Department
of Health &
Social Care

Review of risk of Modern Slavery and Human Trafficking in the NHS Supply Chain

December 2023

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Ministerial foreword

The UK government is committed to eradicating the crime of modern slavery both domestically and abroad. Since the publication of the first modern slavery statement in 2020, concerted action across the government has ensured that risks of modern slavery in our supply chains are diligently identified and addressed.

In April 2022, the Health and Care Act came into force, introducing significant reforms in the administration and delivery of health and care services in England. Section 47 of the Act mandates a comprehensive review by the Secretary of State for Health and Social Care to assess the potential risks of slavery and human trafficking within NHS supply chains.

This ensuing review, undertaken by NHS England and NHS Supply Chain Coordination Limited scrutinised 1,361 suppliers. It encompassed around 600,000 products, including approximately 30,000 cotton-based items.

This review marks an important step in our ongoing commitment to eradicate modern slavery from our healthcare system. A collaborative, multi-faceted approach is necessary, involving not just government departments but also healthcare providers, suppliers, and other stakeholders. The actions we take following this review will be instrumental in safeguarding the integrity of our health system and working towards eradicating exploitation and human rights abuses from our supply chains.

Furthermore, it is essential to foster a culture of awareness and responsibility across all sectors, not just within healthcare. This necessitates a broader engagement across the economy and wider society to amplify the message that modern slavery is an intolerable breach of human rights.

The findings and recommendations of this review provide a clear roadmap for action. As we move forward, our focus will be on implementing these recommendations robustly and effectively, while continuously seeking ways to strengthen our approach. The fight against modern slavery is a moral imperative, and it is one that the UK government remains steadfastly committed to.

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Executive Summary

An estimated 50 million people live in modern slavery across the world. Modern slavery exists in every country, including the UK, with instances of forced and child labour documented within the supply chain of the health and social care sector.

The Health and Care Act 2022[1] requires the Secretary of State for Health and Social Care, with the support of NHS England, to conduct a review of modern slavery risk in healthcare supply chains and propose legislation to eradicate the use of goods or services tainted by slavery or human trafficking. This report contains the outcomes of that review.

The review represents a snapshot in time, covering around 60% of the NHS spend on medical consumables procured through NHS Supply Chain at the supplier level. Risk ratings drawn from the government's Modern Slavery Assessment Tool, and international risk data reflects previous indications of risk, with 21% of suppliers identified as high risk, and surgical instruments, gloves, gowns, uniforms, and face masks identified as the 5 highest risk products. More significantly the review identified the limitations of the available risk data, the reliance on supplier submissions, the complexity of risk identification, and the need to increase supply chain transparency.

Establishing regulation that sets out how to address the risk of modern slavery through the procurement process is needed to embed modern slavery due diligence in the procurement process. Implementation of the regulations should be supported by the development of NHS guidance. This will enable the NHS to use its extensive buying power more effectively to eradicate modern slavery. It is not presently possible to avoid high risk suppliers completely.

Improving modern slavery risk identification and management will require a standardised and consistent approach to minimise the burden on suppliers and NHS staff. Building risk assessment data into the health family's e-commerce system will enhance due diligence practices throughout the procurement lifecycle. Supported by capacity building of both the supply chain and staff.

It is also important to recognise the wider benefits to the NHS of enhanced supply chain understanding, with the potential to improve the quality of product supplied and resilience of supply.

[1] Health and Care Act 2022 (legislation.gov.uk)

Whilst the scope of the new regulations will be limited to healthcare supply chains, modern slavery exists in all government supply chains and the adoption of a cross government approach would optimise resources further.

Introduction

Legislative setting

The Health and Care Act 2022 (the act), section 47 requires the Secretary of State for Health and Social Care to carry out and lay before Parliament a review into the risk of slavery and human trafficking taking place in relation to people involved in NHS supply chains, within 18 months of the act being laid. Debates relating to human rights amendments to the bill, gave specific attention to forced labour issues within the Uyghur population in Xinjiang, which is a significant source of cotton. This report fulfils the Secretary of State's obligation under section 47.

This report is in addition to the work already being undertaken on modern slavery, including the supply chain mapping of several products in response to the Boardman Review and implementation of Public Procurement Notice (PPN) 02/23 "Tackling Modern Slavery in Government Supply Chains"[2] (previously PPN 05/19). The NHS set out its actions to comply with The Modern Slavery Act 2015[3] in the NHS Modern Slavery Statement[4]. The act consolidated several modern slavery offences, toughened penalties, and prosecution, and introduced greater support and protection for victims.

The act also introduced new provisions on modern slavery for the NHS "with a view to ensuring that the NHS is not buying or using goods or services produced by or involving any kind of slave labour". Section 12ZC of the National Health Service Act 2006 sets out that the regulations to be made under that section may include provision in relation to the procurement process, steps to be taken to assess and address risks and provisions which must be included in contracts with suppliers. PPN 02/23 provides guidance related to the proposed regulatory provisions.

Modern Slavery Definition

NHS England recognise the International Labour Organization's definition of Modern Slavery as an umbrella term, encompassing, slavery, servitude, forced labour, and human trafficking[5]. This report uses this definition of modern slavery to cover the requirement of the Health and Care Act supply chain review on slavery and trafficking.

