Progress & Challenges in Tackling Modern Slavery in Local Government Supply Chains

A PaCCS-TISCreport Policy Briefing
Autumn 2020
Foreword

The UK government is committed to eradicating modern slavery and ensuring decent work for all by 2030. With less than a decade to go, modern slavery remains a significant challenge. In 2019-2020, there were more than 11,300 referrals of potential victims of modern slavery to the National Referral Mechanism.

Increasing transparency in supply chains is one effective way of combatting modern slavery. Consequently, in 2015, the government’s Modern Slavery Act included a provision on Transparency in Supply Chains, known as Section 54 or the TISC Provision. Last year, an independent review commissioned by the Home Office recommended that the scope of this provision should be extended to the public sector – including local government.

For local governments to effectively combat modern slavery in their supply chains and meet the requirements of the TISC provision, there is a need to understand the challenges they face in implementing transparency measures. To meet this need, the TISC Report and the Partnership for Conflict, Crime & Security Research have commissioned a research project to chart the implementation of the TISC Provision in local government across England and Wales.

This research focused on the measures being undertaken by local governments bodies to manage Modern Slavery Risk Assessments, and was conducted with the support of a cohort of local authorities in England and Wales who contributed to the research through survey data and stakeholder interviews.

In commissioning this work, my ultimate objective is to help 389 English and Welsh Local Authorities observe and understand the compliance-related behaviours of their suppliers (drawn from 156,000 companies around the world who fall within the scope of the TISC Provision). TISCReport is here to support all UK public bodies, with our open-access database of compliance data from these Authorities. It is hoped that this work will help to inform the next iteration of Section 54 in relation to UK public bodies.

Jaya Chakrabarti MBE, CEO of The TISC Report
Research Findings

Our survey produced many positive signals, with evidence of action taken by local government to tackle modern slavery risks in the supply chain. This is even more encouraging given this is not a statutory requirement. The following are worth highlighting:

- 84% of respondents acknowledge support from Senior Management for pursuing TISC Provision actions against Modern Slavery (Chart 1);
- 86% report that all new contracts include Terms & Conditions addressing Modern Slavery, (Chart 2); 74% of these contracts require specific compliance with the TISC Provision (Chart 3);
- 77% report that they include a high-level Modern Slavery Risk Assessment in the pre-procurement process (Chart 4).

The resourcing challenges illustrated in Chart 8 suggest that a gap can develop between aspiration and practice; procurement teams appear relatively satisfied with resources linked to Audit and Legal Advice, but are hampered by insufficient time, staff or funds to do the job effectively. Chart 1 suggests collaboration between different units within a Council is less than perfect. We speculate that structural and resourcing problems are impacting detrimentally on the mission, reflected in the following:

- only 22% of respondents have identified higher-risk contracts (Chart 5);
- while 87% of respondents use supplier self-declaration form and 57% review suppliers’ statements, only a few use other key sources of information for risk assessments (e.g. supplier due diligence or site visits) (see Chart 6)
- only 37% of respondents indicate that their Councils undertake Supply Chain Mapping (Chart 7);
- 40% of respondents reported that there were insufficient third-party data sources and audit capacity (Chart 8);
- less than 30% of respondents assess the quality of suppliers’ statements and evidence of supply chain transparency (Chart 9).

Our survey only covered 25 local authorities and a relatively small sample size does provide its challenges with a conclusive picture of what is going on ‘on the ground.’ Nevertheless, there are indicators here worth examining.
Our interviews add qualitative flesh to the quantitative bone. The findings here need to be kept in perspective, of course, given the focus on the challenges facing local authorities in tackling modern slavery in supply chains. Nevertheless, the research findings suggest that:

- a decade of austerity has had a detrimental impact on contract management capacity, making it exceptionally challenging to monitor and manage risks effectively;
- knowledge of how to implement modern slavery risk assessments is patchy; this is seen in the scarcity of supply chain mapping and the relative absence of procedures to handle higher risk suppliers;
- insufficient use is made of databases, toolkits and support systems for more robust compliance checks and due diligence procedures.
- there are no clear or consistent lines of communication between local authorities and law enforcement agencies;
- there are limited powers of enforcement by government agencies and a lack of statutory incentives:
  - the TISC Provision applies minimal requirements for information disclosure or such actions as workplace inspection;
  - there is no standardised mechanism to validate, assess, and act on the quality of a Modern Slavery Statement;
  - there are limited opportunities to monitor outputs that could improve implementation through greater accountability.

In conclusion, there is evidence that procurement teams enjoy top management support for this work in this area. But competing operational and political priorities, combined with minimal powers of enforcement, and negligible direction from policymakers, undermine the ability of local government leaders to turn good intentions into effective procedures.

Despite these challenges, we have found that some local authorities have developed approaches to overcome or minimise the obstacles. Some have rejected use of a binary “pass/fail” question at the qualification stage, recognising that one size does not fit all; some produce a modern slavery risk profile for existing as well as new contract; and in some instances there is active communication with suppliers to seek changes in their behaviour.

