



HM Treasury

HM Treasury

**Modern Slavery
Statement
2021**



HM Treasury

**Ministerial Foreword from Helen Whately MP
(Exchequer Secretary to the Treasury)**



Modern slavery affects an estimated 40 million victims globally. Innocent people around the world, including children, are being treated as commodities and exploited for criminal gain, women and girls being disproportionately affected. The UK is at the forefront of international action to tackle modern slavery practices. It is essential that we do not spend money on goods and services supplied by those who exploit vulnerable people.

Public procurement therefore has a key role to play in preventing Modern Slavery and Human Rights abuses. We are taking action to identify, mitigate and manage the risks in the contracts which are held across HM Treasury and its agencies. We will also take a wider role in working with the Cabinet Office, Crown Commercial Service and other Government Departments to ensure that we are working with our suppliers to eliminate modern slavery in our supply chains.

This, our first modern slavery statement, sets out the actions we have already taken to identify, prevent and address modern slavery in our supply chains. It also sets out our goals, future plans and our unwavering commitment to tackling this heinous crime.



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Section 1: Organisation structure and supply chains

Background on department's function

HM Treasury is the government's economic and finance ministry, maintaining control over public spending, setting the direction of the UK's economic policy and working to achieve strong and sustainable economic growth. It is supported by [15 agencies and public bodies](#).

Details of HM Treasury's strategic objectives and its people can be found in its [Outcome Delivery Plan](#)

The following HM Treasury Agencies and Public Bodies have published their own statements: [Financial Conduct Authority](#); [National Savings & Investment \(NS&I\)](#); [Reclaim Fund Ltd](#); [Royal Mint](#); [UK Asset Resolution \(UKAR\) Ltd](#)

Sourcing Arrangements

HM Treasury's procurement functions were transferred to **Crown Commercial Service (CCS)** in 2013. Since then, CCS (which is an executive agency and trading fund of the Cabinet Office) has managed the procurement activities of both departments in line with its standard processes and procedures. CCS is the procurement arm for the significant majority of goods and services which are sourced by the Department.

HM Treasury retains a small central commercial team which forms part of a joint Commercial Directorate with Cabinet Office commercial staff. The Directorate works collaboratively on eradicating modern slavery in the departments' supply chains as well as on other important commercial policy agendas.

CCS

CCS manages over 100 commercial agreements for the purchase of common goods and services, organised into four category groups, called "pillars". The four pillars in CCS are Buildings, Corporate, People and Technology. There were approximately 10,000 suppliers registered on these commercial agreements in the reporting period, the significant majority of which are UK registered. Spend through CCS agreements was £22.71b for the reporting period.

Cabinet Office and CCS work together to assure both customers and the public that spend on goods and services is not funding abuses of human rights. This is particularly important in view of the volume and value of procurements which CCS are involved in running for HM Treasury, other Government Departments and for the wider public sector.



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Reporting period

This statement sets out the steps that HM Treasury has taken during the year 1 April 2020 to 31 March 2021 to prevent modern slavery and human trafficking in its business and supply chains.

Commercial Function

Supply chain facts and figures

HM Treasury spend with third party suppliers via contracts for the financial year 2020/21 was £105m. This included 7 Contracts which were classified as “Gold”¹ following a tiering exercise.

Contracts are risk assessed using a tiering tool which looks at several factors: value, complexity of the service provision, market stability and maturity, impact of supplier failure and information security risk. This risk assessment determines a level or tier of risk (gold, silver, or bronze – bronze being lower risk), which in turn prescribes specific processes to be applied during the contract management phase commensurate to the level of risk.

The top 3 categories of spend across the department is for services relating to Professional Services, Buildings & Facilities and ICT. Where possible, spend for these categories is channelled through CCS frameworks, where safeguards are in place to protect against Modern Slavery. While CCS undertakes due diligence with regards to modern slavery risk at framework level, HM Treasury take forward additional due diligence where required as part of their contract management responsibilities.