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[2] PPN 02/23: Tackling Modern Slavery in Government Supply Chains - GOV.UK (www.gov.uk)
[3] Modern Slavery Act 2015 (legislation.gov.uk)
[4] https://www.england.nhs.uk/safeguarding/slavery-human-trafficking-statement/
[5] https://www.ilo.org/global/topics/forced-labour/definition/lang--en/index.htm

Context

The International Labour Organisation estimates that there are 50 million people living in modern slavery across the world[6]. It is prevalent across many countries, including the UK, and can occur in any business sector. Whilst there are laws in place to address instances of modern slavery, the public sector can use its extensive buying power to mitigate the risk of modern slavery. This can be achieved through the adoption of processes and procedures in procurement and supplier management to increase the visibility of the supply chain.

There are several factors that can affect the risk of modern slavery in supply chains, as set out in PPN 02/23, including the industry type, nature of the workforce, supplier location and operating context, commodity type and the supply chain model.

Industries characterised as labour intensive; that involve raw materials; or have a reliance upon low or unskilled labour or high numbers of temporary, seasonal, or agency workers; complex and large supply chains are often considered as high risk.

Although modern slavery can occur anywhere in the world, there are some countries where the risk is deemed to be higher. Country-specific risk can be driven by several factors including inadequate labour laws, high numbers of vulnerable workers, and widespread discrimination against particular groups or conflict. Suppliers from high risk countries may be part of the supply chain of a UK supplier, with Home Office research (as stated in the PPN 02/23 guidance,[7]) identifying that the government conducted procurements in sectors identified as high risk for modern slavery, including healthcare.

With increasingly globalised and complex supply chains, a lack of transparency increases the difficulty for organisations to know about conditions for workers in their supply chain. Complex employment relationships with a reliance on agency, outsourced or subcontracted workers adds another layer of separation between employers and workers, leaving workers exposed to unethical practices. Combined with purchasing that is predicated on a profit margin matrix (as in rapid turnaround times, high flexibility for production and low margins for large quantities of goods, depending on unreliable trends - can leave workers vulnerable to exploitative practices) and can lead to significantly increased risk.

[6] Global estimates of modern slavery: forced labour and forced marriage, 2022, International Labour Organisation.
[7] PPN 02/23 - Tackling Modern Slavery in Government Supply Chains - Guidance (HTML) - GOV.UK (www.gov.uk)

Requirements

The act enabled the Secretary of State to determine which NHS supply chains to consider as part of the review or otherwise limit the scope of the review. As a minimum the review was to consider a significant proportion of NHS supply chains for cotton-based products in relation to the companies formed under section 223 of the National Health Service Act 2006 (taken as a whole) put to use.

The report must describe:

- the scope of the review
- the methodology used in carrying out the review
- any views of the Secretary of State as to steps that should be taken to mitigate the risks identified

Scope of the review

In line with the requirements in section 47, this review considers the supplier base of NHS Supply Chain, which predominantly focusses on medical devices and consumables – around £7 billion of the around £30 billion spend. It does not include services, digital or pharmaceuticals. NHS Supply Chain supplies around 65% of the medical devices and consumables, which is considered to represent a similar profile to the entire spend on medical devices and consumables, sourced from some 1,300 active suppliers. This represents over 600,000 products within the NHS Supply Chain catalogue, 120,000 of which are supplied to the NHS in any given year. This incorporates a significant proportion of the cotton-based products that companies formed under section 223 of the National Health Service Act 2006 (taken as a whole) put to use.

With no way of identifying every product that may contain cotton, across a pool of 600,000 products, this report is reviewing all suppliers at the tier one organisation level, whereby tier one suppliers are those with direct contracts with NHS Supply Chain.

Methodology

Risk Assessment methodology

The risk of modern slavery within the NHS was assessed using two interrelated approaches as set out in Figure 1. Risk was first assessed for NHS Supply Chain suppliers at a supplier level. Each supplier was individually risk-assessed based on their response to the Modern Slavery Assessment Tool (MSAT), and where no MSAT response is available an aggregated risk score was used. Based on this analysis, each supplier has been attributed a risk of high, medium, or low.

Individual products were not assessed for risk due to the volume of products procured, resource available and time constraints. The supply chain of the top 5 products of high risk suppliers (based upon the supplier risk assessment) were mapped to better understand how supply chain mapping can support the management of modern slavery risk.

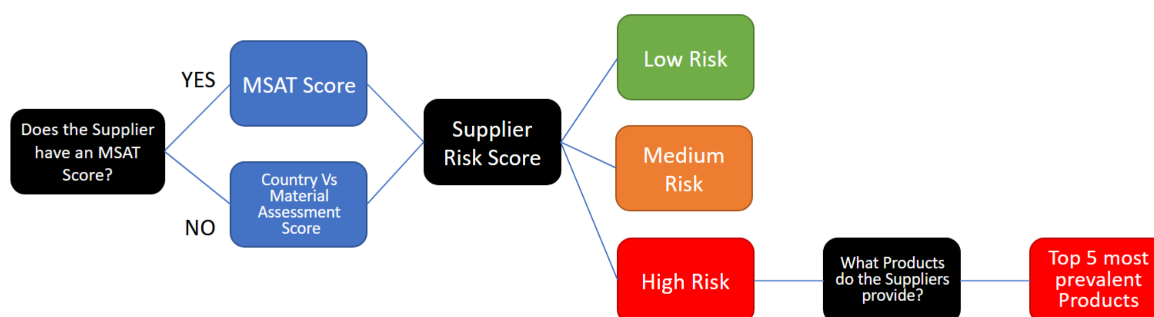

Figure 1: Summary of risk review process

MSAT

MSAT overview

The MSAT[8] is the UK government's modern slavery risk identification and management tool, designed to help public sector organisations work with suppliers to address modern slavery risks, including recommendations for action.

