

UK Modern Slavery Legislation Review

Date : September 21, 2018

Introduction

The UK government recently began a review of the UK's Modern Slavery Act 2015, including the compliance transparency requirement. This follows a separate recent official UK report about the cost to the UK economy of modern slavery.

What is modern slavery compliance all about?

Under the UK Modern Slavery Act 2015 ("the Act") compliance disclosure requirements, an organization with global annual turnover of £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 organizations based outside the UK selling goods and services into the UK. This compliance obligation has been in force since 29 October 2015. Those organizations whose financial year end was December 2017 and who met the criteria to publish a slavery statement should have already published (by June 2018) a statement to cover the period of January-December 2017.

What is the social and economic cost of modern slavery to the UK?

A report (aimed at providing a better understanding of the wider impact of modern slavery crimes in order to inform and improve enforcement and preventative work) published by the UK government estimates the economic and social cost of modern slavery in the UK in the year ending March 2017 at £3.3-4.3 billion – the report can be found here: <https://www.gov.uk/government/publications/the-economic-and-social-costs-of-modern-slavery>.

With specific reference to "business expenditure" and the Act's transparency compliance requirement, the report states as follows:

"An Impact Assessment carried out in 2015 estimated that the annual average cost to affected businesses in the UK for meeting this requirement was £1.4 million. As these costs were estimated with a 2015 base year they needed to be uprated with inflation (HM Government, 2018), the estimated annual cost is therefore estimated at £1.5 million. Total costs in anticipation of modern slavery in 2016/17 from both government and business expenditure were £2.4 million."

What is the UK modern slavery review all about?

The UK has launched an independent review of the operation and effectiveness of the Act which will also consider potential improvements to the Act in order to ensure that it is fit for purpose both now and in the future - see here for the terms of reference of the review: <https://www.gov.uk/government/publications/modern-slavery-act-2015-independent-review-terms-of-reference/review-of-the-modern-slavery-act-2015-terms-of-reference>.

A certain number of the provisions of the Act must be considered in the review including the (Section 54) transparency compliance requirement. The review will gather evidence and seek views from relevant stakeholders. The process could include written submissions, evidence and interviews including with business.

As regards the transparency compliance requirement, the review will in particular look at "how to ensure compliance and drive up the quality of statements produced by eligible companies." Given that there has been criticism in some quarters of the quality of some organizations' modern slavery statements, it would not be surprising if the review recommends improvements.

What's next?

The review is expected to be completed by the end of March 2019 so watch this space for the review's findings

and recommendations.

Separately, the UK legislature is also currently in the process of amending the Modern Slavery Act 2015 with a view to giving modern slavery compliance enforcement more teeth. We have written about this here: <http://www.corderycompliance.com/update-on-proposal-to-amend-modern-slavery-act-2015/>.

The UK's first Anti-Slavery Commissioner (the position having various roles under the Modern Slavery Act 2015), who is one of those who have been critical of business' compliance with the Act, resigned in May 2018 (see here for his resignation letter: <https://www.gov.uk/government/publications/independent-anti-slavery-commissioner-letter-of-resignation>) and a successor still needs to be appointed.

Organizations meeting the criteria to publish a slavery statement whose financial year end was December 2017 (whose statements are to cover the period of January-December 2017) who did not publish their statements by the end of the June 2018 publication deadline should make every effort to publish their statements as soon as possible. If this is the second statement, it will have to show progress made since the first one. Otherwise organizations meeting the criteria in 2018 whose financial year end will be December 2018 should continue to meet their compliance obligations and publish their statements covering January-December 2018 by the end of June 2019. If these statements are the second or third statements, they will have to show progress made from the previous one(s).

Resources

Training is a vital part of any compliance, which is equally true of modern slavery compliance. Crucially, employees and suppliers need to know how to spot the signs that modern slavery may be taking place. We have made a short film about this which can be found here: <http://www.corderycompliance.com/spotting-the-signs-of-modern-slavery/>.

We report about modern slavery issues which can be found here: <http://www.corderycompliance.com/category/modern-slavery/>. We have also written about modern slavery and Brexit, which can be found here: <http://www.corderycompliance.com/brexit-and-modern-slavery-compliance-2/>

For more information please contact André Bywater or Jonathan Armstrong who are commercial lawyers with Cordery in London where their focus is on compliance issues.

[Jonathan Armstrong](#), Cordery, Lexis House, 30 Farringdon Street, London, EC4A 4HH
Office: +44 (0)207 075 1784
Jonathan.armstrong@corderycompliance.com



[André Bywater](#), Cordery, Lexis House, 30 Farringdon Street, London, EC4A 4HH
Office: +44 (0)207 075 1785
Andre.bywater@corderycompliance.com



Farringdon

