



Building a foundation for success: three priorities for the new Fair Work Agency

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Every year, Citizens Advice supports **100,000 people** with employment problems. We see first-hand that for too many workers, **rights that exist on paper are often denied in practice**. Workers who are in low-paid, insecure, non-unionised jobs are the most likely to face issues at work, and the least likely to be able to enforce their rights under the current system.

We have **long highlighted the problems** with the enforcement system, which is **fragmented, under-resourced, and overly reliant on individuals taking action** through an increasingly overburdened tribunal system.

That's why the passage of the **Employment Rights Act (ERA)** - and the creation of the **Fair Work Agency (FWA)** - are such major milestones. The FWA offers a landmark opportunity to tackle these problems head-on and fix what is broken in the enforcement system.

But to realise this opportunity, the FWA must not be a rebrand of the current system. Its success depends on putting **three essential building blocks** in place from the start:

1. **Build and fund strong partnerships with frontline organisations** to ensure the FWA is trusted, accessible and intelligence-led.
2. **Establish a safe reporting mechanism for migrant workers, underpinned by an end to joint enforcement with immigration**, to ensure a credible route to justice for workers facing some of the greatest risks.
3. **Create a strong deterrent against non-compliance and secure a sustainable funding stream** including by imposing a levy on non-compliant employers.

The problem: rights on paper, not in practice

Citizens Advice provides a vital source of employment advice for workers who often have nowhere else to turn. In the past year, **100,000 people**¹ came to us with employment issues. Among the most common issues, we supported:

- **11,300** people on **Statutory Sick Pay (SSP)**
- **9,700** people on **unfair dismissal**
- **9,400** people on **grievance procedures**

¹ 01/10/2024 - 30/09/2025

- **6,400** people on **wages and payslips**
- **3,500** people on **paid holidays**

Daniel's Story

Daniel works for a parcel delivery company. When Daniel first started working there he signed a contract of employment, but was never given a copy. Daniel is facing several problems at work regarding his hours, pay and treatment. Despite set working hours, he is regularly required to work longer shifts and improper hours. Daniel has never received a payslip and sometimes has to wait two months to receive his paycheck from his employer. After Daniel's employer noticed damages to the vehicle he used at work, they withheld his salary to pay for repairs. This came without verbal or written warning to Daniel, and when he raised this with his employer, stating that repairs could not be taken from his own salary, Daniel was asked not to return to work.

The issues that people bring to their local Citizens Advice office are reflective of the wider level of non-compliance with employment law in the UK. The [Resolution Foundation](#) reports that in 2022:

- **32%** of workers earning at or around the wage floor were **underpaid the National Minimum Wage (NMW)**
- **900,000** workers reported **no paid holiday entitlement**
- **1.8 million** workers reported **not receiving a payslip**
- **8.3 million** workers experienced **workplace discrimination**

The scale of non-compliance is the product of an enforcement system where the **incentives to adhere to employment law are low** and **seeking redress is challenging**, particularly for those in **low paid or insecure jobs, and migrant workers**. Yet we know from our frontline work that these are precisely the types of workers who are most at risk of labour market non-compliance. Our previous reports on [issues with Statutory Sick Pay](#), and on the exploitation of [migrant workers in the care sector](#) starkly illustrate the financial and emotional impact of non-compliance on those workers most at risk of abuse.

Non-compliance collectively deprives low paid workers of huge sums each year. Underpayment of the NMW costs low-paid workers £255 million a year, for example. Similarly, loss of holiday pay amounts to over £2 billion per year, disproportionately impacting the lowest paid workers, who are [six-times more likely to report](#) not receiving paid holidays.

The groups most at risk of labour exploitation are least likely to have the time, resources or be willing to take the risk of taking on their employer with an **Employment Tribunal (ET)** claim, the main route to redress for most employment issues. The ET process can be long, complex and expensive. With the exception of discrimination

cases, no legal aid is available, and the ET system is currently [mired in record backlogs](#). Previous Citizens Advice research found that **almost two-thirds of people (61%)** decided not to pursue a tribunal case once the process was explained to them. And for those who do pursue and win a claim, [many still don't receive the payout they're owed](#).