The MSAT asks suppliers 66 questions covering, their business details, their processes, and actions to manage and mitigate modern slavery risks.

[8] Modern Slavery Assessment Tool - Supplier Registration Service (cabinetoffice.gov.uk)

MSAT risk scoring

Suppliers were allocated a risk score of high, medium, or low based on the classification as shown in Table 1, based on their most recent available supplier MSAT score, with a specific focus on the following question 16:

> Do you supply goods (to the buyer or buyers that invited you to complete this assessment) that have been identified by the USA Department of Labor to be at higher risk of being produced by child labour or forced labour?

Table 1: MSAT score risk classification

MSAT score	Risk classification
70 to 100%	Low
40 to 69%	Medium
0 to 39%	High

Irrespective of the score the supplier received, if they answered yes to question 16 of the MSAT they were automatically classed as high risk.

Aggregated risk score

For suppliers without a valid MSAT, a risk matrix approach is taken, by combining risk scores for country of origin and material content/industry to create an indicative risk as shown in Figure 2.

The risk matrix scores were complemented by the United States' Bureau of International Labor Affairs (ILAB) list of Goods Produced by Child Labor or Forced Labor[9]. This approach ensured a risk assessment that considered wider government views, future NHS risk assessments and complements the breadth of the Global Slavery Index[10](GSI) with the detail and current data of the ILAB List.

Material content and industry

The material risk component was determined by using data from the Social Responsibility Alliance (SRA) and supplemented by risks highlighted in PPN 02/23.

The SRA collects human and labour rights data, identifying materials with a higher level of inherent risk of modern slavery in their slavery and trafficking risk template (STRT). Their categorisation has been aligned to a high, medium or low risk category.

[9] List of Goods Produced by Child Labor or Forced Labor | U.S. Department of Labor (dol.gov)
[10] https://www.walkfree.org/global-slavery-index/ the Global Slavery Index (GSI) provides national estimates of modern slavery for 160 countries.

For suppliers assessed via the matrix methodology that supply multiple products, the product with the highest level of risk was used as the reference point.

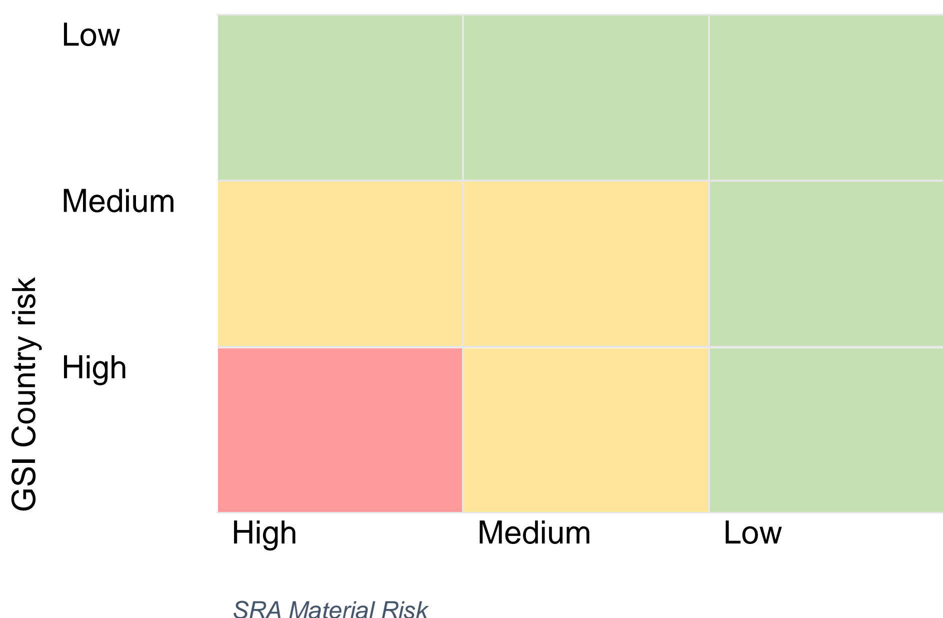

Figure 2: risk matrix for aggregated risk score

Country of origin

In line with PPN 02/23 the review used the GSI country risk scores. The GSI ranking has been aligned to a high to low risk category.

ILAB

ILB works to strengthen global labour standards, combat international child labour, forced labour, and human trafficking. ILAB maintains a list of goods and their source countries which it has reason to believe are produced by child labour or forced labour in violation of international standards.

As of September 2022, the ILAB List comprised 159 goods from 78 countries and areas.

