U.K. Government takes further steps towards increased regulation of human rights for business

Article By
Helena Milner-Smith
Hannah Edmonds

Covington & Burling LLP
Global Policy Watch

Related Practices & Jurisdictions

- Civil Rights
- Corporate & Business Organizations
- Labor & Employment
- Global
- United Kingdom

Thursday, August 3, 2017

We recently reported on the global trend towards improved business “non-financial reporting” of human rights and environmental practices. The latest U.K. developments in this area are the Modern Slavery (Transparency in Supply Chains) Bill 2017 (the “Bill”) and a report on labour market enforcement strategy published by David Metcalf, the U.K. Labour Market Enforcement Director, last week.

1. Modern Slavery (Transparency in Supply Chains) Bill 2017

If enacted in its current form, the Bill will amend existing U.K. legislation, including section 54 of the Modern Slavery Act 2015 (which we previously reported on here), to make further provision for transparency in supply chains in respect of slavery and
human trafficking.

If the Bill is enacted, the key changes for businesses to be aware of are as follows:

- Section 54 of the Modern Slavery Act, which requires certain companies to publish an annual statement on action taken to eradicate slavery and human trafficking from their business and suppliers (a “MSA Statement”), will be amended so that:
  - certain content of the MSA Statement will be mandatory, rather than voluntary;
  - if an organisation makes a MSA Statement that it has taken no steps to eradicate slavery and human trafficking from its supply chain and business, it must explain the reasons for this;
  - public authorities will be required to make MSA Statements, in addition to commercial organisations; and
  - the Secretary of State must publish a list of all commercial organisations that are required to publish a MSA Statement, in a place and format that is easily accessible.

- Regulation 57 of the Public Contracts Regulations 2015 shall be amended so that a bidder will be prevented from participating in a public procurement procedure unless it has complied with the obligation to publish a MSA Statement (provided it meets the threshold to comply). This gives commercial organisations seeking to compete for public contracts further incentive to comply with the Modern Slavery Act.

The Bill had its first reading in the House of Lords on 12 July 2017 and we are awaiting the announcement of the date of the second reading.


Following his appointment in January 2017, David Metcalf – the U.K.’s first Labour Market Enforcement Director – has published his introductory report (the “Report”). The Director plans to consult in the coming months ahead of publishing the first strategic plan in early 2018. The Report outlines the main functions of the Director, which include:

- addressing issues surrounding national minimum/living wage enforcement, licensing of labour providers, the operation of recruitment agencies and tackling modern slavery; and
- reviewing the performance of the three principal labour market enforcement bodies; the National Minimum/Living Wage Enforcement Teams in HM Revenues & Customs, the Gangmasters and Labour Abuse Authority (GLAA) and the Employment Agency Standards (EAS) Inspectorate

The Director comments in the Report that: “The flexible labour market should be buttressed by thorough and sustained enforcement of minimum labour standards”.

Last week, the U.K. Supreme Court ruled unanimously that the Government’s introduction of Employment Tribunal fees in 2013 was unlawful and unconstitutional because of their impact on access to justice. The Report acknowledges that, until
recently, the enforcement of statutory employment protection provisions was mainly via Employment Tribunals enforcing individual rights. The Director emphasises the increasingly important work of statutory enforcement bodies in tackling labour market exploitation and understanding the U.K.’s “hidden economy”.

The above developments are further examples of the U.K. Government’s increased focus on preventing human rights abuses in both commercial and public sector organisations. In light of the Report, further activity in this area is expected and we will continue to track and report on developments.

© 2021 Covington & Burling LLP

National Law Review, Volume VII, Number 215

Source URL: https://www.natlawreview.com/article/uk-government-takes-further-steps-towards-increased-regulation-human-rights-business