Anti-Slavery Advocate

Governance of modern slavery risk is sponsored and overseen by our Anti-Slavery Advocate, Tim Rogers (Commercial Director). Key components of the governance process include championing, promoting and developing our policies and programmes to address modern slavery in our procurements and contracts.

¹ A Gold Contract is defined as a strategically important Contract within the Department.



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Section 2: Policies in relation to modern slavery

Modern Slavery

The Modern Slavery Act 2015 is actively embraced by HM Treasury with tenders and contracts including strong obligations regarding compliance with modern slavery legislation. HM Treasury also actively deploys the provisions under section 54 (Transparency in Supply Chains etc) of the Act to require large businesses to report on the steps they have taken to tackle modern slavery in their operations and global supply chains.

HR Policy

The terms and conditions of service for government departments and agencies are set out in the Civil Service Management Code.

The Civil Service Human Resources function provides model policies and guidance on topics including fixed-term appointments, agency workers, and employee relations which the Department draws on to reflect our specific needs.

To manage the risk of exploitation of directly employed staff, the government has a system of rigorous employment checks. Due to our comprehensive policies and processes for employing staff we consider the risk of slavery, including forced labour, to be extremely low in our directly employed workforce.

HM Treasury is committed to providing a safe working environment for all our staff. We have a range of policies and procedures in place covering building safety, staff safety and contractors. We have specific reporting tools in place to enable people to report an accident or incident should the need arise, and we adhere to current health and safety legislation.

There are arrangements in place for staff to report any concerns they might have about being required to act in an improper way, or any evidence they might have of unethical, improper, criminal or unlawful activities by others. An example of which could be concerns about Modern Slavery

Social Value

HM Treasury ensures that wider Government policies are actively being implemented into its business and commercial processes. This includes [Procurement Policy Note 06/20](#) which relates to Social Value. The Commercial Team actively works with CCS and business units within the Department to apply social value requirements to its procurement activity as well as reinforcing strong messages around how we can achieve added social value beyond that which we are buying. This includes consideration on how social value requirements in contracts can support the fight against Modern Slavery.



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Section 3: Risk assessment and due diligence

CCS acts as the procurement arm for HM Treasury and the department relies on them to risk assess suppliers on their frameworks. This is supplemented by further due diligence undertaken by Contract Managers within the Department. Modern slavery forms a standard agenda item as part of the routine commercial engagement between HM Treasury and CCS. The activity covers:

- Identifying potential risks to HM Treasury through suppliers completion of the [Modern Slavery Assessment Tool \(“MSAT”\)](#). Engagement with low scoring suppliers is prioritised with particular focus on suppliers with overseas supply chains.
- Looking at using MSAT to assess the suppliers which HM Treasury award contracts to outside of CCS frameworks.
- Supporting any wider work which CCS takes forward around implementing Modern Slavery policies and specifically making risk assessments and due diligence on suppliers, part of the business as usual process.

CCS has taken forward a number of actions as part of its active pursuance of Modern Slavery policies. These have included:

- Risk assessing its entire portfolio of commercial agreements to determine whether they were at high, medium or low risk of modern slavery occurring. This was a significant exercise which identified 26 framework agreements with potentially high risk supply chains.
- Overseeing more than 200 framework suppliers completing the MSAT which ensured a rich level of data to look through to draw future recommendations from. Follow-up conversations with suppliers who completed the first campaign started early in 2020. However, this was one of many areas of work disrupted by the COVID-19 pandemic. In future, CCS will use supplier performance review meetings to focus on improvements that need to be implemented to tackle any identified modern slavery risks.
- Taking steps to make completion of the MSAT questionnaire a contractual requirement post-contract award in new commercial agreements. It is also taking steps to ensure that individual suppliers who fall in scope of the Modern Slavery Act publish annual modern slavery statements on their web sites.
- Including a requirement under schedule 5 of the Public Sector Contract to include anti-slavery and human trafficking provisions in all its contracts. This most notably includes the need for suppliers to prepare an annual statement which sets out the steps they have taken to address and tackle modern slavery in any part of its business or supply chains.



