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The Outworking Bill

Bill 11 of 2000-2001

The *Outworking Bill* is designed to outlaw bogus homeworking schemes. It has been introduced by Richard Burden, MP, who came top in the ballot for Private Members' Bills. However, it was drawn up by the Government and has cross party support. It was presented on 17 January 2001, published on 29 January 2001 and is due to have its second reading debate on 2 February 2001. Subject to approval by the Scottish Parliament, the Bill applies throughout the UK. Explanatory Notes (Bill 11-EN) were published by the DTI, with the consent of Mr Burden, on 30 January 2001.

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BUSINESS AND TRANSPORT SECTION

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Summary of main points

The *Outworking Bill 2000-2001* (Bill 11) is designed to outlaw bogus homeworking schemes. Typically, such schemes promise vulnerable people that they can make large sums of money by working at home, filling envelopes or assembling kits. The would-be homeworkers pay an advance fee, but the expected work does not materialise or the scheme turns out to be a scam aimed at recruiting others to part with money. In other cases, completed work is rejected for no good reason or because the kit was faulty and the worker receives no payment. It is estimated that about 300 such scams are in operation at any one time.

The Bill is being introduced by Richard Burden, Labour MP for Birmingham Northfield, who came top in the ballot for Private Members' Bills. However, it was drawn up by the Department of Trade and Industry, and was foreshadowed in the consumer white paper, *Modern markets, confident consumers*, published in July 1999. It has cross party support.

The Bill will make it a criminal offence to seek payment in advance for the provision of homework or of directories containing so-called homeworking opportunities ("outworking proposals"). It will also outlaw the advertisement of such schemes and directories. There will be protection for genuine businesses, such as employment agencies, franchises and direct selling organisations which might otherwise be caught by the Bill.

Local authority Trading Standards Departments will enforce the legislation. Those found guilty of the new offences will be liable to a fine of up to £5,000 on summary conviction.

Existing provisions, such as the *Control of Misleading Advertisements Regulations 1988*, have proved neither strong nor speedy enough to deal with these scams.

As drafted, the Bill applies to Great Britain and is extended to Northern Ireland. However, homeworking schemes are not a reserved matter under the *Scotland Act 1998*, and anything not reserved is automatically devolved. Both consumer protection and employment are reserved matters, but it is argued that these schemes fall into neither category. The Scottish Parliament will, therefore, have to agree to the Bill's application to Scotland. It is due to debate the matter on 31 January 2001.

Private Members' Bills are not subject to the requirement of section 19 of the *Human Rights Act 1998* that the Minister in charge of a Bill should make a statement on its compatibility with the European Convention on Human Rights before second reading. However, the Minister is expected to make such a statement during the second reading debate.

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I Background

Trading Standards Officers and organisations such as the National Consumer Council (NCC), the National Association of Citizens Advice Bureaux (NACAB) and the National Group on Homeworking (NGH) have long been concerned about the ease with which unscrupulous individuals and organisations are able to swindle would-be homeworkers out of money. A typical homeworking scam starts with an advert in a local newspaper or leaflet through the door implying that homeworkers can make large sums of money by filling envelopes. People who respond to the advertisement are asked to send a registration fee. All they get in return for the fee is advice to place an advertisement like the one they saw. Another scam asks homeworkers to pay for assembly kits. The company then rejects the assembled article and refuses to pay for it or refund the cost of the kit.

