

UK government response and conclusions as regards consultation on proposed changes to modern slavery compliance rules

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Introduction

The UK government (through the Home Office) recently issued its reply to a public consultation exercise to get views from organisations about proposed changes to the compliance aspects of the UK's Modern Slavery Act 2015, entitled "Transparency in supply chains consultation – Government response". This article summarises the key points in the reply.

What is UK modern slavery compliance all about?

Under the UK Modern Slavery Act 2015 (the 2015 Act), compliance disclosure/transparency requirements mean that an organisation with an annual turnover of UK £36 million or more that sells goods or services in the UK is required to annually publish a slavery statement demonstrating what they are doing to ensure that there is no slavery or human trafficking in the business or the supply-chain – this also applies to organisations based *outside* the UK selling goods and services *into* the UK. Currently six reporting areas are recommended to be covered in a modern slavery statement:

- Organisation structure and supply chains;
- Policies in relation to slavery and human trafficking;
- Due diligence processes;
- Risk assessment and management;
- Key performance indicators to measure effectiveness of steps being taken; and,
- Training on modern slavery and trafficking.

As the UK's official accompanying guidance on the disclosure/transparency requirements states, organisations must "paint a detailed picture" of all the steps that they have taken. This compliance obligation has now been in force since 29 October 2015 and many organisations who fall under it have already previously published their statements in the last few years. The UK government's recently updated online guidance can be found here: <https://www.gov.uk/guidance/publish-an-annual-modern-slavery-statement>.

What does the UK government's reply say?

The UK government's reply summarises the responses to the various areas of proposed changes and sets out its conclusions, which in brief are as follows:

- **Content of Modern Slavery Statements** – the UK government will make mandatory the reporting areas that modern slavery statements must cover. If organisations have taken no steps within a particular area, they will have to state this clearly. The mandatory areas will cover the existing six voluntary reporting areas, even if the structure of these changes as part of the review. The structure of the required areas will also be designed in conjunction with the development of the Government-run reporting service (see next bullet point for more about this service). The UK government will also consider how the reporting areas can be amended to incorporate additional topics. The topic of remediation is expected to be covered by the existing voluntary reporting areas (under due diligence). In designing the format of the required areas the UK government will consider whether changes are needed to provide clarity. The UK government will also publish updated guidance for businesses and public sector organisations in 2020, including best practice approaches to reporting against the future required areas. The guidance will highlight the importance of transparency, risk-based action and industry-level collaboration to address shared challenges, and also encourage organisations to be open about their priority next steps for the coming year (although organisations will not be mandated to report on this);
- **Transparency, Compliance & Enforcement** – the UK government will mandate organisations who fall

within the compliance disclosure/transparency requirements to publish their modern slavery statement on a Government-run reporting service. Feedback from the consultation will be incorporated into the ongoing research and design of the Government-run reporting service. Further research will also be carried out with potential service users to better understand how the service can support organisations. The UK government will also introduce a single reporting deadline. At the same time, instead of the current requirement for organisations to report on activity undertaken during their respective financial years, a reporting period of 1 April–31 March will be introduced. Organisations will be given six months to prepare their statement on the activities that they've undertaken during this period, by setting a single reporting deadline of 30 September. The UK government will also consider enforcement options in line with the on-going and separate development of a so-called "Single Enforcement Body" for employment rights and issue a further update on this in due course. Currently, organisations are required to publish statements that are approved by the Board and signed by a Director, but it is often unclear whether these approvals have been obtained and so the UK government will amend the rules in order to require modern slavery statements to state the date of Board (or equivalent) approval and Director (or equivalent) sign-off. Organisations are also currently able to produce a group statement where more than one entity in the group is required to publish a statement. However, the existing rules do not require group statements to explicitly name the entities covered, meaning that it is often challenging to determine whether such entities are compliant with their obligations, and so the UK government will also amend the rules to require group modern slavery statements to name the entities covered; and,

- **Public Sector Supply Chains** – the compliance disclosure/transparency requirements will be extended to public bodies. A so-called "budget threshold" of £36 million to determine which public bodies will be required to report will be applied. The UK government will also produce guidance to help public bodies establish whether they fall within the threshold. Public bodies will be able to publish group statements, e.g. a central government department may publish a group statement with their so-called "arm's length bodies". The UK government will also publish guidance to help public bodies decide when and how to report as a group. Public sector modern slavery statements will need to be signed off by the accounting officer, chief executive or equivalent role and approved by the senior management body.

In terms of timing for future changes the government's reply states that for all measures which require legislative change the intention is to introduce these when parliamentary time allows for this. Other changes will be made in the UK's official accompanying modern slavery compliance guidance, expected later this year.

Takeaways

The appetite to update the modern slavery compliance disclosure/transparency requirements is clearly there, but, the legislative changes may take time to actually come about. Nevertheless, organisations should keep a close watch on the progress on changes, including the revised guidance expected later in 2020.

In the meantime, organisations shouldn't let down their guard on modern slavery compliance, in particular because of the compliance risks concerning the current pandemic. Modern slavery compliance should still be on the agenda of the Board and training should still be carried out – crucially, employees and suppliers need to know how to spot the signs that modern slavery may be taking place, which we have made a short film about that can be found here: <http://www.corderycompliance.com/spotting-the-signs-of-modern-slavery/>.

The government's reply to the consultation can be found here: <https://www.gov.uk/government/consultations/transparency-in-supply-chains>.

We have previously written about possible legislative changes to the compliance disclosure/transparency requirements of the 2015 Modern Slavery Act here: <https://www.corderycompliance.com/uk-modern-slavery-legislation-review-consultation/>.

We have written about UK government guidance on modern slavery compliance and Covid-19 here: <https://www.corderycompliance.com/uk-govt-modern-slavery-compliance-covid19-guidance/>.

For other articles that we have written about modern slavery compliance please see here:

<http://www.corderycompliance.com/category/modern-slavery/>.

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