

<b>Title:</b> Modern Slavery Bill  <b>IA No:</b>  <b>Lead department or agency:</b> Home Office  <b>Other departments or agencies:</b> MoJ, DfE	<b>Impact Assessment (IA)</b>			
	<b>Date:</b> 30/10/2014			
	<b>Stage:</b> Final			
	<b>Source of intervention:</b> Domestic			
	<b>Type of measure:</b> Primary legislation			
<b>Contact for enquiries:</b> <b>Harrison Cooter (020 7035 0573)</b>				
<b>Summary: Intervention and Options</b>				<b>RPC Opinion:</b> N/A

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, One-Out?	Measure qualifies as
-£3.93m*	£N/A	£N/A	No	N/A

\*This figure only includes quantified benefits and does not take into account the main economic benefit of the Modern Slavery Bill – reducing slavery and trafficking, resulting in fewer victims. The overall social and economic cost of human trafficking for sexual exploitation alone has been estimated to be **£890m** (source: Home Office. Understanding organised crime, 2013). Therefore, if the Bill prevents just 12 cases of slavery or trafficking over 10 years it will be cost neutral. Overall, the Government expects the benefits of this Bill will substantially exceed costs.

**What is the problem under consideration? Why is government intervention necessary?**

- Modern slavery is complex and varied, encompassing human trafficking, slavery, forced labour and domestic servitude.
- It is a global crime. There are an estimated 29.8 million people in modern slavery globally (Global Slavery Index, 2013).
- Traffickers and slave masters use whatever means they have at their disposal to coerce, deceive and force individuals into a life of abuse, servitude and inhumane treatment. Organised crime groups systematically exploit large numbers of individuals by forcing and coercing them into a life of abuse and degradation. But victims are not always forced to come to the UK. Many victims from the European Economic Area (EEA) report that their first contact with a trafficker began with the offer of an apparently legitimate job and so they travelled willingly to the UK, not aware of the horrors that awaited them.
- Modern slavery is a largely hidden crime; it requires a clear focus from Government through both legislative and non-legislative measures to ensure an effective response.

**What are the policy objectives and the intended effects?**

The Bill is intended to provide law enforcement with stronger tools to stamp out modern slavery, ensure slave drivers receive suitably severe punishments and enhance protection of and support for victims.  
The overall policy objective is to reduce the incidence of human trafficking and modern slavery in the UK.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**

- Option 1: Do nothing. Retain existing offences and powers to tackle modern slavery  
Option 2: Introduce a Modern Slavery Bill to give law enforcement the tools to better tackle modern slavery and enhance protection for victims. The Bill would:
1. Consolidate and clarify the existing slavery and human trafficking offences in one piece of legislation.
  2. Increase the maximum available sentence for slavery and trafficking offences to life imprisonment.
  3. Make slavery as well as trafficking offences into 'criminal lifestyle' offences.
  4. Give the court new powers to order perpetrators to pay financial redress to their victims.
  5. Close loopholes in law enforcement powers in relation to modern slavery offences committed at sea.
  6. Create Slavery and Trafficking Prevention and Risk Orders (STPOs and STROs).
  7. Introduce an Anti-slavery Commissioner.
  8. Introduce a statutory defence for victims (excluding serious sexual and violent offences).
  9. Ensure that special measures in court are automatically considered for witnesses in slavery proceedings.
  10. Establish a duty on specified public bodies to report potential cases of trafficking and slavery to the National Crime Agency.
  11. Produce statutory guidance on the identification of victims and provision of victims' services.
  12. Provide for a duty to create a national, statutory child trafficking advocates scheme, following a trial and resolutions of both Houses of Parliament.
  13. Reflect EU directive requirement on presumption of children's age in statute.
  14. Require businesses over a certain size to disclose the steps they have taken to ensure there is no modern slavery in their supply chains or business.

**Will the policy be reviewed?** Post Legislative Scrutiny will take place within 3-5 years of Royal Assent

Does implementation go beyond minimum EU requirements?			Yes		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro No	< 20 No	Small No	Medium No	Large No
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)			Traded: N/A		Non-traded: N/A

*I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.*

Signed by the responsible Minister:  Date: 30 October 2014

# Summary: Analysis & Evidence

# Policy Option 2

**Description:** Introduce a Modern Slavery Bill to give law enforcement the tools to better tackle modern slavery and enhance protection for victims.

## FULL ECONOMIC ASSESSMENT

Price Base Year 2014	PV Base Year 2014	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -£11.35m	High: £1.65m	Best Estimate: -£3.93m*

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	£1.4m	£11.4m
High	Optional	£0.6m	£5.1m
Best Estimate	N/A	£0.7m	£5.4m

### Description and scale of key monetised costs by 'main affected groups'

There will be some small direct costs incurred by the public sector from the measures proposed:

- Introducing life sentences is expected to create an average annual cost of in the region of **£76,000**.
- The Anti-Slavery Commissioner would have an annual budget of up to **£500,000**.
- STROs and STPOs would create average annual costs of **£48,000** with an upper bound of **£777,000** and a lower bound of **£4,000** per year.
- The duty on specified public bodies to notify the NCA about all potential victims of modern slavery will create an average annual cost of around **£36,000**.
- The proposed child trafficking advocates scheme in England and Wales is expected to cost between £2m and £5m. However, this scheme will be developed and implemented, if confirmed by resolutions of both Houses of Parliament, after the results of the trial are known. The details and full costs and benefits of the scheme will be calculated and approved separately. This cost is not included in this impact assessment.