According to the DTI, there are about 300 bogus homeworking scams known to be in operation at any one time targeting different parts of the country in turn.¹ One scam, which came to the DTI's notice in 2000, involved a request for an advance payment of £25 from those responding to the advertisement. Trading Standards Officers investigating the case estimated that the scam had netted £600,000 in 9 months. This was considered a medium-sized operation.²

The NGH estimates that in 1999 there were 869 scams reported to them, which probably cost the people concerned nearly £35,000 in lost money.³

In some cases, the scams might be illegal under the *Trade Descriptions Act 1968* or the *Theft Act 1968*, but, in both cases, prosecuting officers would have to prove intent to deceive and collect a large amount of evidence. In practice, this is extremely difficult, and the relatively small sums lost by individuals rarely justify the expense involved in pursuing a prosecution. Victims of the scams might also be able to take a claim for breach of contract to the Small Claims Court, but, again, they are often unwilling to become involved in civil litigation to pursue relatively small sums. Even if successful, it can often be difficult to enforce any court orders made. The perpetrators of the scams generally spend only a short time in one area before moving on to another.

The *Control of Misleading Advertisements Regulations 1988* do give the Director General of Fair Trading the power to apply to the Court for an injunction to stop the publication of misleading advertisements.⁴ But, by the time the necessary evidence has been collected, the damage has usually been done, and the perpetrator of the scam has moved on and cannot be traced.

¹ DTI press release, *New Bill aims to put a stop to homeworking scams*, 9 January 2001

² Ibid

³ Press Association, *MP wants £5,000 fines for homeworking fraudsters*, 10 January 2001

⁴ SI 1988/915, as amended

The *Outworking Bill 2000-2001* is designed to strengthen the law by creating a new, specific criminal offence of seeking or receiving payment from another person in response to an outworking proposal. Each offence will carry a fine of up to £5,000, and Trading Standards Officers are given powers to enforce the law.

A. Government action

In 1998, the Government launched a campaign to alert potential homeworkers to this type of scam. A DTI press release issued on 26 May 1998 reported advice from Ian McCartney, then Employment Minister and Nigel Griffiths, then Consumer Affairs Minister:

Ian McCartney, DTI Minister of State said:

"Some offers of homeworking are genuine. But among them lurk con artists who advertise bogus offers of work - just to rob innocent homeworkers of money. Homeworkers should be aware of these modern day robber barons.

"My advice to homeworkers is to remember the golden rule - Never send money in advance for work at home.

"In particular, be wary of schemes which appear to offer work addressing and stuffing envelopes at home. Many of these ask for a registration fee and then tell you to place adverts similar to the one you saw in the first place.

"Be careful of schemes for home assembly work that ask you to buy materials and promise that your money will be refunded when the completed work is returned. Often the people running such schemes refuse the made up goods falsely claiming that the standard of work is not high enough. Often there was never a market for the goods in the first place."

Mr McCartney offered the following advice to homeworkers looking for work:

"Ask friends, relatives or neighbours if they know of any local employers who might be looking for homeworkers. Find out what you can about the company. Try to find work from a firm near you so it is easier to collect and deliver work and sort out any problems."

Nigel Griffiths, Competition and Consumer Affairs Minister, provided guidance on how to complain about misleading offers of homeworking.

"Homeworkers can help us to drive these crooked operators out of business. Anyone concerned about the way a homeworking scheme is promoted should not sit in silence. They must:

- write to the Advertising Standards Authority (ASA), who can stop phoney schemes being advertised;

- complain to the local council's Trading Standards Officers who can take action under the Trade Descriptions Act; and
- contact the National Group on Homeworking.

"This campaign alerts homeworkers to the characteristics of scams and provides advice on how to find genuine offers of homeworking. It will help homeworkers avoid losing money, by falling victim to scams."

The consumer white paper, published in July 1999, went further in proposing legislation to deal with this problem:

7.8 Homeworking scams prey on the vulnerable, in particular the unemployed and those seeking work. Such scams are distinct from genuine homeworking, for which money is not required in advance. The Government will take action to stop these scams. It will publish a consultation paper exploring options such as prohibiting the seeking or taking of advance payments in connection with homeworking schemes.

