# MEMORANDUM

# OUTWORKING BILL

## Background

1. As outlined in the Consumer White Paper of 1999, the Government has committed itself to tackling bogus outworking schemes (formerly known as homeworking schemes). Increasingly, schemes are advertised offering people the chance to make money by working at home often through activities such as addressing envelopes or making up kits. Typically, people who want to participate are required to send off money for details of the scheme or for the kits necessary to start work. But the work often does not materialise or the scheme turns out to be a scam aimed only at recruiting others to do the same. In other cases completed work is rejected for no good reason or because the kit was faulty. In many instances no market for the product has ever existed and individuals are unable to recover the money they have advanced. Schemes can be advertised in a variety of different ways, often through circulars or cards in shop windows and tend to prey upon the unemployed and other disadvantaged groups who are limited to earning from home.

2. This is a Private Member's Bill which addresses these issues. It has been welcomed by the Department of Trade and Industry.

## Content of the Bill

3. The entire United Kingdom Bill deals with devolved matters as outworking falls outside the scope of any of the reserved matters listed in Schedule 5 to the Scotland Act.

4. The Bill aims to tackle bogus outworking schemes but will not affect genuine homeworking jobs. Under the Bill:

- it will be unlawful to ask for or receive a payment in advance when providing someone with work for them to do in their own home or elsewhere;
- no payment can be taken from the worker (for materials supplied for example) before the worker is paid for the work;
- it will be unlawful to advertise bogus schemes;
- it will be unlawful to charge for so-called work directories which contain these bogus schemes;
- it will be unlawful to advertise directories containing bogus schemes.

Proposal

5. The Executive believes that in order to preserve consistency of treatment across the United Kingdom the Bill should be extended to Scotland.

SCOTTISH EXECUTIVE
January 2001