Supply chain mapping

Supply chain mapping was undertaken for the five most at risk products, selected using SRA data, the PPN 02/23 criteria, and information currently accessible to the NHS's supply chain, a portion of which was gathered from prior industry engagement. The supply risk assessment is designed to collate information on the measures that suppliers have in place to ensure business and supply continuity. Suppliers receive an automated scorecard upon completion of the supply risk

assessment, highlighting areas of resilience and vulnerability to inform their work on improving supply resilience.

Based on supplier responses the assessment provides buyers and suppliers with:

- a component hierarchy to view multi-tiered supply chain routes, incorporating tier, product number and location details for all tiers completed below the initial supplier response level

- a component map identifying supplier locations and supplier routes between supply locations, along with country ratings for all countries and areas where suppliers are located. The map will also show hazards and disasters in neighbouring countries and worldwide (inc. drought, earthquake, storm, and tsunamis)

The supply risk assessment incorporates 6 key prevalent themes:

- business continuity management
- supply resilience management
- review
- testing and training
- risk mitigation action
- impact analysis

Based on responses there are 14 possible 'risk flags' that give a view of risk levels to both suppliers and buyers.

The NQC Component Builder Questionnaire Assessment Tool was implemented following the Boardman recommendations[11]. The Boardman Review of Government Procurement in the COVID-19 pandemic set out 28 recommendations. In the context of this work the focus has been on recommendation 5:

"NHS procurement teams should complete and maintain supply chain maps and there should be a preference for direct and scalable contracts with manufacturers rather than with distributors."

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[11] Findings of the Boardman review into pandemic procurement - GOV.UK (www.gov.uk)

Supplier engagement

NHS Supply Chain engaged the supply chain on modern slavery mechanisms including:

- monthly supplier webinars
- articles in quarterly newsletters
- DHSC supplier portal
- standing information on their webpage

Direct supplier engagement on modern slavery is undertaken through the tendering process, starting with pre-market engagement.

Findings

Results

The NHS Supply Chain Coordination Ltd (SCCL) snapshot risk assessment considered 1,361 suppliers providing around 600,000 products, using the available information at the time of the review. This assessment included an estimated 30,000 cotton-based products, which have been identified as a specific area of concern in Parliament. The results of the risk review are summarised in table 2.

Table 2: summary of supplier risk assessment

Risk assessment route	Suppliers	Low	Medium	High
MSAT	580 (43%)	162 (12%)	207 (15%)	211 (15%)
Matrix	781 (57%)	688 (51%)	17 (1%)	76 (6%)
Total %	1361	850 (62%)	224 (16%)	287 (21%)

Of the 922 supplier MSAT responses that were collected, 580 were used in the review after adjusting for duplications, updates, and incomplete submissions. This provided significantly more granular and quantitative data than the publicly available data provided through Section 54 Modern Slavery Act statements.

Fifty-eight suppliers were identified with a high risk concern because of their response to the MSAT question 16. A further 76 suppliers reviewed through the matrix methodology were promoted to high risk as they supply goods of the same category that appears on the ILAB List. Historically, NHS Supply Chain campaigns to encourage suppliers to complete the MSAT have focused on categories where there is a perceived higher risk of modern slavery. It is therefore expected that more suppliers would be identified as high risk via this method.

Of the suppliers reviewed, more than 55% fall below the threshold at which they are required to complete a modern slavery statement, including many of the organisations identified as higher risk. Although only 19% of the higher risk suppliers are required to have a modern slavery statement, 47% have chosen to complete

one, which indicates a relatively mature level of understanding of the risk in their supply chains.

Where the suppliers had completed MSAT, a review of the organisation size was undertaken. No correlation between organisation size and modern slavery risk was identified, with all sizes of organisation represented across all risk groupings. A further data set was compared, which identified the small and medium sized enterprise (SME) status of 70% of suppliers, again there was little to no correlation between supplier SME status and likelihood of higher risk.

Supplier responses on key governance, risk assessment and due diligence questions, for those that completed an MSAT are set out in table 3.

Table 3: MSAT supplier response on key governance, risk assessment and due diligence areas

MSAT Question area	Suppliers' response
Modern slavery recorded or uncovered within supply chain	1.2%
Supply chain is at high risk of modern slavery	6.5%
Modern slavery audits undertaken Internal audit External audit Internal and external audit	35.0% 14.7% 19.9% 0.3%

Of the suppliers identified as medium' and high risk, the majority of tier one suppliers were registered in Great Britain (51%) and China (28%), with a substantial reduction for other countries thereafter (Pakistan 3%). While many NHS Supply Chain tier one suppliers are registered as based in the UK, they have global supply chains that consist of multiple layers of suppliers that can be based in multiple and different locations throughout the world (figure 3). The tier one supplier location does not necessarily reflect where materials are sourced from or where products are manufactured, which are commonly the higher risk layers of the supply chain for modern slavery[12].

Approximately 62% of suppliers were identified as 'low risk'.