7.9 The precise way in which these powers are formulated will need careful consideration. Honest, reliable businesses need to be assured that they will not be unintentionally caught by measures aimed at their dishonest or seriously incompetent competitors. This is particularly important for small traders who may find it harder to challenge the actions of the authorities. The Government intends, therefore, that consultation on these changes will be based on draft legislation which can be looked at in detail in advance of its introduction into Parliament.⁵

In the event, no public consultation document was issued, but, in autumn 2000, the DTI did discuss their proposals with a small number of key groups representing business, the advice and consumer agencies, regulatory agencies and Trading Standards.⁶ The Government drew up the *Outworking Bill 2000-2001*, which has been taken up as a Private Members' Bill by Richard Burden, MP.

B. Advertising Standards Authority

The Advertising Standards Authority (ASA) issues regular public warnings about the problems connected with some homework schemes. Their website contains the following advice:⁷

Not all homework schemes are dishonest, but the ASA issues regular public warnings about the problems with those that are. While the Authority continues to

⁵ *Modern markets, confident consumers*, July 1999, Cm 4410, paras 7.8-7.9

⁶ Bill 11- EN, para 5

⁷ <http://www.asa.org.uk>

take action against companies making misleading offers of work from home, the following advice can help consumers avoid problems in the first place:

- Don't expect to earn vast sums of money for doing very little.
- Don't send any money unless the initial advertisement clearly states how much you will be charged and exactly what this is for. In many instances you may have problems getting a refund if you are not satisfied with the scheme.
- If you are unsure about a particular company, contact your local Trading Standards Department to see if they have had any complaints about them.
- The *National Group on Homeworking* offers support to homeworkers on a membership basis and lobbies policy makers to ensure that the interests of homeworkers remain on the political agenda. They can be contacted on 0800 174 095.
- The DTI also publishes a leaflet providing advice on finding genuine work from home. Telephone 0870 150 2500.

The tenth edition of the British Codes of Advertising and Sales Promotion, which was issued on 1 October 1999, contains specific rules on advertisements for homework schemes in paragraph 54.4:

54.4 Homework schemes require participants to make articles, perform services or offer facilities at or from home. Before committing themselves, consumers should be given:

- a) the full name and address of the advertisers
- b) a clear description of the work; the support available to homeworkers should not be exaggerated
- c) an indication of whether participants are self-employed or employed by a business
- d) the likely level of earnings, but only if this can be supported with evidence of the experience of current homeworkers
- e) no forecast of earnings if the scheme is new
- f) details of any required investment or binding obligation
- g) details of any charges for raw materials, machines, components, administration and the like
- h) information on whether the advertisers will buy back any goods made
- i) any limitations or conditions that might influence consumers prior to their decision to participate.⁸

The ASA adjudicates on complaints about advertisements for homework schemes. In 1998, the ASA received 209 such complaints, of which 34 were upheld, relating to 22

⁸ http://www.asa.org.uk/the_codes/show_codes.asp?page_no=50

advertisements. Adjudications are published on the ASA's website.⁹ Examples of complaints about homeworking schemes can be found under Adjudications by Code, Clause 54.4.

In 1999, the ASA reviewed advertisements for homework schemes and found that 11 out of 14 failed to comply with the Code:

HOMEWORK SCHEMES

For many people homeworking is an attractive alternative to the office and for some it is the only viable means of earning a living. However, schemes often do not live up to the advertised claims. A review of homework opportunities in 1999 examined advertisements and follow-up material for 14 schemes appearing in national press and magazines. Advertisers were asked to provide details of their schemes and evidence that any earnings claims were realistic. Of the schemes scrutinised, only three did not present problems under the Codes. In the other cases, scheme operators were asked to bring their advertising swiftly into line with the Codes.¹⁰

C. Office of Fair Trading

The Office of Fair Trading (OFT) issues similar warnings about homeworking scams and advice on how to combat them.¹¹ Between April 1999 and December 1999, Trading Standards Departments and advice agencies reported 4,587 complaints about homeworking schemes to the OFT.¹²