### Other key non-monetised costs by 'main affected groups'

There may be potential non-monetised costs resulting from the consolidation of existing offences but they are deemed negligible.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	£0.006m	£0.05m
High	Optional	£0.8m	£6.7m
Best Estimate	N/A	£0.2m	£1.5m

### Description and scale of key monetised benefits by 'main affected groups'

- STROs and STPOs may prevent modern slavery offences from occurring, creating average annual cost savings to the Criminal Justice System of between £820,000 and £6,000 with a most likely estimate of **£180,000**. This does not include the non-monetised benefit of stopping a potential victim suffering severe abuse.

### Other key non-monetised benefits by 'main affected groups'

Overall, the Bill should result in a more effective law enforcement response to modern slavery, which should act as a disincentive to perpetrators to commit modern slavery offences, and reduce the level of this crime type in the UK. For example: Longer sentences may have a deterrent effect; STPOs and STROs are directly aimed at preventing modern slavery offences; creating an Anti-slavery Commissioner will spread best practice and galvanise improvements in the operational response to modern slavery from law enforcement and creating a defence for victims from criminal offences will provide a further safeguard against inappropriate prosecutions and resulting appeals, while also strengthening the overall law enforcement response to modern slavery by encouraging victims to come forward and give evidence against perpetrators. Similarly, the changes to special measures should help those working with victims give them confidence to give evidence, as they will be protected within the criminal justice system.

Sensitivity analysis reveals that a decrease in the level of modern slavery by approximately 12 cases over 10 years is sufficient to make the Bill cost neutral. An improved law enforcement response to modern slavery should also disrupt wider organised crime, generating further social and economic benefits.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5%
Key sensitivities include the number of STROs and STPOs issued as well as the proportion of appeals and breaches of those orders and the proportion of prosecutions for breaches held in a Crown Court.		

## BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: N/A	Benefits: N/A	Net: N/A	NO	N/A

# Evidence Base (for summary sheets)

## A. Problem under consideration

Modern slavery is a very serious crime in which people are exploited for criminal gain. The Government is committed to strengthening the UK's law enforcement response to make the UK a hostile environment for modern slave drivers, while improving support and protection for victims.

The complex, hidden nature of this crime makes it particularly difficult to quantify its impacts and scale accurately (and in turn makes it especially difficult to quantify the economic impacts of policy changes). Kevin Bales, Professor of Contemporary Slavery at the Wilberforce Institute, University of Hull, has highlighted that modern slavery is almost unique, in that the normal means of recording crime through direct reports or survey returns, will not be effective in identifying the true extent of a crime where victims can be held for years in secret (and of course unable to take part in crime surveys or report the offences to the police), and even on release may feel too traumatised or ashamed to report it.<sup>1</sup> The Centre for Social Justice also acknowledged this uncertainty and reported in 2013 that 'a large proportion of cases are never recognised or reported, and do not appear in any statistics'.<sup>2</sup>

As a result, estimates about the true scale of the problem vary widely. In 2013, 1,746 potential victims of human trafficking were referred to the National Referral Mechanism (NRM), which represents a 47% increase on the number of referrals in 2012. The UK Human Trafficking Centre (UKHTC) Strategic Assessment for 2012 estimated that there were up to 2,255 possible victims of human trafficking in the UK, and they have yet to produce their 2013 assessment, whilst the Walk Free Foundation's 'Global Slavery Index 2013' estimated that there were between 4,200 and 4,600 slaves in the UK.<sup>3</sup>

Modern Slavery, therefore, is a substantial problem in the UK. Given the extremely serious nature of the crime, the Home Secretary has made it an operational priority for the National Crime Agency.

## B. Rationale for intervention

Human trafficking and slavery are very serious crimes. The Government therefore considers it a priority to stamp them out. There are a number of issues with the current legal framework which the Government would like to address so as to better tackle modern slavery, prevent abuse of victims and disrupt organised crime groups.