[12] PPN 02/23 - Tackling Modern Slavery in Government Supply Chains - Guidance (HTML) - GOV.UK (www.gov.uk)

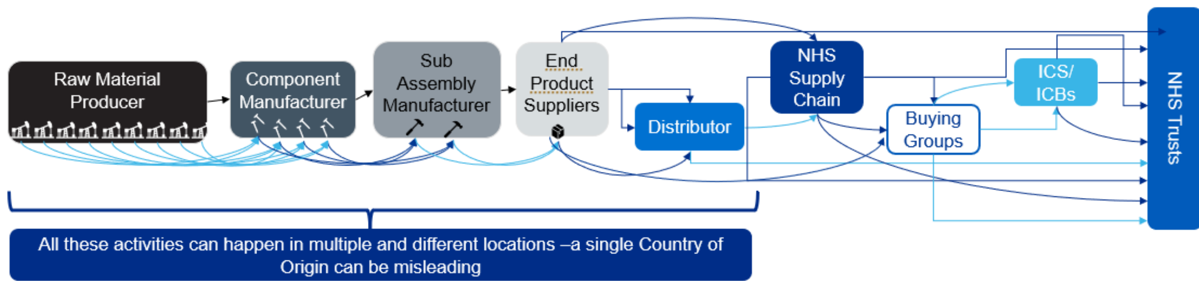

Figure 3: healthcare supply chain location and purchasing complexity

Supply chain mapping

The tool used by NHS Supply Chain to map supply chain risk is labour intensive, time consuming and relies on suppliers providing information into the system, at each level of the supply chain.

The 5 most at risk product groups for modern slavery that were identified for supply chain mapping are:

- surgical Instruments
- gloves
- gowns
- uniforms
- face masks

Their primary and secondary locations of supply, where a significant secondary location was recorded, are identified in table 4. These 5 areas are both overrepresented by 11% in high and medium risk, whereby they have been identified as statistically more biased toward medium and high risk ratings than other product groups.

Table 4: 5 highest risk products and their supplier locations

	Primary supplier location	Secondary supply location
Surgical instruments	Britain (73%)	Pakistan (10%), China (8%)
Gloves	China (38%)	Britain (23%), Malaysia (23%)

Gowns	China (44%)
Uniforms	China (42%)
Masks	China (100%)

The level of supply chain mapping achieved during the review period varied for each product area. Mapping levels were dependent on how responsive individual suppliers were to requests for information and the complexity of the supply chain. For example, most tier one suppliers for gloves are registered in China, however this is not reflected on the map due to a lack of suppliers from China responding. Mapping beyond tier one was achieved for gowns, uniforms and face masks. No product supply chains were mapped in their entirety.

Specific areas of concern

Xinjiang Uyghur Autonomous Region, China

Serious ongoing concern has also been raised over human rights violations in Xinjiang with allegations of forced labour of Uyghur populations in the production of a wide range of goods, including those sourced by the NHS. The region is a significant hub for global supply chains and is the source of a considerable portion of the world's cotton.

The House of Commons Business, Energy and Industrial Strategy Committee (now the Business and Trade Committee) published its report into Uyghur forced labour in Xinjiang[13]. This report does not seek to repeat the content of that report, which noted concerns about 'reports that the government procured from factories in Xinjiang and other parts of China implicated in modern slavery during the early part of the COVID-19 pandemic.'

It is estimated that 100,000 Uyghurs and other ethnic minority ex-detainees in China may be working in conditions of forced labour following detention in re-education camps with many more rural poor workers also may experience coercion without detention, according to the USA Bureau of International Labor Affairs[14].

Approximately 34% of high risk suppliers from the risk assessment were registered as located in China. While registration details below country level were not available, there are allegations indicating forced labour of Uyghurs extends to other regions in China[15],[16]. These suppliers were predominantly registered as high risk due to the location and the type of products supplied. Only a minority were identified by a low MSAT score alone (8% of high risk outcomes).

Pakistan

The majority of surgical instruments used within the NHS are produced in the Sialkot region of Pakistan. The British Medical Association (BMA) established the Medical Fair and ethical trade group in 2007 to investigate and facilitate fair and ethical trade in healthcare, producing research that documented labour violations in the surgical instrument industry in Pakistan[17]. Both the BMA and the Ethical Trading Initiative

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[13] Uyghur forced labour in Xinjiang and UK value chains: Government Response to the Committee's Fifth Report of Session - Business, Energy and Industrial Strategy Committee - House of Commons (parliament.uk)
[14] Against Their Will: The Situation in Xinjiang | U.S. Department of Labor (dol.gov)
[15] Center for Strategic and International Studies. *Connecting the Dots in Xinjiang: Forced Labor, Forced Assimilation, and Western Supply Chains*. October 16, 2019
[16] SupChina. *How Companies Profit From Forced Labor in Xinjiang*. September 4, 2019
[17] Healthier Procurement - Swedwatch

(ETI) identified downward price pressures as a major contributor to modern slavery risk, with labour costs at the start of the supply chain most vulnerable to cost pressure and exploitation[18].

While Britain is the main tier one supplier location for surgical instruments sold to NHS Supply Chain (73%), with Pakistan the secondary supply location (10%) for tier one suppliers, the majority (80 to 90%) of production of these instruments sold to NHS Supply Chain is in Pakistan. The Ethical Trading Initiative (ETI) report linked the early stages of the surgical instrument production process undertaken in Pakistan to small, informal, low skilled workforces, with poor working conditions. They estimated that over 95% of production in Pakistan is sub-contracted to the largely unregulated informal sector.

Cotton

Cotton supply chains are at a particularly high risk of forced labour due to the seasonal, low-paid nature of cotton picking. Examples of forced labour have been unearthed in several countries, including China and Turkmenistan.

