



EXECUTIVE SUMMARY
REPORT TO THE BOARD OF DIRECTORS MEETING
HELD ON 20 APRIL 2016

Subject	Modern Slavery Act 2015
Lead	Neil Riley, Assistant Chief Executive
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Status	D and A

PURPOSE OF THE REPORT

To provide the Board of Directors with a background brief on the Modern Slavery Act 2015 and an understanding of implications for the Trust. To provide a supporting action plan with deadlines and leads to ensure compliance with the Act. To seek Board of Directors approval for a Modern Slavery Statement for publication on the Trust's website.

KEY POINTS

- The Modern Slavery Act was passed by Parliament in March 2015. The provisions of the Act came into effect in October 2015.
- Unfortunately Modern Slavery is not uncommon but it is not always visible as supply chains in a globalised economy are increasingly complex.
- The Act consolidated slavery and trafficking offences, strengthened powers of enforcement and introduced tougher penalties. It also included a transparency clause requiring all UK based businesses with a turnover of over £36m to make an annual statement on the steps it has taken in the previous financial year to ensure its business and supply chains are free from Modern Slavery, which the Act defines as slavery, servitude, forced or compulsory labour and human trafficking. The statement should be Board approved, signed by a director and must be published on an organisations website.
- The Trust is obligated under the Act.
- Whilst the Act does allow organisations to disclose that no steps have been taken in the previous year, this would be clearly at odds with the values of the Trust and would be damaging to its reputation and probably attract regulatory action.
- In common with many organisations in the UK, the Trust has just started work to address the issue and the draft statement reflects the progress during 2015/16 but includes a comprehensive action plan to take this forward in 2016/17.

IMPLICATIONS

AIMS OF MAKING A DIFFERENCE : Corporate Strategy 2012-17		Assurances Received (Tick as appropriate)
1	Deliver the best clinical outcomes	
2	Provide patient centred services	
3	Employ caring and cared for staff	X
4	Spend public money wisely	X
5	Deliver excellent research, education and innovation	

RECOMMENDATIONS

The Board of Directors is asked to **APPROVE** the action plan to ensure ongoing compliance with the Modern Slavery Act and to **APPROVE** the Modern Slavery Statement for 2015/16 for publication on the Trust's website.

1 Introduction

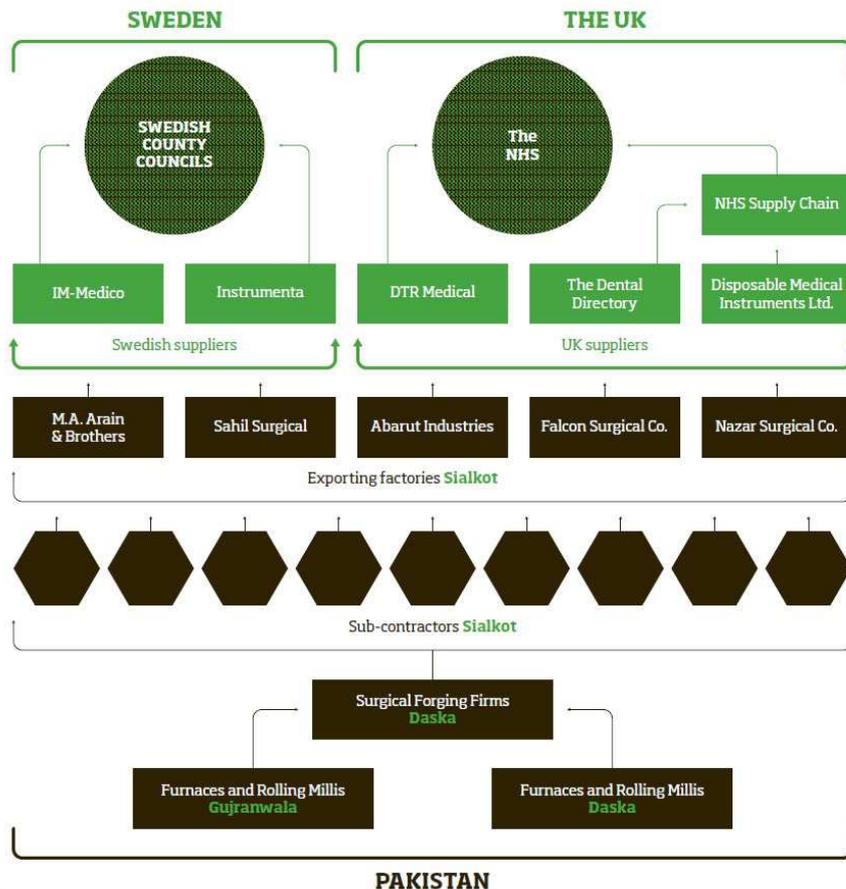
- 1.1 Following similar legislation introduced in US, Brazil and Australia, in March 2015 the Modern Slavery Act was passed by Parliament. The provisions of the Act came into effect in October 2015.
- 1.2 The Act consolidated slavery and trafficking offences, strengthened powers of enforcement and introduced tougher penalties.
- 1.3 In addition, Clause 6 of the Act: “Transparency in Supply Chains” requires businesses of a certain size to publish annually a slavery and human trafficking statement that summarises the steps taken during the previous financial year to ensure that slavery and human trafficking is not taking place in any part of its own business or its supply chains. The disclosure statement must be published regardless of whether any steps have been taken or not.
- 1.4 If Trust fails to make a statement for any financial year the Secretary of State can seek an injunction and if the Trust fails to act on the injunction it is in contempt of court, which is punishable by an unlimited fine. Although Monitor has remained silent on the issue to date, it is likely that the obligation will be subject to regulatory enforcement. In addition, failure to comply may also damage the reputation of the organisation.