### Deterrence and punishment

To maximise deterrence and ensure offenders can be prosecuted effectively, it is important that the law is clear and straightforward to apply. However, the law currently sits in three different Acts (Sexual Offences Act 2003, Asylum and Immigration Act 2004, Coroners and Justice Act 2009) which means that it lacks clarity and simplicity. The Centre for Social Justice reported that the existing fragmentation was unhelpful<sup>4</sup> and the Evidence Review chaired by Frank Field confirmed this finding.<sup>5</sup>

Current sentencing and asset recovery arrangements may not be creating a sufficient deterrent effect, or providing justice to those victimised. The current maximum sentence of 14 years imprisonment is not always sufficient to reflect the gravity of the offences concerned and, again, Frank Field's evidence review reported that 'both oral and written evidence to the Review reflected significant support for tougher sentences for the criminals behind crimes of modern slavery'.<sup>6</sup>

Similarly, modern slavery is often motivated by profit and so it is absolutely essential that our law enforcement response does everything possible to demonstrate that this crime does not pay. However, the pre-legislative scrutiny (PLS) committee heard evidence that more needed to be done to confiscate the proceeds of modern slavery offences and make this an effective deterrent.<sup>7</sup>

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<sup>1</sup> Joint Committee on Draft Modern Slavery Bill, Oral evidence: Draft Modern Slavery Bill, HC [1019], Thursday 27 February 2014

<sup>2</sup> Centre for Social Justice, It Happens Here: Equipping the United Kingdom to fight modern slavery, March 2013, p.16

<sup>3</sup> Global Slavery Index 2013, Walk Free Foundation, p.94

<sup>4</sup> Centre for Social Justice, It Happens Here: Equipping the United Kingdom to fight modern slavery, March 2013, p.152

<sup>5</sup> Establishing Britain as a World Leader in the Fight Against Modern Slavery, Report of the Modern Slavery Bill Evidence Review, Rt Hon Baroness Butler-Sloss, Rt Hon Frank Field MP, Rt Hon Sir John Randall MP, 16 December 2013, p.11.

<sup>6</sup> Ibid, p.21

<sup>7</sup> See for example, evidence from Steve Barclay MP, Joint Committee on Draft Modern Slavery Bill Oral evidence: Draft Modern Slavery Bill, HC [1019], Thursday 27 February 2014

## Prevention and Enforcement

Modern slavery is a particularly complex crime. Some cases will involve large criminal networks moving people from country to country and benefitting financially from their victims' exploitation. Other cases will not involve organised crime networks, but will involve very serious and hidden physical and sexual abuse – either for profit, or as an end in itself. The law enforcement landscape is also complex, reflecting the range of criminal behaviours modern slavery can involve.

As a result, historically, both Governments and law enforcement have not been as tightly focused on modern slavery as some other serious crime types (for example sexual violence and gang crime) because of a lack of knowledge and understanding. Greater coordination and spreading of best practice are needed to ensure that all law enforcement agencies can bring their expertise to bear in a coordinated and concerted effort to strengthen the operational response to modern slavery.

Given this complexity, it is also difficult to collect accurate data on the scale and extent of this crime. The All Party Parliamentary Group on Human Trafficking reported in January 2014 that 'improved data capture and data exchange systems are needed'<sup>8</sup>, and as noted above, the Centre for Social Justice and experts such as Professor Kevin Bales have made similar points. Improving our data collection will be essential if we are to effectively tackle this crime.

It is also well established international best practice that prevention must be at the core of efforts to combat trafficking, as reflected in the United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons (Palermo Protocol). We therefore need to make sure that law enforcement also has the necessary tools to intervene early to prevent these offences from occurring in the first place, as well as the powers to pursue perpetrators after the offence has occurred.

There are also some specific gaps in the powers available to law enforcement to pursue and prevent these crimes. For example, the National Crime Agency (NCA) has identified a gap in existing legislation which means law enforcement agencies are not always able to act where it is suspected that modern slavery offences are being committed at sea. If vessels spend long periods of time at sea, this can expose victims to extended periods of abuse and risk to life whilst law enforcement is unable to intervene.

## Victim protection and support

Victim protection and support is essential for two reasons. Firstly, it is the only way of helping vulnerable, abused people to re-enter society and rebuild normal productive lives. Secondly, victim cooperation is often essential to securing convictions of slave drivers, and preventing others from becoming victims in the future.

Victims are often vulnerable and frightened, so the criminal justice system needs to give them the confidence to come forward and help the law enforcement authorities. Prosecution of slave drivers and support of victims relies on the confidence of victims, and the NGOs working with victims, to come forward. However, the pre-legislative scrutiny Committee took evidence from a number of NGOs, who suggested we have not yet provided this confidence.<sup>9</sup>

The pre-legislative scrutiny Committee also found evidence that some victims (including child victims) of modern slavery have been arrested, and subsequently convicted, for crimes they were forced to commit, such as cannabis cultivation or using forged documents. The Criminal Prosecution Service (CPS) has issued guidance to prosecutors highlighting that if information or evidence supports the fact that the suspect is a victim of slavery and has committed the offence whilst in a coerced situation there is a strong public interest to stop the prosecution. However, more still needs to be done to ensure that victims are identified as such and that there is proper consideration of a victim's situation.