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Role of HM Treasury

HM Treasury delivers its Modern Slavery policies through a number of interventions which are made throughout the procurement cycle using the following checklist:

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| Pre-Procurement / Specification |
| Has the risk of modern slavery been established? At what level - low, medium or high? |
| Has early market engagement identified SMEs/VCSEs in supply chains? If not, what actions can you take to generate interest from SMEs/VCSEs in bidding? |
| Can modern slavery risks be managed / mitigated within the service or activity? |
| Are the modern slavery risks clear to the market / potential bidders? Are they in agreement with your assessment of the risks? |
| Are the monitoring arrangements clearly set out? Have you tested for burdens on SMES/VCSEs? Does the market agree these are proportionate to the risks? |
| Can the Standard Selection Questionnaire (part 3) be supplemented with additional questions for medium / high risk contracts? Can SMEs/VCSEs meet these asks without creating burdens or barriers to their participation? |
| Do the award criteria take account of the risk of modern slavery? How? |
| What evidence will suppliers be asked to provide? Is the evidence required proportionate to the risk? Have you tested this with SMEs/VCSEs? How will the credibility of this evidence be assessed? |
| Have the terms and conditions of the contract been set out? Do they meet your needs to address risks of modern slavery? E.g. where relevant you should set out your rights to carry out site visits and/ or receive management information. Do the terms and conditions pass unnecessary risks to suppliers? Are the terms and conditions suitable for SMES/VCSEs? |
| Selection Stage |
| How will you verify that the mandatory exclusion grounds relating to modern slavery offences do not apply? |
| Award Stage |
| What evidence will bidders provide to demonstrate they have addressed any specification requirements in relation to managing modern slavery risks? Is the evidence proportionate to the risk? |
| What evidence will bidders provide to demonstrate, if subcontractors are used, that the supply chain will be managed and monitored to mitigate any modern slavery supply chain risks? Is the evidence proportionate to the risk? |
| Are workforce conditions, working and employment practices and a bidder's recruitment practices relevant to the subject matter of the contract? Have any minimum requirements or award criteria been clearly set out to bidders, using Annex C example questions and criteria, where relevant? Have you tested this with the market to ensure it is not burdensome to provide or likely to deter SMEs/VCSEs from bidding? |



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Contract Management

Are there proposed KPIs in place to monitor progress against managing modern slavery risks? Are these proportionate?

Have you set out how communication and reporting lines will be established with the supplier?

Has the requirement to regularly report on modern slavery risks been set-out? How will supplier performance be managed in this regard? Are these proportionate to the risk?

Are site visits / audits necessary to monitor modern slavery risks? If so, who is responsible?

Have you established a clear and unambiguous process for reporting and responding to suspected incidents of modern slavery?

Do you have a contingency plan in place to ensure continued safe service delivery if modern slavery risks are identified or cases of modern slavery have been reported?

The principles are applied to procurement activity which HM Treasury takes forward through the use of CCS with the checklist being used as one of the tools by which performance is quality assured and measured.

Approach adopted by CCS

As part of its approach to risk, CCS uses the updated [standard selection questionnaire](#) for managing HM Treasury procurement. This enables an assessment of prospective bidders' credentials and the ability to determine whether they have breached their obligations in the field of social and labour law and standards.

As part of this approach all bidders are required to confirm whether their organisation (or anybody working in it with decision making powers or control) has been convicted of child labour or human trafficking offences or any other modern slavery crimes, as part of the selection process. Bidders who have been convicted of certain modern slavery offences under the Modern Slavery Act 2015 within the last 5 years risk being excluded from public procurements, unless they can clearly demonstrate that they have taken measures to remedy these failures and prevent recurrence.

Bidders are also asked to confirm whether they are in scope of Section 54 of [the Modern Slavery Act 2015](#). Section 54 of the Act requires, amongst other things, certain commercial organisations who have a turnover of over £36 million to publish an annual modern slavery statement on their website, and any bidder who is in scope is required to provide CCS with a link to their statement.

