factory, they are unlikely to include safety measures or equipment such as extractor fans and fire doors.

**Any hazards which may be present may not just affect homeworkers, but also all other members of their household.** Children, for example, may be particularly vulnerable to hazardous substances.

**Homeworkers are often isolated and frequently overlooked with regards to health and safety information.** It is your duty as an employer to ensure that homeworkers are kept up to date and that hazards are minimised.

**Health and safety incidents that happen to homeworkers are not visible in the same way as factory or office-based incidents.** You need to encourage homeworkers to come forward and report incidents, as there can be under-reporting if homeworkers feel their employer is 'not interested' in incidents that take place in the home. You need to be proactive and ensure risks are minimised.

in business on their own account or working for another in their own home. You will need to make sure that both stock and equipment supplied by you is covered by your insurance whilst in the homes of your workers and in transit.

Some insurance providers and brokers now offer policies, which cover the homeworking situation. An insurance provider should be a member of the General Insurance Standards Council, a broker should be chosen through the Institute of Insurance Brokers.

### **Risk Assessments**

A risk assessment must be carried out at every place of work, including a homeworker's home. You could have a designated person to do this, or your homeworkers can be trained to carry out their own risk assessments. These should be done at least annually (or if the work changes).

The Health and Safety Executive produces a specific 'Homeworking' guide. You can find this online at <http://goo.gl/liHNh2>

## **6. Management and Communication**

Good working relationships with workers are important regardless of whether they work at your premises or work at home.

However, ensuring good management and communication can present an additional challenge when employing homeworkers. Having a clear strategy for managing and communicating with homeworkers can help to prevent problems and misunderstandings arising, and maintain productivity levels and quality standards.

### **Supervision**

Many problems of indirect supervision can be eliminated by using a good administrative system along with a clear communication system. By documenting all your requirements and procedures (e.g. delivery days or rota, deadline for return of work, deadline for submitting piecework figures or time sheet hours to the payroll department) you can ensure both compliance and efficiency. The induction training process is an opportunity to make the business requirements clear and supply copy documents so that the homeworkers know what they have to do and how you want it done. A Staff Handbook detailing all your policies and procedures may be useful.

You may wish to use a Homework Supporter (see below) for supervision.

### **Communication - Keeping in Touch with your Homeworkers**

Isolation has always been a problem for homeworkers.

They are distanced from the workplace and other workers and are rarely organised by traditional trade unions. It is helpful to promote communication not only between the company and homeworkers, but also between homeworkers themselves. Providing opportunities for workers to communicate, enabling the same inter-personal relationships to develop as would happen in a normal workplace can be very positive for the homeworkers and also for the business.

### **What needs to be communicated?**

In addition to work information such as changes to orders it is good practice to produce regular internal bulletins. These may include training and vacancy information, staff socials and company news. Homeworkers need to receive the same information given to onsite workers so they know what is going on in the company. A dedicated person, such as a Homework Supporter, responsible for ensuring the inclusion of homeworkers in any work-related events or activities may be helpful.

### **Homework Supporter**

If you are operating with a large number of homeworkers, a Homework Supporter could be useful. The Supporter has responsibility for maintaining a comprehensive and coherent strategy for the use of homeworkers. They also act as an information point, assisting with best practice, quality control, planning and logistics. This person will be the main contact point between the company and the homeworkers.



The Homework Supporter's role would cover:

1. Recruitment and Selection of Homeworkers
2. Training – Assessing training needs, delivering training, and advising on most efficient work methods. This can ensure new jobs are correctly done and up to the required quality standard and also ensure that homeworkers can achieve the fair piece rates.
3. Sharing best practice - Regular communication between homeworkers means any improvements in working practices can be passed on maintaining high levels of quality and productivity. Problems such as health and safety issues can be fed back via the Homework Supporter so that procedures can be modified.
4. On-going support - Maintaining regular contact with the homeworkers.

## Organisation

### 1. Delivery and collections

It is frustrating for homeworkers to wait in for a delivery or collection that is postponed or cancelled. Equally it is a waste of company resources if a driver turns up to find that the homeworkeer was not expecting a delivery and is not at home. To avoid this, regular delivery and collection times are ideal, but if this is not possible you will need a system in place to make clear arrangements.

You also need a clear system for record keeping of work delivered and collected, which will be linked to calculation of wages and quality control.

### 2. Quality Control

Homeworkers should be provided with quality specifications before starting any assignment. The standards required should be clearly explained and achievable within the timings allowed. Samples should be supplied with each job to demonstrate standard required. This will help prevent problems or disputes later on.