Trading Standards Officers or the ASA can refer persistent offenders to the Office of Fair Trading (OFT) for action under the *Control of Misleading Advertisements Regulations 1988*. For example, on 21 May 1999, the High Court issued an interim order stopping Simon Stepsys, trading as Win-Star Direct of Nantwich, from advertising homeworking schemes containing false promises of earnings.¹³ He had previously given voluntary undertakings to the Director General of Fair Trading that he would stop the publication and dissemination of misleading advertisements.¹⁴ Before that, a complaint against him

⁹ <http://www.asa.org.uk/Adjudications/index.asp>

¹⁰ ASA Annual Report 1999, http://www.asa.org.uk/annual_report/pdf/report_99.pdf

¹¹ See, for example, OFT online shopping advice on *Spotting internet scams*, <http://www.offt.gov.uk/html/shopping/noframes/scams.html#homeworkjump>

¹² Annual Report of the Director General of Fair Trading, January to December 1999, Appendix E.2b, <http://www.offt.gov.uk/html/ar1999/appendices/index.html>, and OFT, *Trends in Consumer Complaints*, No 48, 1 October to 31 December 1999, <http://www.offt.gov.uk/html/rsearch/trends48.pdf>

¹³ OFT press release, 21 May 1999, *Court halts misleading homework ads*, <http://www.offt.gov.uk/html/rsearch/press-no/pn18-99.htm>

¹⁴ OFT press release, 1 October 1998, *OFT halts misleading homeworking scheme ads*,

had been upheld by the ASA and the Cheshire Trading Standards Department had investigated him.¹⁵

The OFT press release announcing the interim injunction contained the following description of the current powers to deal with misleading advertisements:

The Control of Misleading Advertisements Regulations 1988 gives the Director General of Fair Trading the power to apply to the Court for an injunction when he has received a complaint about an advertisement which he considers misleading. Such an injunction may apply to any person appearing to be concerned with the publication of the advertisement.

An advertisement is defined, for the purpose of the Regulations, as ‘any form of representation which is made in connection with a trade, business, craft or profession in order to promote the supply or transfer of goods or services, immovable property, rights or obligations’. The Regulations apply if an advertisement ‘deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and if, by reason of its deceptive nature, it is likely to affect their economic behaviour, or for those reasons, injures or is likely to injure a competitor of the person whose interests the advertisement seeks to promote’.¹⁶

The existing powers to deal with homework scams are, however, considered inadequate and the procedures too lengthy.

II The Bill

A. Launching the Bill

Legislation to implement many of the proposals in the July 1999 consumer white paper had been expected in the November 2000 Queen’s Speech, and consumer groups were disappointed when it did not appear.¹⁷ However, Richard Burden, the Labour MP for Birmingham Northfield, came top in the ballot for Private Members’ Bills held on 14 December 2000 and decided to take on a Bill implementing this particular, relatively uncontroversial measure.

The Bill will:

- Make it a criminal offence to seek payment in advance for the provision of homework or directories containing so called homeworking opportunities;
- Outlaw the advertisement of such schemes and directories;

<http://www.offt.gov.uk/html/rsearch/press-no/pn41-98.htm>

¹⁵ Ibid

¹⁶ OFT press release, 21 May 1999, <http://www.offt.gov.uk/html/rsearch/press-no/pn18-99.htm>

¹⁷ See, eg, National Consumer Council press release, 6 December 2000, *Disappointment as Queen’s Speech omits consumer bill*

- Give Trading Standards Officers the powers to crack down on these schemes quickly and effectively;
- Introduce criminal penalties and fines of up to £5,000 for each separate offence.¹⁸

Mr Burden launched the Bill at a press conference on 10 January 2001. Earlier, he had said:

I am very proud to be in a position to put this Bill forward. The people who run these bogus schemes have been getting away with it for far too long and this should finally put an end to their activities. These schemes cynically and cold bloodedly target the most vulnerable members of our society: pensioners, carers, the disabled, lone parents, those with learning difficulties or poor communication skills, or anyone who is not able to work outside the home but wants to do something to raise their family's income.