## Protection of child victims

Finally, the Frank Field's evidence review and the PLS Committee also heard evidence that children are not being adequately supported as they navigate the complexities of the children's social care system as well as the immigration and criminal justice systems.<sup>10</sup> Frank Field's report listed just some of the

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<sup>8</sup> APPG on Human Trafficking and Modern Day Slavery, Inquiry into the collection, exchange, and use of data about human trafficking and modern slavery, January 2014, p.7

<sup>9</sup> See, for example, evidence from Iona Pinter, Policy Adviser, Children's Society and the Refugee Children's Consortium and Alison Worsley, Deputy Director, Barnado's, Joint Committee on Draft Modern Slavery Bill, Oral evidence: Draft Modern Slavery Bill, HC [1019], Tuesday 25 February 2014.

<sup>10</sup> See, for example, Submission from the Refugee Children's Consortium to the Modern Slavery Bill Joint Committee

processes which trafficked children may be going through, such as asylum interviews, the NRM, age assessments and interviews with police or lawyers, and concluded that ‘multitude of systems can often be overwhelming’.<sup>11</sup> The Home Office funded report by The Children’s Society and the Refugee Council, “Still at Risk”, also identified inconsistencies in how trafficked children were supported. Several of their recommendations related to the importance of statutory agencies following existing guidance, ensuring their staff were properly trained and performing their legal duties. It also proposed an ‘independent trusted adult [be] appointed to a separated child as soon as they come to an authority’s attention’<sup>12</sup>. We have listened to these views and agree that children have particular needs and are especially vulnerable to going missing and re-trafficking if they are not supported properly, so there is also a clear rationale for taking more action in this area.

### Modern Slavery in Supply Chains

The Centre for Social Justice, Frank Field’s evidence review and the pre-legislative scrutiny Committee all heard evidence that UK supply chains were vulnerable to being infiltrated by modern slavery.<sup>13</sup> Whilst many businesses are already taking action to address this vulnerability, not all are. Therefore, there is a clear rationale for intervention to incentivise more action to help ensure supply chains are slavery free.

## C. Policy objective

The Bill is intended to provide law enforcement with stronger tools to stamp out modern slavery, ensure slave drivers and traffickers receive suitably severe punishments, enhance protection of and support for victims, and ensure businesses are transparent about their efforts to secure slavery-free supply chains. The Bill aims to give the tools for an improved law enforcement response, and work alongside a greater operational focus on modern slavery. Ultimately, this Bill should lead to more perpetrators prosecuted and convicted, and more victims rescued. A more robust law enforcement approach and a stronger deterrent should also prevent vulnerable people from being trafficked and enslaved in the first place.

## D. Description of options considered

### Option 1, Do Nothing

Under this scenario, all existing problems would remain.

We could try to address this problem with non-legislative policy changes alone. Non-legislative work is a central part of comprehensive programme to combat modern slavery.

Planned non-legislative work will include enhanced operational activity, trials of child advocates, specialist teams at the Border, improved training of frontline staff, public awareness raising, and working with the private sector to support action to avoid forced labour in supply chains.

### Option 2, Introduce a Modern Slavery Bill

Our proposed Modern Slavery Bill will make the necessary legislative changes to tackle modern slavery more effectively. It involves twelve main measures.

#### **(1) Consolidating existing offences**

We propose to consolidate and clarify the offences of human trafficking for sexual exploitation (Sexual Offences Act 2003) and human trafficking for non-sexual exploitation (Asylum and Immigration Act 2004) into one substantive offence of human trafficking. We will also include the offence of slavery, servitude and forced or compulsory labour (Coroners and Justice Act 2009) as a separate offence within the new Bill.

The nature of the offences in the Bill will not be substantially changed and the evidential threshold will remain the same. The consolidation and clarification is designed to make it clearer and simpler for law enforcement officers and prosecutors to understand and apply the law around modern slavery when pursuing the perpetrators.

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<sup>11</sup> Report of the Modern Slavery Bill Evidence Review, p.50

<sup>12</sup> Still at Risk, A review of support for trafficked children, September 2013, p.9  
[http://www.refugeecouncil.org.uk/assets/0002/9408/Still\\_at\\_Risk-Report-final.pdf](http://www.refugeecouncil.org.uk/assets/0002/9408/Still_at_Risk-Report-final.pdf)

<sup>13</sup> See, for example, ‘Case Example: Forced Labour in UK Supply Chains’ in *It Happens Here*, Centre for Social Justice, p.209, or the Report of the Modern Slavery Bill Evidence Review, p.32, which states ‘Many such products sold in the UK – ranging from chocolate and coffee to computers and mobile phones – are tainted by slavery.’

Following concerns raised in the pre-legislative scrutiny process about whether the slavery, servitude and forced labour offence was effective in cases with child victims, and in line with principles set out in case law, we propose to clarify the offence of by requiring the court to have particular regard to the alleged victim's age, any physical or mental illness or disability, and where relevant, family relationships, when considering if the offence has been committed. The rationale for this is that it will ensure that when prosecutors and the courts look at whether a vulnerable person (such as a child) has been subject to an offence, they will be absolutely clear that they can consider the vulnerability of that child, in looking at the type or level of coercion they have been subject to.

The Bill also contains technical changes to ensure consistency in the tests used in the offences, following evidence to the pre-legislative scrutiny Committee from Lord Judge<sup>14</sup>, and also the removal of some superfluous language.