Reports indicate multiple actors in the textile industry participate in official programmes in China, particularly Xinjiang, that involve widespread coercive labour practices. Victim testimonies, news media, and think tanks report that factories, including for textiles, often:

- engage in coercive recruitment
- limit workers' freedom of movement and communication
- subject workers to:
    - constant surveillance
    - retribution for religious beliefs
    - exclusion from community and social life
    - family members being threatened

Further, some workers have been subject to military-style management, government indoctrination and are paid below the minimum wage. Workers can be placed at

[18] Labour standards in Pakistan's surgical instruments sector | Ethical Trading Initiative (ethicaltrade.org)

factories within the Xinjiang Uyghur Autonomous Region or be transferred out of Xinjiang to factories in eastern China.

Turkmenistan has denied persistent allegations of widespread forced labour in cotton picking[19], with limited verifiable evidence available, due to a lack of access to the country. The USA Department of State's annual Trafficking in Persons Report ranks Turkmenistan in the lowest possible category[20] and has banned all USA imports of cotton goods from Turkmenistan.

Due to several instances of 'positive risk shadowing', products more likely to contain cotton may be caught by default in other product categories such as textiles, uniforms, facemasks that have been assessed as high risk.

Identifying cotton products in NHS Supply Chains catalogue is complex. Roughly 10% of the 600,000 products in the catalogue contain cotton in one form or another. The product mix includes, but is not limited to:

- dressings
- wound care
- uniforms
- wipes
- hygiene products
- furniture
- cleaning products.

Personal protective equipment (PPE)

Modern slavery has many ways of manifesting in personal protective equipment (PPE) supply chains, due to global, complex, and opaque supply chains. PPE products are manufactured by suppliers, predominantly located in China and Malaysia. The risk of modern slavery in PPE supply chain was highlighted by the example of the Malaysian glove supplier that was reliant on migrant workers, and reported exploitative practices including debt bondage, restriction of movement and

[19] Cotton Crimes persist - Anti-Slavery International (antislavery.org)
[20] https://www.state.gov/reports/2022-trafficking-in-persons-report/

association[21], with allegations of similar violations of forced labour in China[22], including for face masks.

Over the last 2 years, the Malaysian glove industry has made concerted efforts to address forced labour concerns. The UK government has encouraged these efforts and has engaged extensively with industry bodies and suppliers, including through a visit by the modern slavery envoy in 2022. In 2023, Malaysia was upgraded to tier 2 watchlist of the USA Trafficking in Persons (TIP) report. USA authorities have noted that although major challenges remain, Malaysia is making significant efforts to meet the minimum standards for the elimination of trafficking[23].

In addition to forced labour of Uyghur populations, allegations have been brought of forced labour of hundreds of North Korean workers in China, producing PPE. These allegations have been strongly denied by the supplier and are subject to further investigation.

Three of the top 5 products assessed for highest risk were key items of PPE, being the highest for supply volumes to the NHS. As such they formed part of the supply chain mapping work discussed under supply chain mapping, which identified China as the primary supplier location for all products mapped. With the limited supplier responses to supply chain mapping requests, it is not possible to determine whether reports of modern slavery in other locations manufacturing PPE are part of the NHS supply chain.

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21 https://modernslaverypec.org/research-projects/modern-slavery-in-malaysian-medical-gloves-factories
22 https://www.dol.gov/agencies/ilab/against-their-will-the-situation-in-xinjiang
23 https://www.state.gov/reports/2023-trafficking-in-persons-report/

Limitations of the review

Limitations of the risk review have been identified below. They are identified here to provide balance to the understanding and interpretation of the review and for further consideration as to areas to improve future risk analysis activity.

Scope

The review looked at NHS spend via NHS Supply Chain, whilst this is significant it represents only some 65% of the NHS spend on medical devices and consumables, and only 20% of the non-pay spend in total.

Data validity

The scores derived via the matrix methodology associates suppliers with a single country. Most products will have raw materials and components sourced from multiple locations, which means the complex multilayers of many of the supply chains supplying into the NHS could not be fully reflected in the scores.

Methodology

The material risk factors are a mix of material and products, (such as cotton, polysilicon, tungsten ore) or only component materials (such as electronics, rice) and are not directly related to NHS categories and nomenclature of products and services.

For the MSAT methodology, using ILAB to automatically flag items as high risk means that suppliers who had robust mitigation in place and had scored highly as a result were classed alongside suppliers who had not provided such detail.

There are some instances of positive ‘risk shadowing’ where downstream risks provide some coverage of upstream risks by default. For instance, uniforms are flagged as high risk due to risks embodied in the textile production sector, though have the benefit of ‘catching’ the potentially associated risk of cotton production, where cotton could be a component material.

Conclusions

The nature of the goods consumed by the NHS with varied, complex and global supply chains, means that it can be expected that there will be some product areas that will be classed as high risk of modern slavery. It is not possible to avoid high risk supply chains completely, with modern slavery risks associated with critical healthcare product areas and the need for continued availability of supply. For example, the top 5 product areas mapped are critical products for healthcare with production heavily linked to regions with a high risk of modern slavery.

Introducing more sophisticated risk assessment approaches than those available for this review will improve risk mitigation and management of all suppliers through the procurement process.