My Bill will make it illegal to take money in advance for outworking schemes, will make it illegal to knowingly advertise these schemes and will give Trading Standards the powers to stop these people and punish them with criminal records and fines of up to £5000.

When my name was drawn first in the Private Members Bill Ballot I was thrilled but also very aware of the responsibility which this position carries. I knew that I had to choose something that would at least stand a chance of reaching the statute books, that would command cross party support, but would at the same time do something very real and positive for the people I represent in Birmingham and communities across the UK.

I know from talking to experts in this area and to the Citizens Advice Bureau in my own constituency that this is a problem that for years has plagued Birmingham and the Midlands, as well as other areas in the country from inner cities to isolated rural areas.

The Bill is backed by the National Association of Citizens Advice Bureaux, and the National Consumers Council and I will be proud to launch it alongside them tomorrow. It has also been welcomed by the Department of Trade and Industry and I am very glad to have Government support on this issue, as well as the strong cross party support represented by my co-sponsors. This Bill is aiming to stamp out a real injustice, which must be equally repellent to politicians from across the political spectrum. I hope, therefore that all parties in both Houses will join me in a campaign to get this simple piece of legislation on to the statute books where its presence is long overdue.¹⁹

¹⁸ News release from the office of Richard Burden, MP, 10 January 2001

¹⁹ News release from the office of Richard Burden, MP, 9 January 2001, *MP announces Private Members' Bill to crack down on bogus homeworking schemes*

Co-sponsors of the Bill include two Conservative MPs, one Liberal Democrat MP and one Welsh Nationalist MP, as well as several other Labour MPs (including Nigel Griffiths, Consumer Affairs Minister from May 1997 to July 1998).

The Bill was also announced in a press release from the Department of Trade and Industry, released on the day of the launch:

Swindlers could face criminal charges and £5000 fines for each person they deceive.

Bogus homeworking schemes will be outlawed and the swindlers who operate them will face hefty fines under the provisions of a new Private Members Bill which was welcomed by Consumer Affairs Minister Dr Kim Howells today.

Every year thousands of people are victims of homeworking scams and those affected are often the most vulnerable and trusting members of society. A Bill sponsored by Richard Burden MP proposes to:

- * Ban up front deposits from consumers for work at home or fees for directories containing these type of schemes;
- * Give trading standards officers the power to shut down bogus homeworking schemes quickly and take action against the organisers;
- * Impose up to a £5,000 fine for each offence against a member of the public and a criminal record on those who break the law; and
- * Close down a loophole which currently allows these scams to be advertised.

Dr Kim Howells said:

"Homeworking scams can often affect the most vulnerable in our society. Victims of these scams include the unemployed, lone parents, carers, people with learning difficulties and pensioners; this Bill will protect them from these scams in the future.

"People need to know that they can trust adverts for homeworking and that they won't be conned out of what can be a considerable amount of money in up front fees.

"There are genuine jobs working at home and we need to put a stop to the swindlers who give genuine homeworking a bad name.

"It is despicable that people who are trying to supplement their income can spend hours doing their supposed work in good faith only to find these crooks never intended to pay them a penny or return their registration fee.

"This Bill will put an end to this fraud and put swindlers off with hefty fines and I welcome it wholeheartedly."