## **(2) Increasing the maximum sentence to life imprisonment**

The current maximum sentence available for all of the modern slavery and human trafficking offences is 14 years imprisonment. This Bill will increase the maximum sentence available for conviction on indictment to life imprisonment. We also propose to add these offences to the extended determinate sentences regime, so that if the offence is a second serious offence, the perpetrator will be automatically considered for a life sentence.

## **(3) Make all modern slavery offences into 'criminal lifestyle' offences**

The offence of slavery, servitude and forced or compulsory labour will become a 'criminal lifestyle' offence for the purposes of the Proceeds of Crime Act, 2002. This means that a court can potentially treat all the assets that a defendant has and has had in the 6 years prior to his or her trial as the proceeds of crime, and so order their confiscation (subject to the safeguards in POCA), as opposed to just those assets that can be directly shown to be the proceeds of the crime in question. This is already the case in relation to human trafficking offences.

## **(4) Introduce bespoke orders to provide redress to victims**

These bespoke orders will ensure that where the perpetrator has assets available (as evidenced by a confiscation order under existing POCA powers), the court will have to consider making an order to provide redress to the victim (and give reasons if they did not).

## **(5) Close loopholes in law enforcement powers in relation to modern slavery offences committed at sea**

The Bill will introduce new powers for police, Border Force and NCA officials to properly investigate human trafficking and modern slavery offences taking place on board ships at sea. Currently, law enforcement authorities do not have jurisdiction in relation to modern slavery offences taking place in international waters, and do not have the power to stop or divert vessels in UK territorial waters.

We propose to give these law enforcement officers powers based on schedule 3 of the Criminal Justice (International Cooperation) Act 1990, which would give law enforcement officers similar powers to those they have on land through the Police and Criminal Evidence Act 1984. In summary these are: the power to stop, board, divert and detain a vessel, the power to search a vessel and obtain information and the power to make arrests and seize any relevant evidence. They will also have the power to use reasonable force in the performance of these functions.

This will be accompanied by an offence of preventing the exercise of those powers, in order to make the powers effective. A person guilty of this offence would be liable on summary conviction to a fine.

## **(6) Slavery and trafficking prevention and risk orders**

Slavery and trafficking prevention orders (STPOs) and Slavery and Trafficking Risk Orders (STROs) will enable law enforcement and the courts to take appropriate action to prevent modern slavery offences. They will be new bespoke civil orders which can restrict the activities of those considered to pose a risk of slavery or trafficking related harm, to prevent these offences from occurring.

The Orders can prohibit the person concerned from doing anything described in them, but the court making the order must be satisfied that all prohibitions are necessary for protecting persons at risk. STPOs will be available on sentencing or on application to a magistrates' court, by the police, the National Crime Agency (NCA) or Immigration Enforcement, after a person has been convicted of a

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<sup>14</sup> Joint Committee on Draft Modern Slavery Bill, Oral evidence: Draft Modern Slavery Bill, HC [1019], Tuesday 25 February 2014

modern slavery offence. This would include cases in which they had been convicted of an equivalent offence overseas, and had since moved to the UK.

STROs will be available on application without a prior conviction. They will mirror similar non-conviction orders for other types of serious crime, enabling law enforcement bodies and the courts to take action where there is no conviction. STROs would be available in circumstances including:

- Where there is insufficient evidence to bring a case, but there is clear evidence of future risk of the commission of trafficking or slavery offences;
- Where individuals have been convicted of offences linked to trafficking or slavery overseas (but not an equivalent overseas offence that would qualify for an STPO), where there is evidence of a future risk of offending involving slavery or trafficking; and
- Where individuals have been charged, but not convicted of a slavery or trafficking offence.

The STRO should not be used as a substitute for prosecuting criminal behaviour. It applies in circumstances where an individual's behaviour indicates a significant risk that others are at risk of harm as a result of the individual committing a trafficking or slavery offence, and intervention at this earlier stage is necessary to prevent that harm.

Interim STROs and STPOs will also be available. These will be available on application to the same court considering the main order. They will have the same effect as the main orders, but will only apply for a fixed period, or until the application for the main order has been determined. They will allow law enforcement bodies to impose immediate restrictions on a person's activities where the court is satisfied that this is necessary to prevent immediate harm to others.

Breach of any order would be a new criminal offence. Subject to agreement, the penalties would be:

- (i) on summary conviction, to imprisonment for a term not exceeding 6 months or a fine not exceeding the statutory maximum or both;
- (ii) on conviction or indictment, to imprisonment for a term not exceeding 5 years.

This is in line with the penalties for breach of similar existing orders under the Sexual Offences Act 2003.

## **(7) Anti-Slavery Commissioner**

The Bill will create a new Anti-slavery Commissioner. This will be a senior figure who will work with domestic and international law enforcement agencies to strengthen our response and promote effective victim identification. They will prepare strategic plans and make reports on their work in this area. Overall, the role of the Commissioner is to encourage good practice in the prevention, detection, investigation and prosecution of modern slavery cases, and in the identification of victims of those offences.