CCS is able to disqualify any bidder from a place on its frameworks for modern slavery convictions and suppliers can be suspended or removed for performance failures and failure to respond to reasonable requests for information.



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Section 4: Training and Awareness Raising

HM Treasury Commercial staff have participated in Modern Slavery webinars run by the Government Commercial Function as part of its formal commercial awareness outreach and also undertaken training in Ethical Procurement and Supply.

Our commercial staff also contributed to the development and implementation of the new Government Social Value Model which includes tackling Modern Slavery as one of its underpinning priorities.

As part of Government's efforts to tackle modern slavery in global supply chains, the Home Office's Modern Slavery Unit and Joint Security and Resilience Centre have produced an e-learning course for public sector commercial staff (at all grades) on the practical steps they can take throughout the commercial lifecycle to identify and mitigate modern slavery risks. All HMT commercial staff will be required to complete this training. The e-learning course will give users a strong set of skills to:

- Recognise how modern slavery can manifest in supply chains.
- Spot modern slavery risks in procurement and critically interrogate the assurances suppliers provide (such as social audits).
- Drive improvements in modern slavery due diligence to create better outcomes for workers.

Procurement Policy Note (PPN) 05/19 has also been the subject of discussion at our joint Cabinet Office & HM Treasury Commercial Directorate all staff meeting to raise awareness of ongoing work across Government and in both departments to eradicate Modern Slavery from our supply chains.



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Section 5: Goals and Key Performance Indicators (KPIs)

This section provides an overview of how HM Treasury, working with CCS, has performed against the key goals which are set out in the Government's Modern Slavery Statement.

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| Anti-slavery advocates at director level to help oversee their activity and increase awareness of action their Department should take. | ✓ |
| Invite major suppliers in high-risk areas to complete the Modern Slavery Assessment Tool | ✓ |
| Review, and where relevant amend, their procurement policies following publication of Procurement Policy Note 05/19. | ✓ |
| Begin or continue contract risk assessments to ensure their action plans are targeted. | ✓ |
| Develop KPIs to help us understand whether the action we are taking is working well and where we need to improve. | ✓ |
| Departments begin mapping tier 2 suppliers for high risk supply chains. | ✓ |
| Participate in training (to build capacity internally) and cross Government working groups to collaborate on common interests. | ✓ |

We intend to build on this by:

- Reviewing and risk assessing our most important existing contracts and undertaking random sampling of lower value requirements.
- Seeking to maximise completion rates for MSAT in future campaigns.
- Seeking to understand why some suppliers may have been reluctant to complete MSAT and look at ways that we can encourage them to complete an assessment. Making it a contractual requirement if necessary.
- Placing a stronger emphasis on management of Modern Slavery risk in performance review conversations with high and medium risk scoring suppliers.
- Focusing on improvements that suppliers can make to their ways of working and how this may improve their scores.
- Reviewing new commercial agreement business cases for modern slavery risk management, assurance and prevention proposals.



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Key performance indicators 2021-22

HM Treasury are taking action to identify, mitigate and manage modern slavery risks in its supply chains. The specific KPIs for which are outlined below. In addition to these HM Treasury will support CCS in taking forward the KPIs which are included in its Modern Slavery Statement.

Commercial Capability

KPI 1 – 100% of Commercial Directorate Staff will have undertaken the new Home Office Modern Slavery Unit’s eLearning course by 31st March 2022. New joiners to the Commercial Directorate to undertake the course within one month of joining.

Risk Assessment & Management

KPI 2 - Modern Slavery risk assessments to take place on all new requirements over £1m.

Due Diligence

KPI 3 - By Spring 2022 MSAT will be completed for all new requirements over £1m which are assessed as medium to high risk of Modern Slavery.



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Approvals

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Approved by the Permanent Secretary and Executive Management Board on 19 October 2021

Approved by the Exchequer Secretary to the Treasury on 20 October 2021