Quality standards systems may require the random sampling of completed work. This requirement should be made clear to all homeworkers as part of the induction training process.

It may also be useful to undertake random samples on goods inwards from new or current suppliers – either by the homeworkeer or at the point prior to distribution to homeworkers. This will ensure those problems of supplier failure or poor quality materials are picked up quickly and efficiently.

Any problems found should be brought to the homeworkers' attention immediately. Equally, if homeworkers find problems with components or materials there should be a designated contact person (such as a Homework Supporter) with whom they can raise any queries or problems. The additional time taken by homeworkers to carry out any remedial work should be paid for.

If you are using a quality assurance system such as ISO 9000 (BS 5750) you will need to amend documentation to take account of the homeworkeer system.

### 3. Equipment and tools

The company must provide a safe and healthy working environment to homeworkers, as much as other workers, and take adequate steps to prevent any accidents and injury to health, applying prevailing knowledge of the industry and of any specific hazards.

Each homeworkeer should be provided with all the appropriate equipment and tools required for the job. The tools and equipment should be regularly maintained or replaced and any breakdowns corrected quickly by the company. Regular maintenance checks will help to reduce any loss of working time for the worker and should ensure productivity levels are maintained.

# APPENDIX I

## Useful links

**Homeworkers Worldwide (HWW):** <http://www.homeworkersww.org.uk/>

Homeworkers Worldwide (HWW) exists to build solidarity with homemaker organisations all over the world, and to support homeworkers in their efforts to improve their working conditions. We have extensive expertise on homeworking in a wide range of countries and contexts.

**HWW UK homeworking resources:**

<http://www.homeworkersww.org.uk/what-we-do/uk-projects/northern-homeworking-project>

**Ethical Trading Initiative (ETI):** <http://www.ethicaltrade.org/>

ETI is a ground-breaking alliance of companies, trade unions and voluntary organisations, working in partnership to improve the lives of poor and vulnerable workers across the globe.

**ETI's homeworkers resources:**

<http://www.ethicaltrade.org/in-action/programmes/homeworkers-project/guidelines>

**ETI Model policy on homeworking:**

<http://goo.gl/DSHr8e>

**ETI Value Chain Analysis tool (available to members only):**

<http://www.ethicaltrade.org/resources/key-eti-resources/homeworker-resources-members>

**Trades Union Congress (TUC):** <http://www.tuc.org.uk/>

The TUC is the voice of Britain at work. With 54 affiliated unions representing 6.2 million working people from all walks of life, they campaign for a fair deal at work and for social justice at home and abroad.

**Living Wage Foundation:** <http://www.livingwage.org.uk/>

The Living Wage Foundation recognises and celebrates the leadership shown by Living Wage employers across the UK. They provide advice, support and accreditation to employers wanting to implement the living wage.

**ACAS:** <http://www.acas.org.uk/>

Acas (Advisory, Conciliation and Arbitration Service) aims to improve organisations and working life through better employment relations.

**Health and Safety Executive:** <http://www.hse.gov.uk/>

HSE is the national independent watchdog for work-related health, safety and illness.

**HSE guidance for employers on homeworkers' health and safety:**

<http://www.hse.gov.uk/pubns/indg226.pdf>

**GOV.UK:** <https://www.gov.uk/browse/employing-people>

The site for government services and information, including guidance for employers.

# APPENDIX II

## Model homeworker policy

# John Lewis

<b>HOMEWORKER POLICY</b>				Reference:	
				Version	
Author:		Approved by:		Owner:	
Date Issued:		Last Revision:		Review Date:	

### 1. POLICY

- *John Lewis acknowledges the existence of homeworkers in the supply chain, and is open and positive towards homeworking.*
- *This policy is applicable to all John Lewis own brand suppliers. Where applicable, we will make our position clear to branded suppliers.*
- *This policy defines homeworking and provides guidance for improving the working conditions of homeworkers.*

### 2. BACKGROUND

John Lewis expects its suppliers not only to obey the law, but also to respect the rights, interests and wellbeing of their employees (including homeworkers), their communities and the environment. We also expect our suppliers to be honest about the issues they face and share best practice so we can work together to make realistic, long-term improvements.

John Lewis recognises that the lack of visibility in the supply chain and their irregular employment status, makes homeworkers a vulnerable group. They often face conditions that fall below minimum standards laid down by international and national legislation. This normally translates into irregular work, low pay, and often unsafe working practices.