## **(8) Introduce a statutory defence for victims**

The Bill will create a statutory defence for victims of modern slavery where they were forced to commit crimes which they otherwise would not have committed.

This defence will exclude serious sexual and violent offences (drawing on the list of such offences in Schedule 15 to the Criminal Justice Act 2003 which is used for extended sentencing purposes) and modern slavery offences. The CPS would, as now, still have a responsibility to consider whether they should prosecute for such offences where the case had a modern slavery dimension but, if they chose to prosecute in such cases, the defence would not be available.

## **(9) Special measures**

The existing legislation on special measures includes some specific provisions for trafficking cases (including automatic eligibility for special measures in such cases). These would be extended to also cover slavery, servitude and forced labour cases.

## **(10) Duty to notify the NCA**

Specified public authorities will be required to report details of suspected cases of modern slavery to the NCA. Currently, victims of human trafficking who are identified by a 'first responder' can be referred to the UK Human Trafficking Centre (UKHTC) in the NCA by filling out a National Referral Mechanism form. If the UKHTC believes on the basis of the form, that there are 'reasonable grounds' to believe the person is a genuine victim of human trafficking, they will get access to Government funded support. For children, this is generally provided by local authorities through their safeguarding children provisions.

However, this means that if the adult victim opts not to be referred (for example because they do not want support), the case might not get referred to the NCA at all, which means that our understanding of the trafficking problem (and related data) is incomplete. To improve this situation, a duty will be placed on specified public bodies that they have to report suspected cases of human trafficking and slavery servitude and forced labour to the NCA. This duty will not apply to NGOs, only to specified public bodies, expected to be NRM first responders. There will be a slightly modified form of the NRM referral process, so that if the victim does not want to engage with the authorities, the public body will still be able to fulfil its new duty by making a notification to the NCA anonymously. Identifying information about an adult will not be shared with the NCA unless that individual has provided his or her consent.

**(11) Provide for a duty to create a national, statutory child trafficking advocates scheme, following a trial and resolutions of both Houses of Parliament.**

To inform the best possible solution for victims of child trafficking the Government is conducting a trial of child advocates in 23 local authorities over a period of 12 months. An advocate will be allocated to children for whom a referral has or will be made to the National Referral Mechanism for victim identification. This includes those children identified as potentially trafficked both cross border and internally within the UK.

The Bill will place a duty on the Secretary of State to make child trafficking advocates available for all child victims of trafficking, after the advocates' trial has concluded (providing that on assessment, both Houses of Parliament pass resolutions that this is the correct way to proceed). This scheme, including the detail of the role, will be established by secondary legislation subject to affirmative resolutions being passed by both Houses of Parliament. This will allow for review and amendment of the requirements of the role following evaluation of the trials. This will ensure that the role provides the very best possible support and care for victims of child trafficking and that those advocates have the legal status they require to work effectively with other agencies supporting the child.

These specialist, dedicated advocates will be both experts in trafficking, and also completely independent of the Local Authority. Their role will be to steer the child through the complexities of the local authority social care system as well as the immigration and criminal justice systems, and to ensure the child's voice is heard.

**(12) Produce statutory guidance on the identification of victims and provision of victims' services**

This provision will oblige the Secretary of State to make statutory guidance on victim support, including effective identification of victims. The Government already provides this support, but by putting this on the face of the Bill, it will make it clear that victim support is essential if we are to improve our law enforcement response and conviction rate for this horrendous crime.

**(13) Presumption of age**

This provision will make it clear that if the age of a victim is uncertain and there are reasons to believe they are a child, they will be presumed to be a child to enable them to receive immediate access to assistance, support and protection.

**(14) Transparency in Supply Chains**

This provision will require businesses over a certain size to disclose each year what steps they have taken to ensure there is no slavery or human trafficking in their business or supply chains. It will not specify what a business must include in that disclosure or what action it must take. Indeed, if they want to, they can do nothing and disclose that they have done nothing. However, by requiring businesses to be transparent about what they have done, this provision will allow consumers, campaigners and investors to call for more action if they do not think enough has been done. The size of business that this applies to will be specified separately in secondary legislation, after consultation.



## E. Monetised and non-monetised costs and benefits

### Option 2. Introduce a Modern Slavery Bill

#### Summary of Overall Costs and Benefits

The potential costs and benefits for each proposed measure are outlined in detail below (pages 9–17). All monetised costs and benefits can be attributed to the public sector. Table 1 presents a summary of the resulting monetisable costs and benefits. The policies listed represent the only elements of the Bill which are expected to have non-negligible costs. Costs are given in terms of the average annual non-discounted cost/benefit, and the most likely net present value (NPV) cost/benefit discounted over ten years (price base year, 2014).