In the meantime, consumers can use the following advice to avoid being caught out:

- * Never send money in advance to people or companies who claim they can offer you work at home.
- * Avoid schemes where you have to buy a ‘starter-pack’ or rent equipment or raw materials before being paid for the work.
- * Avoid firms whose advertisements or promotional literature give no details such as the full name and address of the advertisers, a clear description of the work, whether you will be employed or self-employed, and the likely level of earnings. Details of any costs to the consumer should be given, and any other limitations or conditions. If you are not satisfied on these points, don't pay any money to the firm.
- * Many homeworkers find work through word of mouth - ask friends, relatives or neighbours if they know of local employers looking for homeworkers.
- * Try to find work from a firm near where you live. It will be easier to collect and deliver work and sort out problems.
- * Get recommendations from other homeworkers who work or who have worked for the company and have been paid.
- * If you have been the victim of a swindle like this complain to your local Trading Standards Department. They are listed in the phone books under Council.
- * For further information and advice contact the National Group on Homeworking Helpline: 0800 174095.²⁰

B. Provisions of the Bill

The main provisions of the Bill are:

Clause 1 of the Bill defines an “outworking proposal” as:

A proposal under which a person (the proposer) holds out that –

- (a) in return for an advance payment the proposer or another person will provide work to be carried out at or from outworking premises, and
- (b) the person carrying out the work (the worker) will be paid for it by the proposer or by another person.

It excludes certain *bona fide* arrangements from the definition. These are:

- Proposals made in the course of business by an employment agency or employment business. Such businesses are already regulated by the *Employment Agencies Act 1973*.

²⁰ DTI press release, 9 January 2001, *New Bill aims to put a stop to homeworking scams*

- Arrangements, such as franchises and direct selling, where “the making of the advance payment gives the worker access to means, facilities or assistance which enable him to engage on his own behalf in the supply of goods or the provision of services”.
- Any other arrangements which might otherwise count as outworking proposals specified in regulations made by the Secretary of State. These regulations would be subject to the negative procedure under **clause 6 (2)**. This regulation-making power is designed as a safety net to ensure that legitimate business arrangements and opportunities are not inhibited.²¹

Clause 2 makes it a criminal offence to seek or receive payment from another person in response to an outworking proposal. The organiser of an outworking proposal commits an offence if he or she places or distributes any sort of advert which is “likely to cause a person to respond ... by making a payment”. They also commit an offence if they ask anyone else to place or distribute such an advert.

People who are not the organiser also commit an offence if they issue, circulate or distribute such an advert if they knew or ought to have known that it was an outworking proposal.

The penalty for the offence is a fine not exceeding level 5 on the standard scale (£5,000 at present).

Clause 3 makes it a criminal offence to receive money for the provision of information about outworking proposals. This is designed to cover the sale of directories containing details of outworking proposals. Again the penalty is a fine not exceeding level 5 on the standard scale.

Clause 4 provides a defence of due diligence for people who are not the organiser (such as advertisers or publishers of newspapers or leaflets). They will not commit an offence if they can show both that they “took all reasonable precautions and exercised all due diligence” to avoid the commission of an offence, and that the conduct occurred because of:

- (a) a mistake
- (b) [their] reliance on information supplied to [them] by another person
- (c) the act or default of another person
- (d) an accident, or
- (e) some other cause beyond [their] control

Clause 5 and the Schedule set out how the offences in the Bill are to be enforced.

²¹ Bill 11-EN, para 9

Weights and measures authorities (i.e. local authority Trading Standards Departments) will enforce the legislation in Great Britain and the Department of Enterprise, Trade and Investment (DETI) will enforce it in Northern Ireland. In Scotland, prosecutions will be dealt with by the Procurator Fiscal.²² Enforcement officers are given powers of entry and seizure of documents. Paragraph 4 of the Schedule gives the enforcement officers the power to respond to advertisements and to make advance payments to test whether an offence is being committed. People obstructing enforcement officers carrying out their duties under the legislation will commit an offence and be subject to a fine. In most cases, this will be a fine not exceeding the statutory maximum (currently £5,000).