PPN 02/23 guidance promotes working with suppliers to mitigate risks, including reporting risks, establishing action plans to address risks, collaboration taking a risk based approach and focussing efforts on those areas that will have the greatest impact, specifically noting:

> 'Taking immediate action to terminate a contract can have a drastic effect and risks causing further harm to those involved. Even if a supplier is suspected of being complicit in the crime, the priority should be to work closely with the supplier to help the victims and ensure it does not happen again. Reactive contract termination can lead to fear and concealment by suppliers, which in turn puts victims at greater risk. Maintaining transparency of the issues and risks is important and working with suppliers offers the best chance'[24].

Organisations such as the BMA[25] and ETI[26] also recognise the negative impact that moving away from markets or suppliers can have on the victims of modern slavery. Favouring an approach of reducing risk by working with the supply chain to continually improve practices and conditions for workers.

Appropriate contractual mechanisms are needed to support the principle of working with suppliers to reduce risk and improve worker conditions through contract management. Modern slavery provisions in standard terms and conditions for the procurement of goods and services need to address remediation and consider continuity of supply.

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[24] PPN 02/23 - Tackling Modern Slavery in Government Supply Chains - Guidance (HTML) - GOV.UK (www.gov.uk)
[25] Fair medical trade (bma.org.uk)
[26] Should I boycott retailers with poor reputations? | Ethical Trading Initiative (ethicaltrade.org)

Regulation and guidance

Existing laws are in place that punish instances of modern slavery, and the government can use its extensive buying power to help mitigate the risks of it occurring and to remedy incidents of modern slavery in its supply chain. By adopting new processes and procedures, in both procurement and supplier management, the outcome for victims of modern slavery can be improved.

PPN 02/23 sets out clear guidance on new processes and procedures to adopt, in both procurement and supplier management. The guidance aligns to the proposed new regulatory provisions with a view to eradicating the use in the health service in England of goods or services that are tainted by slavery and human trafficking. Putting the main requirements in the guidance into the regulations will strengthen the ability of the health service to take collection action on modern slavery through the supply chain. This is particularly pertinent as the health service engages with global supply chains.

The health service will require support to comply with these new regulations, adopting consistent and standardised implementation of new processes and procedures. This can be achieved through the provision of centralised guidance for NHS organisations and those bodies establishing procurement frameworks available to the health service to procure good and services.

Methodology

The methodology set out in this Review represents a static snapshot in time of the modern slavery risk potential within NHS Supply Chain.

Using MSAT

MSAT is not designed to support assessment of risk in the pre-procurement stage. Risk assessment at the product level in pre-procurement is necessary to determine the risk management approach and degree of due diligence required through the tender process. Neither is the data used for the matrix approach granular enough to inform risk assessment at the product or service level needed to inform the tender process. Specialist third party risk data is needed to provide support and critical insight.

To reduce the burden on buyers and provide a consistent and efficient approach to assessing risk pre-procurement, risk data needs to be incorporated into the health family’s e-commerce system (Atamis).

The new regulations to eradicate modern slavery in the healthcare supply chain, supported by NHS guidance on implementation will provide a consistent and efficient

approach to enhancing transparency and managing risk through tendering and contract management. This consistent approach will reduce the burden on new requirements on suppliers.

Assessment tools such as MSAT do enhance the understanding of and ability to manage supplier risk, particularly if required when supplier relationships are being established. They can support suppliers with good risk mitigation and management approaches to be identified at the tender and contract management stages.

When complete, the MSAT tool provides a detailed supplier disclosure, enhancing supply chain transparency and providing a more comprehensive approach to supplier risk assessment than the Matrix methodology, it is however not without flaws:

- The MSAT relies on full and honest self-declaration by suppliers. It was designed to be a support tool for contract managers to have meaningful conversations with their suppliers and assess the appropriate level of follow-up intervention required to support those suppliers to address any instances or risks of modern slavery found in their supply chains

- the question set helps to provide an indication of supplier understanding of modern slavery risks in their supply chain, with some interesting findings identified, such as a supplier identifying Modern Slavery in their supply chains, whilst not recognising higher risk from countries in their supply chain

Build capacity

The Government Commercial College provides freely accessible training on modern slavery for public sector commercial teams. Ensuring effective application of new guidance and support for the introduction of new processes and procedures for procurement will require upskilling of NHS staff and the healthcare supply chain.

Supply chain mapping

The current solution for supply chain mapping is not appropriate for the size and range of products supplied to the NHS, requiring extensive effort by the buyer and suppliers to collect information, that is still insufficient to affect change. There will be overlaps in data requirements for supply chain mapping for modern slavery and supply chain mapping to manage continuity of supply, providing the potential for efficiency through closer working with supply resilience teams. A new scalable solution is needed that enables a broader and deeper understanding of risk, whilst efficiently identifying areas of concern.

The Department for Business and Trade's Global Supply Chain Intelligence Programme, supported by 5 other government departments, provides an example of a cross-government programme. It combines government and private sector data sets to build global supply chain understanding. Using supplier relationship data to develop global supply chains maps of products, businesses, factory sites, logistics and transport, geo-locations, and the risks associated with those.

