



MODERN SLAVERY IN CONSTRUCTION:

Tackling the risk of human trafficking and worker exploitation

Without attracting skilled and unskilled talent from other regions, many businesses in the construction sector would find it difficult to complete their major building and infrastructure projects. However, this can also make the industry susceptible to the hidden crime of modern slavery.

Modern slavery encompasses slavery, servitude, forced and compulsory labour and human trafficking. Low-income migrant workers are among the most vulnerable to exploitation and abuse, and are often the least able to assert their rights. Victims can be coerced in a number of ways, including the use of violence or intimidation, accumulated debt, retention of identity papers and the threat of exposure to immigration authorities.

The Modern Slavery Act 2015

In 2015, the UK government introduced the landmark Modern Slavery Act, making it the first in the world to have legislation

dedicated to tackling modern slavery.ⁱ The purpose of the act is to reduce the prevalence of modern slavery, protect and support its victims, and increase accountability and transparency in organisations. It also gives law enforcement the tools to ensure perpetrators can receive suitably severe punishments.

On 10 May 2022, the Queen's Speech included reference to the Modern Slavery Act 2015 and its role in raising awareness of the issue, enabling the government to crack down on modern slavery operations, and encouraging organisations to do more to fight it.

A notable advancement was the government's launch of a modern slavery statement registry in March 2021, allowing all organisations to publish their annual modern slavery statements on the registry—not just those with a turnover of £36 million or more who are legally required to. Since the launch of the registry, over 7,000 statements have been submitted covering over 23,350 organisations on a voluntary basis.ⁱⁱ

Risks for the construction industry

The construction sector harbours many forms of exploitation, where labourers often enter the industry through apparently legitimate routes, yet quickly become trapped into forced labour or bonded labour (working until a debt has been paid off, often due to a high-interest loan from the employer).

A number of construction publications have recently highlighted the continuing challenges of addressing modern slavery in construction, following the publication of a report by Dame Sara Thornton, DBE, QPM—the UK's Independent Anti-Slavery Commissioner.

The report analyses the case of Operation Cardinas, a police investigation which successfully prosecuted a Romanian organised crime gang who had exploited around 500 Romanians, placing them in various construction sites in London and the South East.

The issue only came to light after a vigilant payroll employee decided to investigate when she noticed two seemingly unrelated employees had their wages paid into the same bank account, which was not

in either employee's name. Close liaison with the police resulted in a lengthy investigation, carried out in great secrecy to ensure that the traffickers were not alerted. The result was a jail sentence for the family involved in trafficking, and a number of exploited employees finally being able to control their own lives and enjoy the protection of a legitimate workforce.

The company involved could have easily turned a blind eye or ceased trading with this seemingly above-board agency, which would just have moved the problem elsewhere, but thankfully decided to do the right thing and tackle the issue head-on. The full report can be found [here](#).

This is just one example of a UK-wide problem in the construction sector, where victims continue to be controlled, manipulated and abused. When you consider that an estimated 2.2 million people are working on buildings and infrastructure across the UK,ⁱⁱⁱ it highlights the importance of understanding your responsibilities as an organisation to recognise and act against modern-day slavery.

40.3 million
victims are trapped in modern-day slavery worldwide.

There are
5.4 victims
of modern-day slavery for every
1,000
people in the world.

64%
of forced labour victims work in domestic work, construction or agriculture.

Source: [Stop the Traffik: The Scale of Human Trafficking](#)



Is your company doing enough?

The report on Operation Cardinas gives some excellent insights into how traffickers are able to exploit the chronic shortage of skilled construction workers to their own ends, and involve unwitting contractors in their schemes.

Construction companies should make it a priority to understand how to prevent and deal with hidden exploitation that may be taking place within their business, and through recruitment suppliers.

There are a number of factors to consider when deciding if your company is doing enough to identify possible modern slavery and help potential victims, as well as protect the business itself.

This list is not exhaustive, but outlines some key points for consideration.

- Your company needs to be sure that it is legally compliant with regard to its hiring processes and working conditions.

- Quality of work can be affected if employees are being exploited, as they may be hungry, tired and frightened. No one works to their best ability under these circumstances.
- Consider how the above point could affect other workers:
 - » Weakened employees may be at higher risk of causing injury to others they are working with.
 - » Fear may prevent near misses of incidents being reported to ensure that these can be fully investigated, and plans implemented to prevent potential reoccurrences.
- Any investigation by HSE due to an injury on site could result in delays which, in turn, could lead to liquidated and ascertained damages (LADs), and fines and penalties, which would not be covered by an insurance policy.
- Claims may be made against directors or officers personally if there is an allegation that they have not taken

the matter seriously enough, or have breached statutory duties.

- In addition, even if the employee has the right skills and competence to undertake the work they have been assigned, they may not have the training certificates, proof of competence and membership of relevant trade bodies, such as Gas Safe and CSCS registration—in which case, both the employee and the employer would be in breach of regulations.
- Claims on insurance policies may be repudiated, or at the very least, prove additionally challenging if a company cannot demonstrate that the employee did not have the necessary skills to undertake the job, and no one had checked this.
- Reputational injury for the company could be significant, and potentially ruinous if modern slavery is allowed to go unchecked.





Modern slavery policies and statements

Publishing slavery and human trafficking statement is a legal requirement for certain organisations set out in [Section 54 of the Modern Slavery Act 2015](#). However, it is good practice for all organisations to have a defined anti-slavery policy in place. The policy should apply to all people working for or on behalf of your company in any capacity, including employees, agency workers, seconded workers, volunteers, agents, contractors and suppliers.

If you do choose to publish an annual modern slavery statement to the government's registry, it must set out what steps your company has taken during the financial year to ensure that modern

slavery is not occurring in your business or its supply chains. You can find out more about what to include [here](#).

HOW CAN GALLAGHER HELP?

Gallagher has a team of risk consultants who are able to offer bespoke solutions to health and safety issues, and would be happy to help you audit your current Modern Slavery Act compliance programme. We can offer guidance on how to ensure it not only meets the legal requirements, but also provides you with a robust procedure to ensure that you are not leaving vulnerabilities which can be exploited.

ⁱQueen's Speech 2022: [Lobby Pack \(10 May 2022\) \(publishing.service.gov.uk\)](#)

ⁱⁱQueen's Speech 2022: [Lobby Pack \(10 May 2022\) \(publishing.service.gov.uk\)](#)

ⁱⁱⁱhttps://www.antislaverycommissioner.co.uk/media/1802/isc-construction-report_april-2022.pdf

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