Clause 8 extends the Bill's provisions to Northern Ireland. This is possible because the main subject matter is the creation of criminal offences. Its subject matter is reserved under Schedule 3, paragraph 9 (b) of the *Northern Ireland Act 1998*.²³

Clause 9 provides for the Act to be brought into force by a commencement order. It is envisaged that this will be some 12 weeks after the Bill receives Royal Assent.²⁴

C. Costs of the Bill

The Explanatory Notes estimate that the public expenditure cost of additional investigations and some prosecutions will amount to £350,000 in the first year, non-recurring. Additional magistrates' court fees are put at £23,000 in the first year.²⁵

A Regulatory Impact Assessment will be placed in the Libraries of both Houses and be available from the DTI. At the time of writing, it is not available. However, the Explanatory Notes say:

The legislation has been carefully drawn so as to be effective with minimal effects on legitimate business. Genuine businesses who rely on outworking will benefit because they will not be stigmatised by association with these schemes. Legitimate businesses recruiting outworkers do not require payment in advance. Were such a business practice to emerge as justifiable, it would be possible to exclude it from this legislation under the power in the bill. The Department of Trade and Industry (DTI) will take steps to promote awareness of the new legislation. Advertisers may need to review their procedures to ensure they are capable of identifying outworking proposals. The DTI already advises the public not to pay money in advance to secure outworking and small traders already cooperate and display cards warning people not to send money in advance. The money currently lost by consumers will be saved and could benefit local business

²² Bill 11 – EN, para 24

²³ Bill 11 – EN, para 29

²⁴ Bill 11 – EN, para 32

²⁵ Bill 11 – EN, para 30

instead. In one case where it has been possible to accumulate information, it is estimated that between £2.5 million and £6.5 million has been extracted from at least 103,000 people over a period of 4 years.²⁶

III Extent and Nature of Homeworking

Most people working from home are not the victims of scams. Many are relatively prosperous professional teleworkers. Many are low-paid unskilled workers, who nevertheless have a proper working relationship with an employer. Estimates of the number of homeworkers vary. Recent analysis of the Labour Force Survey by Alan Felstead and others at the University of Leicester drew the following picture of homeworking in the UK:

How Widespread Is Working At Home?

- The numbers working ‘mainly’ at home have risen dramatically over the 1981 to 1998 period – doubling from 345,920 (1.5%) in 1981 to 680,612 (2.5%) in 1998.
- Those working at home for at least one day a week (‘partially’) account for 3.5% of the employed workforce (or 932,364 individuals), while those reporting working ‘sometime’ at home account for a further 22%. In total, therefore, around a quarter of the UK workforce now carries out some of their work at home.
- Higher occupational groups are over-represented among the mainly and the sometimes working at home groups, while those lower down the occupational hierarchy are under-represented. Overall, non-manual occupations predominate – they account for around four-fifths of those who work at home to varying degrees, while accounting for around three-fifths of the employed population.

How Dependent Are Those Who Work At Home On Information & Communication Technology?

- Three out of five who work at home at least one day are reliant on keeping in contact with clients and colleagues via computers and telecommunications compared to just under a half of those working mainly at home. Not surprisingly, it is non-manual workers who are most dependent on these technologies.

Are Those Who Work At Home Low Paid?

- The incidence of low pay is alarmingly high among manual workers who work mainly at home – about three-quarters of them are low paid compared to a fifth of their more conventionally located counterparts. The incidence of low pay is also

²⁶ Bill 11 – EN, para 31

relatively high among non-manual employees who work mainly at home where it accounts for a fifth of their number. (...)

Do Those Who Work At Home Receive Lower Rates of Pay?

- Here, the picture is complex since it differs according to the non-manual/manual distinction. Non-manual workers who work mainly at home, on average, receive rates of pay well above their office-bound colleagues (£11.37 compared to £9.07). By contrast, manual workers, on average, receive rates of pay which are well below those received by their factory-based peers (£2.86 versus £5.49).

Are Women More Prone To Work At Home?

- Women outnumber men among those working mainly at home (69% versus 31%). However, the opposite is true among those who work at home less frequently. The gender balance tips dramatically in women's favour when the focus is on manual employees working mainly at home – in these circumstances, almost nine out of ten are women. This finding is statistically robust – even after holding all other factors constant, women are significantly more likely to work mainly at home whatever the type of job.