There are lessons that can be shared and learned here, as well as opportunities to tackle the challenges through collective and collaborative action. Our recommendations below are not restricted to local authority leaders, but also enrol the support of policymakers and legislators.
Recommendations

Based on these findings, we propose the following recommendations:

1. Regional and Local Government Leaders are invited to promote best practice, sharing the practical solutions that have incentivised their teams to overcome challenges and implement the TISC Provision more effectively; for instance:
   
   • adopt the practice (followed by 118 authorities in England and Wales) of appointing an elected councillor as modern slavery champion to oversee and steer the internal implementation;
   
   • ensure procurement is represented at board level and embed the TISC Provision into the corporate strategy, raising its profile within the organisation to promote coordination between different departments;
   
   • incorporate Modern Slavery Risk Assessments into the full cycle of procurement practice (as advocated by the Home Office guidance and Welsh Code of Practice) and invest resources on strengthening the monitoring of risks in contract management;
   
   • enhance risk assessment procedures by adopting more robust analysis (other than the “pass/fail” supplier self-declaration);
   
   • require suppliers to add Modern Slavery social value clauses to new contracts as this will incentivise good practice, including suppliers use of relevant tools and data sets;
   
   • build further capacity through training (eg on reporting practices, the pragmatic application of Modern Slavery Risk Assessments, and use of supply chain tracking in preference to mapping);
   
   • strengthen “communities of practice” where Authorities work together to share best practice and achieve efficiencies of scale, e.g. sharing due diligence data across public, private and voluntary sectors to inform audits, etc (using platforms such as Electronics Watch, Sedex, and TISCreport).
2. The UK Home Office is invited to further build on the good work of the Home Office Modern Slavery Unit to increase the effectiveness of the TISC provision in Local Government. This can be achieved through:

- enabling better access to relevant data sources, such as Law Enforcement data, previous Risk Assessment Reports and outputs from use of the Modern Slavery Assessment Tool;

- enabling effective two-way data sharing channels between the Home Office and key data custodians across all sectors (including the Police, the Modern Slavery Helpline, NGOs, private sector data platforms such as Amazon and TISCreport, and NHS Digital) via the existing Modern Slavery Data Group forum.

3. The Cabinet Office, DCLG, the Independent Anti-Slavery Commissioner and the APPG on Human Trafficking and Modern Slavery are invited to consider our findings as part of a wider strategy to enable more effective local and central government buying decisions in preparation for the inclusion of public bodies in the scope of Section 54. In particular:

- the issues around limited use of non-governmental open data could be resolved with greater guidance on share-alike and other open data usage licenses, and the development of a register of trusted non-government data sources;

- enforcement measures could helpfully be introduced in an update to Public Contracts Regulations 2015 (and other procurement-related legislation), enabling buyers to bear down on non-compliant suppliers; (this could cover, inter alia, payment practices, supply chain transparency and minimum wage);

- the creation of a Central Government Transparency Code (in alignment with the Local Government Transparency Code 2015) would reinforce supply chain transparency across the whole of the UK’s public sector.

4. BEIS is invited to use these findings to inform their consultation for a Single Enforcement Body for Employment Rights. If sufficiently resourced, this Body would be well-placed to establish a labour inspection mechanism for public sector supply chains. This would enable the beneficial aggregation of data from cross-sectoral partners, facilitating evidence-based policy development and assessment.
Organisations:

TISCreport
TISCreport.org is a Transparency In Supply Chains Open Data platform built on the foundations of Section 54 of the UK Modern Slavery Act 2015. Its purpose, as a B Corp Social Enterprise, is to eradicate exploitation (modern slavery, human trafficking, labour exploitation) and corruption from supply chains. The platform connects multiple data sets – both proprietary and open - in order that they might create valuable insight in tackling Modern Slavery.

The Partnership for Conflict, Crime and Security Research
The Partnership for Conflict, Crime and Security Research (PaCCS) was established by Research Councils UK (now UK Research and Innovation, UKRI) in 2008 as the Global Uncertainties Programme with an aim of delivering high quality, cutting edge research to help improve our understanding of current and future global security challenges. PaCCS presently focuses on the core areas of conflict, cybersecurity, and trans-national organised crime. Our team works to support research, to build connections amongst our research community, and to explore the results of UKRI-funded research projects in our core areas, with the aim of facilitating knowledge translation and research impact. PaCCS has supported collaboration by bringing together researchers from across disciplines to work together on innovative research projects. By creating opportunities for knowledge exchange between government, industry, and the third sector, activities funded under PaCCS continue to deliver impact beyond the academic community.

The partnership is supported by a Research Integrator (Tristram Riley-Smith) based at the University of Cambridge. This placement with the TISCreport.org is part of the Research Integrator’s workstream linked to Transnational Organised Crime: Deepening & Broadening Our Understanding, a PaCCS programme.

This report was authored by Yongyu Zeng, a doctoral candidate assigned by the Partnership of Conflict, Crime & Security Research (PaCCS) to work with the TISCreport. This policy briefing has been edited and designed by PaCCS Communications Officer Kate McNeil.