At the same time, the existing state enforcement bodies have suffered from a **narrow remit, limited and inconsistent enforcement powers, inadequate funding, and low visibility among workers**. This has created a self-fulfilling cycle where non-compliance has flourished, making the enforcement challenge even greater. At the same time, the limitations of the existing enforcement system mean it simply doesn't deliver for a significant proportion of workers, disproportionately those most at risk of abuse.

What is urgently needed is a **rebalancing of the enforcement system** away from an excessive reliance on individual action. An effective, well-resourced state enforcement body could create a credible alternative route to justice for some of the most common forms of non-compliance, making rights at work a reality for workers facing the greatest risks.

This is why the passage of the **Employment Rights Act**, and the establishment of the new **Fair Work Agency**, is such a promising development, one [we have long been calling for](#). The challenge now is to ensure the FWA is more than a simple rebranding of the existing enforcement system. **The FWA must use its first year to build the right foundations for success**. Below we set out three priority areas which we think will be crucial to ensuring the FWA can live up to its potential to radically reshape the enforcement landscape.

What should the FWA prioritise in its first year?

Drawing on [our previous work](#) on reforms to the enforcement system, we believe there are three priorities the FWA should focus on in its first year. These will help ensure it can overcome the problems that have plagued the enforcement system in the past, and build a foundation from which it can deliver on the promise of rebalancing enforcement away from an excessive reliance on individual action.

1. Build and fund strong partnerships with frontline organisations

Building and funding strong links to frontline organisations will be key to **building trust and awareness** of the new enforcement body among workers, especially those most

vulnerable to abuse. Awareness of the existing enforcement bodies is low (almost [1-in-3 workers](#) say they have never heard of the existing enforcement bodies) and [only 6% say](#) they would approach them with a problem.

Collectively, frontline organisations like Citizens Advice, ACAS, and a host of smaller organisations, support hundreds of thousands of workers with employment problems every year. **We are a trusted source of support and advice for workers** who have few other places to turn. This makes us well-placed to raise awareness of the new FWA and to encourage workers to engage with it.

Furthermore, our **extensive engagement with workers in high-risk sectors** means we have a **wealth of data and insights into the scale and scope of labour market abuse**. Proactive, intelligence-led enforcement action by the FWA will be virtually impossible without access to these insights. The FWA should explore formal pathways for sharing data and intelligence with frontline organisations, to allow it to tap into the wealth of knowledge we hold.

But, **frontline organisations are under immense resourcing pressures**. Citizens Advice lacks dedicated funding for employment advice, and there is significant unmet demand for our support, even before the passage of the ERA. Supporting the FWA with awareness-raising and intelligence sharing will put further strain on our services. To help us support implementation, the FWA must explore ways to **provide dedicated resourcing to frontline organisations** working in the employment space.

2. Establish safe reporting routes for migrant workers, and end joint enforcement with immigration

Migrant workers are disproportionately represented in the low-paid, insecure jobs most at risk of labour market exploitation. The social care sector, for example, has heavily relied on Skilled Worker visas and, [as we reported last year](#), cases of poor treatment and abuse are widespread. But, migrant workers who are undocumented or are tied to an employer for their sponsorship also face particular constraints on their ability to seek redress. With the possibility of **losing their visa** or **facing Immigration Enforcement**, these types of migrant workers rarely report labour violations. Despite legal protections on paper, they are therefore left without a meaningful route to challenge poor treatment.

Angela's Story

Angela has come to the UK from Ghana on a skilled worker visa, with a Certificate of Sponsorship (CoS) from a healthcare company to work in the care sector. The contract and CoS refer to a fixed annual salary, but Angela's offer letter said she would only be paid in installments when work is done. She has not yet been given any work, and therefore has had no pay, though legally should have been paid from her start date. The employer is breaching the terms of the sponsorship rules by offering jobs, obtaining visas, and then withholding pay, but there is no straightforward route for Angela to enforce the rules without risking her job - and therefore her visa.