Are Ethnic Minorities More Prone To Work At Home?

- If anything, ethnic minorities are under-represented among those working at home. However, this conceals a complex picture in that they are over-represented among those mainly working at home in manual occupations, but are not particularly prone to be involved when all other factors are taken into account. Nevertheless, they are among the worst paid.²⁷

The figure of 1.2 million homeworkers is often quoted.²⁸ This derives from the 1991 Census. However, it does not differentiate between respondents working in their own homes and those, like farmers, who are employed in the same grounds and buildings as their own homes.²⁹

A survey of 338 homeworkers doing manufacturing and lower level service sector work such as telesales, commissioned by the DTI and the DfEE, and published in 1996, found that:

²⁷ Alan Felstead, Nick Jewson, Annie Phizacklea and Sally Walters, *A Statistical Portrait of Working at Home in the UK: Evidence from the Labour Force Survey*, ESRC "Future of Work" Working Paper NO 4, 23 March 2000, http://www.clms.le.ac.uk/WWW/Readings/Working_Paper_4.pdf

²⁸ See, eg, Ursula Huws, *No sweat! – why Britain's one million homeworkers need a new deal*, TUC/National Group on Homeworking, June 1996; and "Do your homework on working from home", *Sunday Telegraph*, 21 January 2001

²⁹ See "Homeworkers study shows diversity of conditions", *Labour Market Trends*, June 1996; and Alan Felstead & Nick Jewson with John Goodwin, *Homeworkers in Britain*, DTI/DfEE, Research Studies RS1P, 1996, paras 1.7 and 2.8

- The majority (91%) of homeworkers in the sample were female. Over half (54%) of the sample were of ethnic minority origin. Sewing was the most prominent form of homeworking activity, followed by packing clerical-type work, routine assembly, and knitting.
- The research revealed considerable diversity in terms and conditions of employment experienced by homeworkers, particularly between localities.
- The most frequently cited advantage of homeworking, was the opportunity to look after children while doing paid work. Other advantages included flexibility, being at home, money and convenience.
- The main disadvantages were cited as mess, pay problems, isolation, pressure, irregular hours, health and safety problems and inconvenience. Nearly one in ten respondents said that homeworking carried no disadvantages.
- A fifth of the sample reported that they had suffered accidents, injuries or ill health caused by work done at home.
- Nearly half of the sample said they would be in favour of government health and safety inspectors visiting homeworkers in their homes to check health and safety arrangements. A quarter were opposed.
- One third of homeworkers regarded themselves as self-employed. A substantial minority (15%) felt unable to describe their employment status.
- Nine out of ten homeworkers did not have a written contract outlining their terms and conditions of employment.
- The mean hourly wage rate was £3.03. There was considerable variation in average hourly wage rates between the localities studied from £2.64 to £4.19. Wage rates also varied significantly between ethnic groups.³⁰

³⁰ Alan Felstead & Nick Jewson with John Goodwin, *Homeworkers in Britain*, DTI/DfEE, Research Studies RS1P, 1996

IV Further information

NB All the links were correct on 29 January 2001.

National Consumer Council, Campaign, *Homeworking: new laws needed to stop scams*, <http://www.ncc.org.uk/consumerbill/homeworking.htm>

National Association of Citizens Advice Bureaux, press release, *Consumer watchdogs welcome Bill banning bogus 'work-from-home' schemes*, 10 January 2001, <http://www.nacab.org.uk/prefull.ihtml?id=0000064>

National Group on Homeworking website, <http://www.gn.apc.org/homeworking/>

Advertising Standards Authority, background briefing on *Employment and Homework Schemes*, http://www.asa.org.uk/issues/background_briefings/show_briefing.asp?briefing_id=17

Office of Fair Trading website, <http://www.oft.gov.uk/index.htm>