**Table 1: Summary of Monetised Costs and Benefits (detailed analysis below)**

Policy Change	Average Undiscounted Annual Cost/Benefit of Measure (£)	Best Estimate of NPV over Ten Years (£m)
Life Sentences	-£76,000	-£0.56m
STROs/STPOs	£130,000	£1.09m
Anti-Slavery Commissioner	-£500,000	-£4.16m
Duty to Notify the NCA	-£36,000	-£0.30m
<b>Total Monetised Costs</b>	<b>-£480,000</b>	<b>-£3.93m</b>

The costs of this measure are either monetisable or expected to be negligible. However, all of the measures in the Bill are designed and expected to reduce incidences of modern slavery which it is not possible to quantify. A break even analysis can be conducted to reveal how much modern slavery must be reduced by for the policy to be at least cost neutral.

As explained above, the exact scale of modern slavery is difficult to determine. The best available estimate that we have of the cost of modern slavery is £890m. This is based on the findings of a research report conducted by the Home Office in October 2013 to estimate the social and economic cost of organised crime, which drew on a number of sources to estimate that there were 2,700 female victims of trafficking for sexual exploitation in the UK.<sup>15</sup>

In terms of the overall costs of modern slavery this will represent an underestimate, because it excludes the trafficking of men and children and domestic trafficking for sexual exploitation. It also excludes trafficking for non-sexual exploitation, and any slavery, servitude and forced labour offences which do not involve trafficking. Nonetheless, it represents the best available quantified estimate of the cost of this hidden crime, and so is used here as a very conservative estimate of the likely cost of modern slavery.

On that basis, we can calculate the potential reduction in modern slavery which this Bill would have to generate to breakeven and be cost neutral overall.

The total average annual undiscounted cost of this Bill, based on the detailed analysis below (and summarised above), is expected to be **£0.48m**

On that basis, compared to the overall estimate of £890m, the Bill would only have to prevent 12 cases of slavery or trafficking over 10 years to breakeven.

Given the very small change in modern slavery required to achieve break even, the Government's overall expectation is that the benefits from the measure will substantially outweigh the costs.

<sup>15</sup> Home Office. Understanding organised crime: estimating the scale and social and economic costs (2013). The sources used to make this estimate are set out in the report and associated data sets, both of which are available online. <https://www.gov.uk/government/publications/understanding-organised-crime-estimating-the-scale-and-the-social-and-economic-costs>. The sources include 'Project Acumen', an investigation into trafficking for prostitution carried out by the Association of Chief Police Officers. <http://www.acpo.police.uk/documents/crime/2010/201008CRITMW01.pdf>.

## Costs and Benefits of Each Measure in the Bill

### (1) Consolidating existing offences

#### (1.i) Costs

Costs are not expected to be material and are non-monetised.

There could be some initial familiarisation and training costs for law enforcement officers and prosecutors who may need initial refresher training about the change. However, in the longer run, the law will be simpler and administratively easier to use which should make training and awareness-raising cheaper. Any direct familiarisation costs are expected to be negligible, and the long-term savings of simpler law should outweigh any initial costs over time.

These clarifications may lead to a small increase in slavery or trafficking prosecutions. For example, clarification of the law on vulnerable victims of the slavery, servitude or forced labour could mean more prosecutions for child trafficking may get taken forward. However, the direct effect of clarification may more often be that where previously a simpler and better understood offence might have been used, the clearer modern slavery offence will now be used.

In 2012, 148 cases were flagged by the CPS as linked to trafficking or slavery. Of these 103 led to convictions, but only 34 of those were for trafficking or slavery offences. This suggests there are a number of cases where slavery and trafficking offences are not being taken forward, but other offences are. If this Bill encouraged more slavery prosecutions to be taken forward, this would only incur costs where the resulting sentence was more severe. In cases where the other offence was rape, for example, there would often be no additional costs.

Cases where the only offence committed was a trafficking or slavery offence, and then no prosecutions were taken forward because the existing offences were considered too complex or fragmented, are expected to be quite rare. Therefore, although this change will make slavery and trafficking offences more prominent, any costs directly incurred by this measure will be negligible, and are non-quantifiable.

The main largest driver in any increase in prosecutions would be likely to be an enhanced operational focus on modern slavery, which the Government is taking forward alongside the Modern Slavery Bill.

### (2) Increasing the maximum sentence to life

#### (2.i) Costs

Extending the maximum sentence available for trafficking or slavery offences from 14 years to life imprisonment will create costs for the criminal justice system by requiring additional prison places.

In 2012, of the 13 convictions where slavery or human trafficking was the principle offence, 2 were sentenced to over 10 years and less than life (under 14 years) (source: MoJ data). Therefore, even if there was a 50% increase in cases, we would only be considering around 3 cases where the sentences were serious enough that life may have been used instead, had it been available.

In order to calculate the likely cost of this change, we will assume that for sentences over 12 months, half is served in prison and half on probation. We will also assume that a life sentence means a 24 year sentence and that, in the absence of more detailed data, the current sentences of between 10 and 14 years were 12 years on average (as a mid-point). This means that current sentences would involve serving 6 years in prison and 6 on probation, which would increase to 12 years in prison and 12 on probation.