2 Background

- 2.1 Modern Slavery is a term used to encapsulate the two offences included in the Act i.e.
 - Slavery (i.e. where ownership exercised over a person), servitude (i.e. which involves an obligation to provide services and is imposed by coercion) and forced or compulsory labour (i.e. work or service exacted from any person under the menace of a penalty and for which the person has not offered himself voluntarily), and
 - human trafficking which concerns arranging or facilitating the travel of another with a view to exploiting them.
- 2.2 Unfortunately, Modern Slavery is increasingly common:
 - The 2014 Global Slavery Index estimates 35.8 million people are living in some form of modern slavery globally and 61% are estimated to live in 5 countries: India, China, Pakistan, Uzbekistan and Russia.
 - According to the International Labour Organisation, illegal profits from forced labour amounted to more than \$150 billion a year.
 - In the UK, 1746 cases of slavery were reported in 2013, however, the Home Office estimated there were between 10-13,000 victims of Modern Slavery in the country in the same year.
- 2.3 There is no expectation in the Act that the Trust (or indeed any eligible organisation) can *guarantee* there is no Modern Slavery in their business or supply chain, rather that reasonable steps have been taken to make them free of Modern Slavery. Whilst Modern Slavery is illegal in every country in the world, it still occurs in every country. It is acknowledged that many suppliers are either wilfully blind or will go to extreme lengths to hide the fact that Modern Slavery is in use. Assurances from legislation, Codes of Practice or Conduct and audit are useful but from recent evidence cannot be used as absolute assurance.
- 2.4 The nature of global supply chains for goods and services is increasingly complex. Modern Slavery can be found anywhere in the chain but it tends to be much worse the further down the value chain, where there is little visibility and the poorest and most vulnerable workers.
- 2.5 That is why the disclosure requirement is challenging. In a survey published in October 2015, found that 72% of supply chain professionals admit to having no visibility of their supply chain below the second tier (Chartered Institute of Procurement and Supply, CIPS).
- 2.6 Procurement of goods and services within the NHS is equally complex and may occur by direct supply to end-users, or through a number of local, regional or national procurement hubs.

Case study:

Thousands of surgical instruments are used every day in operations throughout the UK, and a large proportion of these instruments are produced in the city of Sialkot, in north-eastern Pakistan. Since 2007, the BMA in partnership with Swedwatch (a Swedish lobbying group) has reported on labour rights throughout a complex supply chain which involves many stages of production and contractors and sub-contractors -see below.



(Heathier Procurement, BMA 2015)

Since 2017, their reports have documented numerous labour abuses e.g. anti-union policies, a lack of health and safety measures, violations of local labour laws with regard to minimum wage and excessive overtime, and widespread child labour. However, with the introduction of social criteria into UK and Swedish public contracts to supply surgical instruments, the conditions for workers in the supply chain have improved. Child labour is now strictly forbidden, wages are paid in accordance with the minimum wage, and employees are not forced to work overtime. However, challenges such as health and safety, freedom to unionise and working conditions in sub-contracting factories remain.

