

Employment – 20:20 vision

Providing clarity and insight on employment law matters

Looking ahead: Proposed changes to the Modern Slavery Act 2015



On 22nd September 2020, the government published its response to a public consultation on transparency in supply chains. The response demonstrates the government's commitment to tackling the issue of modern slavery and human trafficking. This, together with a number of allegations of modern slavery against high profile companies in recent months, should act as a reminder for organisations to review their obligations under the Modern Slavery Act 2015 and to prepare for proposed legislative changes.

A failure to comply with the Modern Slavery Act 2015 (the "**MSA**") can lead to serious reputational consequences for an organisation. We have previously set out information on who the MSA applies to and an organisation's obligations under the MSA (see the link [here](#)). The government has confirmed that it plans to make a number of legislative changes to the MSA, a summary of which can be found below:

(1) Mandated areas that modern slavery statements must cover

Currently, the MSA and practical guidance suggest that organisations may report on six areas in their modern slavery statements:

- their business, structure and supply chains;
- their policies on slavery and human trafficking;
- their due diligence processes for avoiding slavery and human trafficking in their business and supply chains;
- the parts of their business and supply chains where they have identified a risk of slavery and human trafficking taking place, and the steps they have taken to manage these risks;
- the performance indicators they rely on to measure the effectiveness of their steps to prevent slavery and human trafficking; and
- the training on slavery and human trafficking available to their staff.

The government has confirmed that it will mandate the areas that the statements must cover and if organisations have taken no steps within an area they must state this clearly and will be encouraged to provide a reason for this. The mandatory areas will encompass the existing voluntary areas even if the structure changes.

The government has stated that it will publish updated guidance for businesses, including best practice approaches to reporting against the required areas. Such guidance will focus on the importance of transparency, risk-based action and industry level collaboration to address challenges faced by an industry as a whole.

The government has also confirmed that it will amend legislation to require modern slavery statements to state the date the statement was approved by the Board (or equivalent management body) and the names of the entities covered by the statement.

(2) Government-run reporting service

The government has confirmed that for those organisations to which the MSA applies, it will become mandatory to publish MSA statements on a government-run reporting service, which is currently under development.

The idea behind creating such a reporting service is to allow consumers to more easily access information on what steps different businesses have taken to ensure that modern slavery is not taking place within their supply chains. The hope is that this will allow consumers to make more informed and ethical decisions. It will also make it easier to identify which organisations have not fulfilled their obligation to publish a modern slavery statement.

(3) Single reporting deadline

The government has confirmed that it will impose a single reporting deadline of 30 September. Currently, organisations are required to report on activity undertaken during their respective financial years. Instead, there will be a shared reporting period of 1 April – 31 March.

(4) Obligations apply to public sector supply chains

The government has confirmed that it will extend the requirements on transparency in supply chains to public sector organisations with an annual budget exceeding £36m. The government has stated that it will publish guidance ahead of any legislative changes.

What's next?

Organisations can expect the publication of further government guidance and the introduction of legislative changes (when parliamentary time allows). Organisations should also look out for the roll-out of the government-run reporting service on which organisations will be encouraged to publish their statements ahead of any legislative change to mandate this.

Interestingly, the government confirmed that it would not be adjusting the £36m annual global turnover threshold. Organisations that supply goods and services in the UK (or carry on part of their business in the UK) with an annual global turnover below this threshold will continue to not have to publish a statement under the MSA.

However, given the serious potential ramifications for larger companies which are obligated under the MSA, compliance by smaller organisations that fall outside the MSA may become a more common requirement of a contract or tender process.

This may particularly be the case when legislative changes extend the MSA to public bodies.

Employers should consider training staff to raise awareness of modern slavery and teach staff to spot signs that someone may be a victim of slavery. It will also help employers if they have robust policies in place so that staff are clear on how to report concerns and what actions will be taken.

Finally, whilst there are currently no financial penalties for failing to publish a statement, the government has confirmed that it is considering enforcement options in line with the development of the single enforcement body. This could result in the introduction of civil penalties for non-compliance in the future.

If you would like to read more on this topic please see our article recently published in the Employment Law Journal (October 2020) and available [here](#) or on lawjournals.co.uk.

If you would like to discuss any of the issues covered in this e-alert please get in touch with any of the contacts listed below or your usual Stephenson Harwood contact.

Contact us



Tony Woodcock

Head of regulatory litigation,
Partner

T: +44 20 7809 2349

Email: [Tony](#)



Paul Reeves

Head of employment, partner

T: +44 20 7809 2916

Email: [Paul](#)



Fran Legg

Associate

T: +44 20 7809 2031

Email: [Fran](#)



Leanne Raven

Professional support lawyer

T: +44 20 7809 2560

Email: [Leanne](#)