



Guidance on Modern Slavery Statements

Section 54 of the Modern Slavery Act 2015, which came into force on 29th October 2015, places a duty on larger organisations to publicly report the steps that they have taken to ensure that slavery and human trafficking is not taking place in its own operations and in its supply chains. This duty applies to all qualifying businesses with financial year-ends from 31st March 2016.

What is modern slavery?

Modern slavery is the term used to describe slavery, servitude, forced and compulsory labour and human trafficking. Essentially, it means that adults and/or children are being forced to work against their free will.

Does it apply to educational institutions?

You may wonder why we are, only now, providing guidance about this statutory duty. The reason for this is because it has only just become apparent that educational institutions may fall into the definition of 'qualifying businesses'.

A 'qualifying business' is defined as a commercial organisation which supplies goods or services and has a minimum turnover of £36million. A 'commercial organisation' includes a partnership or a company, wherever incorporated, which carries on a business, or part of a business, in the UK. 'Total turnover' means the turnover of the organisation and any of its subsidiary undertakings, including those operating outside the UK, after deduction of trade discounts, VAT and other taxes.

It is arguable that larger multi-academy trust companies with a turnover of at least £36m could fall within the definition of a 'qualifying business' as they will be engaging in commercial activities and will, therefore, be required to publish a slavery and human trafficking statement. This is so despite the fact that their sole or main purpose is for charitable, educational aims and that it carries out purely public functions; the commercial element of its undertaking is ancillary to those purposes.

What should be included in the modern slavery statement?

The slavery and human trafficking statement must set out the steps that the educational institution has taken during the financial year to ensure that slavery and human trafficking is not taking place in its business, its academies or in its supply chains, or a statement that it has taken no such steps. Where the educational institution is a multi-academy trust company, the statement must be approved by the board of directors, signed by a director and must be published prominently on the home page of the multi-academy trust company's website. It would be advisable to include a link to the relevant page on the multi-academy trust company's website from each of the websites for the individual academies under the trust. Publication of the statement should be made within six months of the multi-academy trust company's financial year end.

The Act does not prescribe the entire content of the statement; it must state what steps have been taken to ensure that slavery and human trafficking are not taking place in its business and in any of its supply chains, or that no such steps have been taken. The following additional information 'may' be included:

- Information about its structure, its business and supply chains
- Its policies relating to slavery and human trafficking
- Its due diligence processes in relation to slavery and human trafficking in its business and supply chain
- Any assessment of the risk of slavery and human trafficking across its business and supply chains and the steps it has taken to manage that risk
- Its effectiveness in ensuring that slavery and human trafficking is not taking place, measured against appropriate performance indicators
- Any available training on slavery and human trafficking that is made available to staff and management



As a note of warning it is inadvisable to *guarantee* that a supply chain is free from slavery and human trafficking; instead companies should focus on the procedural steps they have taken to satisfy themselves that such supply chain(s) is not affected.

What is the penalty for failing to publish a modern slavery statement?

A failure to publish a statement could result in a potentially unlimited fine imposed on the company. There is no 'penalty' for reporting that no steps have been taken to ensure that slavery and human trafficking is not taking place in its own operations and/or in its supply chains. However, companies that publish such a statement may face the risk of reputational damage, particularly as the press and other organisations are likely to scrutinise statements being published by large companies.

What should educational institutions be doing now in readiness for 31st March 2017?

Companies with a year-end falling on or after 31st March 2017 will need to gather and audit information about existing supply chains, risks, policies and procedures in order to put together their statement within good time after their financial year end; the statement must be published within 6 months of year end.

Is there any governmental guidance?

The Government has published 'transparency in supply chains: a practical guide', which sets out who is required to publish a statement, how to write a slavery and human trafficking statement and how to approve and publish the statement. The guide can be accessed here: <https://www.gov.uk/government/publications/transparency-in-supply-chains-a-practical-guide>
Several major law firms have also published useful guidance.

April 2017