3 Current position

- 3.1 As a corporate body that carries out a business in the UK supplying goods and services with a turnover in excess of the £36m threshold and with a year-end of 31 March 2016, the Trust is obligated under the Act to make a statement for year 2015/16 and annually thereafter.
- 3.2 The Act does permit an organisation to make a disclosure that no steps have been taken in the previous year. However, whilst this may be acceptable for this year there are likely to be reputational and regulatory consequences if no action is taken. It is anticipated that the issue will attract increased public scrutiny, especially for public sector organisations.

3.3 In common with a significant proportion of eligible UK businesses ¹, the Trust is able to report it has made limited progress for 2015/16 i.e. it is starting to act on the issue and has an outline action plan to take the work forward during 2016/17 – see Appendix 1, with the intention to consolidate and build upon success in future years.

4 The statement

4.1 The Act does not prescribe a template for the disclosure statement but suggests the following for inclusion:

- an outline of the Trust's structure, business and supply chains
- policies in relation to Modern Slavery
- due diligence processes in relation to Modern Slavery in its business and supply chains
- the parts of its business and supply chains where there is a risk of Modern Slavery and steps it has taken to assess and manage that risk
- the effectiveness in ensuring the Modern Slavery is not taking place in its business or supply chains.
- staff training concerning Modern Slavery

4.2 The statement must be approved by the Board of Directors and signed by a director.

4.3 It must be published on the Trust's website and include a link to the statement in a prominent place on the website's home page. As a public facing document it should be written in plain English but consideration should be given to providing the statement in other languages.

4.4 The draft 2015/16 Statement on Modern Slavery is attached as Appendix 2.

5 Recommendation

The Board of Directors is asked to approve the action plan to ensure ongoing compliance with the Modern Slavery Act and to approve the Modern Slavery Statement for 2015/16 for publication on the Trust's website.

¹ Recent CIPS survey suggest a significant proportion of businesses are either unaware of the obligations of the Act or have not taken any action to comply or have not taken any steps to remove Modern Slavery from their business or supply chains.

Modern Slavery Act Action Plan

Action	Notes	Deadline	Lead
Board paper on MSA and compliance implications, including action plan and Draft 2015/16 Statement to be signed by Chairman and CEO for Board meeting on 20 April.	The Act allows for making a statement for 2015/16 that no steps have been taken to ensure business and supply chains are MS free. However, the Trust can report limited progress, namely a project plan for 2016/17 has been developed.	13.04.16	AC
Agree future governance arrangements re ongoing MSA compliance.	It is recommended that TEG has oversight of MSA Action Plan. Consideration should be given to identify a Board member or senior manager to champion the project and gain senior management buy-in.	13.04.16	NR
Subject to Board approval, publish the MSA Board approved 2015/16 Statement on the Trust's website.	The Act requires the link to the Statement to be in a prominent place on the home page itself - either directly visible on the homepage or part of an obvious drop-down menu on the homepage.	May 16	JP
Include a short summary in Annual Report and Accounts including directions to reader how to find the full 2015/16 Board-approved Statement on the Trust's website.	In the absence of any direction in the 2015/16 Annual Reporting Manual, include the summary within the Accountability Section under the Directors Report.	May 16	PT, JP
Scope the Trust procurement flows to identify the key leads with a procurement function.	Although most procurement will be through Supplies, other directorates have a significant procurement role e.g. Estates, Pharmacy, Catering, Human Resources.	Jun 16	AC TW
Establish a project group to lead the MSA work, agree Terms of Reference including membership, accountability and reporting arrangements.	Review and amend this action plan, as appropriate. Identify work streams with agreed deadlines, KPIs and performance management arrangements. Consider the workload implications of the project plan and, as appropriate, make a business case for additional resource.	Jun 16	AC TW
Respond to national initiatives to comply with MSA, as appropriate.	It is anticipated that further compliance guidance, amended standard contracts, relevant regulations etc will be issued by Home Office, DH, NHSE, NHS Improvement, specialist bodies such as NHS Employers, NHS Supplies and professional bodies such as Chartered Institute of Purchasing and Supply (CIPS) from 31 March 2016 onward. For example, from early 2016, NHS Supply Chain will be contacting all its suppliers which meet the £36m pa turnover threshold requesting disclosure details and will be communicating with Medical Supplier Boards and relevant Trade Associations on the matter.	Apr 16 onward	AC TW