Having incurred the cost of flights to the UK, and with no recourse to public funds, the withholding of work and pay means Angela is seriously struggling financially. She is living off food vouchers and help from friends, but hasn't been able to meet her rent and is therefore vulnerable to eviction.

This situation is made far worse by the ongoing links between labour market and immigration enforcement. Despite no legal duty to do so, enforcement bodies [routinely share data with immigration enforcement](#) and sometimes conduct joint operations. This has led migrant workers, even those with secure immigration status, to distrust labour market enforcement agencies and [refuse to cooperate with them](#). This can have an impact beyond migrant workers; our frontline advisers have told us about cases where workers are reluctant to report problems out of fear of the wider implications on migrant worker colleagues. Without the support of workers facing abuse, **exploitative employers are left free to operate with minimal consequences.**

This link **between labour market and immigration enforcement** actively hampers efforts to address exploitation and abuse. The FWA should take immediate steps to ensure that **all workers feel safe reporting issues**. Firstly, **implementing a secure reporting mechanism** that enables migrant workers to confidentially flag non-compliant employers without the risk of referral to immigration authorities. Secondly, a commitment to **end joint inspections with Immigration Enforcement and restrict routine data sharing.**

Alongside this, the FWA should use partnerships with frontline organisations to build trust and awareness and engage in **targeted, multilingual outreach** in high-risk sectors such as health and social care. Together, these measures will help the FWA identify and tackle the most severe forms of exploitation that currently remain under the radar.

3. Create a strong deterrent against non-compliance and secure a sustainable funding stream

The FWA should use the powers granted to it in the ERA to apply a **levy on non-compliant employers**. This would serve two important goals. Firstly, it would help provide **additional revenue for the FWA**. State enforcement of employment rights has long suffered from chronic underfunding. The UK has one of Europe's **least-resourced labour inspectorates** with only 0.29 inspectors per 10,000 workers. This has led enforcement bodies to focus on educating employers over more resource-intensive work to actively uncover breaches. By one estimate, for example, the average employer can expect an inspection by the National Minimum Wage team just once every 500 years.

Secondly, a levy would **increase the deterrent on non-compliant employers**. At the moment, there is too little focus on creating a credible deterrent against non-compliance. HMRC, for example, rarely deploys its full powers to penalise employers who fail to pay the minimum wage. In 2021/22, 41% of National Minimum Wage (NMW) arrears were recovered without any accompanying penalty, and since 2007 only 18 employers have been prosecuted for failing to pay the minimum wage. Where financial penalties are applied, they are often far too low to act as a meaningful incentive to comply with the law.

The FWA will need a sustainable, long-term funding model that can provide a step change in resourcing for enforcement. A levy on non-compliant employers alone is unlikely to provide that and adequate funding from government will be essential. To supplement this a wider levy on all employers to pay for enforcement should be considered; similar models already exist across Government, including the Money and Pension Service and in the enforcement of financial crime via the Economic Crime Levy. A wider levy would clearly reduce the deterrent effect, but it would provide a more sustainable funding base, give the FWA a degree of **financial independence**, and reduce the pressure on funding from Whitehall.

At Citizens Advice we know that **rights are only as strong as your ability to enforce them**. The Fair Work Agency is a hugely positive step forward in strengthening this ability. But its effectiveness will depend on a design that is visible, trusted, sustainable and effective. Strong links with frontline organisations, safe reporting routes for vulnerable migrant workers, and applying a levy on non-compliant employers to increase deterrence and boost funding, will be fundamental to the FWA's success in providing long-lasting protection for workers.

Please reach out if you would like to meet with us to discuss this work further and how Citizens Advice can support the development of the Fair Work Agency.