We believe that the first step towards reducing the vulnerability of these workers is to acknowledge their presence in our supply chain and being open and positive towards home working. Reacting negatively, is likely to either remove a much needed source of income for these workers (mostly women), who cannot participate in the formal economy; or drive them underground and thereby preventing any progress in improving working conditions.



### 3. DEFINITIONS

#### HOMEWORKING

Our definition is based on the ILO Homeworking Convention (1996, C177, Article 1), which states:

a) the term homework means work carried out by a person, to be referred as a homemaker.

- in his or her home or in other premises of his or her choice, other than the workplace of the employer.
- for remuneration
- which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used, unless this person has the degree of autonomy and economic independence necessary to be considered an independent worker under national laws, regulations and court decisions

b) persons with employee status do not become homeworkers within the meaning of this convention simply by occasionally performing their work as employees at home, rather than their usual workplaces

c) the term employer means a person, who, either directly or through an intermediary, whether or not intermediaries are provided for in national legislation, gives out home work in pursuance of his or her business activity.

#### 4. REFERENCES

- ILO Homeworking Convention (1996, C177)
- UK: National Group on Homeworking
- Homeworkers Worldwide
- ETI Homeworking Guidelines

## 5. IMPLEMENTATION

The John Lewis Partnership Responsible Sourcing Code applies to all suppliers and John Lewis expects all its suppliers to abide by it. However, we acknowledge that improving working conditions for homeworkers is a complex issue, and achieving sustainable improvements will take time and requires a stepped approach by John Lewis and its suppliers.

### 5.1 John Lewis commitments:

5.1.1 John Lewis will communicate its position on homeworkers throughout the company and to those who supply us.

5.1.2 We will ensure that the presence of homeworkers in the supply chain will not automatically lead to the relocation of work or cancellation of orders.

5.1.3 We will work with our suppliers to identify where homeworking occurs in the supply chain beneath them.

5.1.4 We will work with our suppliers and other relevant stakeholders for the sustainable improvement of labour conditions for homeworkers in our supply chain.

### 5.2 Supplier expectations:

5.2.1 Suppliers will ensure all of their factories are registered on Sedex (Supplier Ethical Data Exchange) and have completed the self assessment questionnaire.

5.2.2 Suppliers should work with their contractors and subcontractors to identify where homeworking is occurring in the supply chain.

5.2.3 Suppliers should compile an action plan with their contractors and subcontractors to improve the working conditions of homeworkers.

5.2.4 Suppliers must introduce a management process that can demonstrate progress.

### 5.3 Working conditions from the Responsible Sourcing Code adapted for homeworking:

5.3.1 Every effort shall be made to provide a safe and hygienic working environment in the units and at home. Suppliers should assess the risks especially in informal sector units and workers homes and establish plans for appropriate actions to improve health and safety.

5.3.2 Wages and benefits shall be comparable with locally benchmarked industry norms or national requirements, whichever is higher. Wages shall always be sufficient to meet basic needs whilst still providing some discretionary income.

5.3.3 Information relating to wages shall be available to workers in an understandable form. All records of these transactions will be maintained by the supplier.

5.3.4 Suppliers should spread the awareness of record keeping at the homeworker level. The records should relate to the number of pieces completed and the payments made.

5.3.5 Suppliers shall provide information on and encourage workers to participate in insurance schemes, particularly life and health insurance.

5.3.6 Children under the age of 14 shall not be recruited or employed.

5.3.7 Young persons under the age of 18 shall not work at night or under conditions that are potentially detrimental to their health and physical or mental development.

5.3.8 Where children work within their own family units to learn the family craft or skill, this should be encouraged. However, these children must also be encouraged to attend full time education.

5.3.9 Suppliers should support education initiatives in homeworker locations. This could be by supporting NGO/Government led initiatives, contributing to scholarships, supporting schools, for example.



## Thanks

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Whilst we are grateful to all those who have helped and advised on the production of this guide, the contents and views expressed here are solely those of HWW, except where specifically attributed.

## Disclaimer

To the best of our knowledge, this guide was fully up to date when published in September 2013. While every effort has been made to provide accurate and up to date information, employment law undergoes frequent changes and we recommend you check any queries with the Government's information site at <http://goo.gl/AbYCGN>, or your own legal advisers, for the most up to date legal information.



HomeWorkers  
**hww** Worldwide  
**Organising  
For Rights**

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