Action	Notes	Deadline	Lead
Risk assess the Trust's own business and map its supply chains in terms of the risk of slavery and human trafficking taking place and to amend this action plan to manage any identified additional risks.	Any risk assessment should go further than geographical risk analysis i.e. Asia and Africa but should include high risk sectors e.g. cleaning products, laboratory supplies, surgical instruments etc to develop a comprehensive risk profile.		AC TW
Develop and deliver a risk-based programme of due diligence in the Trust's own business and its supply chains.	Taking a risk-based approach, due diligence will include seeking assurances from suppliers re MS, reviewing existing contracts, ensuring relevant MS provisions are included in Pre-qualification questionnaire and in new contracts. It is anticipated that the terms of the national standard contract will be amended to incorporate MS compliance and the Trust will amend its contracts accordingly.	Jun 16 onward	TW
Seek opportunities for joint working with partners to provide city-wide, patch, regional or national networked cover.	The significant majority of the Trust's supply chains will be used by other NHS organisations. It would be more efficient and cost effective for collaborative working to seek and share assurances. Such an approach should simplify managing the remaining minority of NHS supply chains that are unique to the Trust.	Jun Onward	TW
Engage Internal Audit to review the Trust's due diligence process and to test a sample of supply chains.	Any change to Audit Plan requires Audit Committee approval.	Jan/Feb 2017	JW
Review and update relevant Trust policies and procedures currently in place and develop additional policies, as necessary.	Key current policies include Safeguarding Adults and Raising Concerns at Work. In addition to referencing MSA, make provision to respond to an incidence of MS. Potential new policies for development include a Procurement Code of Practice.	Aug 16	AC
Develop a programme of staff training concerning Modern Slavery.	The programme should make provision for in-depth training for staff directly involved in procurement as well as targeted awareness raising training for managers and staff.	Sept 16	tbc

Key:

- AC Corporate Governance Project Manager
- PT Risk and Assurance Manager
- JP Director of Communications and Marketing
- TW Procurement Director
- JW Deputy Director of Finance – Financial Accounting
- NR Assistant Chief Executive

Modern Slavery Act 2015/16 Annual Statement

In accordance with the Modern Slavery Act 2015, Sheffield Teaching Hospitals NHS Foundation Trust makes the following statement regarding the steps it has taken in the financial year 2015/16 to ensure that Modern Slavery i.e. slavery and human trafficking, is not taking place in any part of its own business or any of its supply chains.

About the Trust

Sheffield Teaching Hospitals NHS Foundation Trust is a large and complex organisation incorporating acute and community health services.

As well as a number of community health bases across the city, the Trust acute hospitals are:

- The Royal Hallamshire Hospital,
- Northern General Hospital,
- Jessop Wing
- Weston Park Hospital
- Charles Clifford Dental Hospital.

The Trust is the largest integrated NHS Foundation Trust in England, employing over 16,000 staff with an annual revenue budget of over £1billion.

It provides general acute services to the population of Sheffield, tertiary services to the population of South Yorkshire, North Derbyshire and North Nottinghamshire (2.2 million population) and a number of important supra-regional and national services including stereotactic radiosurgery, limb reconstruction, ocular oncology, choriocarcinoma and renal transplant surgery. It also covers the physical health needs for all adults in Sheffield in terms of community services from district nursing to podiatry, to specialist palliative care in people's homes.

The Trust is part of a major teaching centre with Schools of Medicine, Dentistry and Nursing based across its campuses. Pre-registration and postgraduate training is also provided for a range of other professions including radiography, medical laboratory science, physiotherapy, occupational therapy and pharmacy.

As well as providing direct patient care and professional training, the Trust has a major role in clinical research, innovation and development activity and works in partnership with the University of Sheffield and Sheffield Hallam University to promote their programmes of both basic science and clinical research.efforts.

Action taken during 2015/16

The Trust is aware of the key issues around the Modern Slavery Act. A briefing paper on the incidence of Modern Slavery and the implications of the 2015 Act was considered by the Board of Directors at their meeting on 20 April 2016. The Board of Directors approved this statement for publication on its website and approved an Action Plan for 2016/17 ([hyperlink to Action Plan](#)) including a number of work streams for 2016/17 and onward, to ensure Modern Slavery is not taking place in any part of its own business or any of its supply chains.

Signed by

Tony Pedder
Chairman

Sir Andrew Cash
Chief Executive

20 April 2016