There are several software platforms that provide tools for supply chain mapping, collecting supplier reported data, with question sets aligned to international standards (such as ILO conventions, ETI base code) and available research identifying the inherent risks of sectors and locations. The use of international standards will reduce supplier burden and associated cost in collecting, collating and reporting risk information to multiple customers.

The risk of modern slavery associated with products used within the healthcare sector is not restricted to products used within the health sector alone. Efficiencies can be gained by both buyers and suppliers, in avoiding duplication of effort across public sector organisations gathering and analysing information to map the same supply chains. The enhanced influence of a greater buying power that comes with wider government spend can be expected to encourage more active engagement by suppliers in the mapping process.

Location factors

Many of the suppliers identified as having high risk supply chains are UK based, however their supply chains are global. This re-emphasises the need to look deeper into the tiers of the supply chain to understand and manage risk.

Material factors

The material factors used provided a good starting point to inform risk assessment. Given the breadth and scale of the NHS Supply Chain catalogue (and wider NHS procurement), the review highlighted the need to identify risk against the product classification system within the NHS such as ECLASS in the short term. In the medium to long term the NHS will need to operate at the product group level with an improved taxonomy used consistently across the NHS to improve the accuracy of the ECLASS assigned and the resulting risk factors applied. This work aligns to PPN 02/23 and would help buyers identify the level of risk a product area might have pre procurement.

Findings

Due diligence

Most suppliers completing MSAT have not undertaken any auditing on modern slavery, either internal or external. With only 1.2% of suppliers indicating they have uncovered modern slavery within their supply chain, it could be expected that further cases of modern slavery may be identified with increased due diligence activity.

Cotton

Using an ECLASS based risk method would allow the NHS to get a better level of understanding of the products, services, and industries more readily at higher risk of Modern Slavery. Static data will only ever give a snapshot in time of risk, keeping this information up to date is key to identifying and managing risk effectively.

Modern slavery statements

The use of the MSAT tool highlighted that many of the organisations identified as high risk, are not covered by UK legislation to publish annually a modern slavery statement.

Organisation size

No correlation between organisation size and modern slavery risk was identified, with all sizes of organisation represented across all risk groupings.

Responses to findings

NHS Supply Chain has required the application of the MSAT for all suppliers as part of the tendering process since the start of fiscal year (April 2023) due to the requirements of PPN 02/23 and for suppliers to maintain this through the contract duration alongside the NHSE Evergreen Sustainable Supplier Assessment[27].

Furthermore, NHS Supply Chain are progressing a more robust methodology following the guidelines of PPN 02/23 to enhance risk assessment across all stages of the procurement lifecycle to understand and manage risks at the appropriate time. This includes requiring high risk suppliers (including those supplying the 5 high risk product areas identified in this report) to provide third party audits that demonstrate they are at low risk across all 11 ILO indicators as a condition of award. This has been included in tenders for gloves since the start of the fiscal year and was introduced into other PPE tenders from autumn, 2023.

The NHS has identified risk assessment tools that will provide a more robust analysis of risk at the product level for the pre-procurement stage and at the supplier level during the tendering and contract management stages. With risk ratings informed by a wider range of weighted risk drivers, this provides a more balanced assessment than was available for this review.

[27] NHS England » Evergreen Sustainable Supplier Assessment

Recommendations

Following this report into the risk of slavery and trafficking in NHS several key recommendations are made.

No.	Finding	Recommendation	Responsible entity	Report reference
1	Embed modern slavery due diligence in the procurement process	Under the power in section 12ZC of the National Health Service Act 2006 (inserted by section 81 of the Health and Care Act 2022), make regulations that sets out how to address the risk of modern slavery and human trafficking through the procurement process for the health service which imposes similar requirements to those under PPN 02/23.	DHSC	Introduction – legislative setting Conclusion – Regulation & Guidance
		Establish guidance for NHS implementation of the new regulations, taking a risk-based approach to increased supply chain due diligence, monitoring of performance and managing supplier non-compliances.	NHSE	Conclusion – Regulation & Guidance
		Update modern slavery provisions in the NHS terms and conditions for the procurement of goods and services to address supplier disclosure, monitoring, remediation and consider continuity of supply.	NHSE	Conclusions
2	Standardise risk assessment	Establish robust and consistent risk identification methodology to support a standard approach to product level risk management.	NHSE	Conclusions – using MSAT
		Build risk process into the health family's e-commerce system (Atamis).	NHSE / DHSC	Conclusions – using MSAT

		Identify opportunities to support a centralised approach to modern slavery risk assessment and mitigation.	NHSE	Conclusions – using MSAT
		Consider a cross government approach to improve efficiency and optimise resources	DHSC	Conclusions – using MSAT
3	Build capacity	Develop a plan to upskill NHS staff and the supply chain on modern slavery risk and the new processes.	NHSE	Conclusion – Build Capacity
4	Improve supply chain mapping capability	Establish a robust and streamlined approach to supply chain mapping to increase transparency and insight including opportunities for auditing.	NHSE / NHS Supply Chain	Conclusion – supply chain mapping
		Use international standards and reporting platforms to mitigate cost and burden for suppliers.	NHSE / NHS Supply Chain	Conclusion – supply chain mapping
		Consider a cross government approach to improve efficiency and optimise resources.	DHSC	Conclusion – supply chain mapping