In the ten year time frame considered in impact assessments the initial six years to 2021 will see no difference. However in the four years beyond this, there will be 3 cases per year where individuals will be serving their punishment in prison rather than on probation. The average cost of a prison place is £28,000 p.a. (Source: NOMS management accounts addendum, 2012/13) and the average cost of probation is £2,600 per year (source: Source: MoJ internal analysis, 2013).

On that basis, our proposed changes could create an average annual cost of **£76,000** as presented in the summary table 1 above.

Due to the uncertainty of the long term impact of the measures of this Bill it is not deemed appropriate to extend the time frame of the overall impact assessment beyond ten years. The potential costs to the public sector of this measure increases but remains relatively small if a longer time frame is considered. To illustrate this the discounted total cost over 10 (as per this impact assessment), 15, 20 and 30 years are outlined in Table 2. These figures give the total discounted cost for the whole time period considered.

**Table 2: Total Net Present Value (Discounted) over 10, 15, 20 and 30 Years**

<b>Time Frame</b>	<b>10 years</b>	<b>15 years</b>	<b>20 years</b>	<b>30 years</b>
<b>Total Net Present Value (£m)</b>	£0.56m	£2.00m	£3.36m	£5.64m

This potentially underestimates some costs, because other lower sentences could get extended slightly once these offences carry a possible life sentence, and an added focus on modern slavery by operational agencies could result in an additional increase in cases on top of the 50% increase built into the calculation. However, at the same time, there are reasons why the costs could be lower, because this calculation assumes that all of the serious sentences currently given out would be extended to life sentences. If they were extended by less, or not at all, the associated cost would be lower.

### **(3) Make all modern slavery offences into ‘criminal lifestyle’ offences**

#### **(3.i) Costs**

This measure should not incur any costs. This will simply enable courts to confiscate more of an offender’s assets than they may previously have been able to.

#### **(3.ii) Benefits**

Modern slavery is often conducted for profit. If this measure can make modern slavery seem a lot less profitable, it may have a significant deterrent effect, with resulting social and economic benefits. There could also be some cash benefit from additional asset recovery receipts.

### **(4) Introduce bespoke orders to provide redress to victims**

#### **(4.i) Costs**

This measure should not incur any costs. These orders will be a tool which courts can use to ensure that perpetrators pay their victims suitable compensation. They will be made as part of existing prosecutions.

There could be a modest change in the use of seized assets, which should be used more often to provide redress to the victim, rather than going into the Asset Recovery Incentivisation Fund which is a non-statutory arrangement to ensure that confiscation receipts are retained by Government, criminal justice and law enforcement agencies.

#### **(4.ii) Benefits**

The Government believes that effective redress for victims, through the defendant, is an essential part of the criminal justice system.

### **(5) Close loopholes in law enforcement powers in relation to modern slavery offences committed at sea**

#### **(5.i) Costs**

Costs related to this measure are not expected to be material. It is possible that the new offence of obstructing these powers could create a small number of cases for the criminal justice system. The National Crime Agency is aware of seven instances in the last two years where they were not able to intervene in cases of suspected exploitation on board vessels due to the current restrictions of law enforcement powers, and the offence would only be committed in a proportion of these cases, if at all.

Furthermore, use of these law enforcement powers may often lead to the prosecution of modern slavery offences. Modern slavery offences are triable either way, but we expect that these serious offences will typically be tried in the Crown Court. So if a defendant was being prosecuted in the crown court for a more serious offence, it is unlikely that they would be separately tried in the Magistrates’ court for this specific offence of obstructing police powers. In those cases there would therefore be no additional costs resulting from this offence.

Use of the powers themselves could incur costs, in the sense that the law enforcement operation to stop, divert, board or search a vessel would incur costs. However, these powers are simply allowing law enforcement to act more effectively to pursue modern slavery as part of their ongoing work to tackle this crime (i.e. they would typically be carrying on an investigation in any case and these powers would enable the police to intervene more quickly than otherwise). The powers themselves will not require the police to incur any costs. Given that past experience suggests this issue has arisen about four times per

year, and given that even in those cases there may not be additional costs, we believe that any costs associated with these powers and the associated offence would be negligible.

## **(5.ii) Benefits**

Being able to act effectively and swiftly in modern slavery cases at sea may bring operations to a close sooner, thereby saving money. Failing to intervene because of inadequate powers carries non-quantifiable costs around further victimisation, and in certain circumstances could put victims lives at risk. If these powers enable law enforcement authorities to tackle organised criminal operations more effectively, there could be wider social and economic benefits associated with any wider disruption of associated organised crime.

## **(6) Slavery and trafficking prevention and risk orders**

### **(6.i) Costs**

The introduction of STROs and STPOs will incur direct costs for the criminal justice system because there will be (a) applications for orders, (b) appeals of orders (c) prosecutions for breaches of orders and (d) appeals of any convictions which result from those prosecutions.

The total cost to the public sector of the measure is expected to be £48,000 whilst the anticipated benefit is expected to be £180,000. This generates **an overall net benefit of £130,000** as summarised in table 1 above. Detail of how these figures are calculated is presented below.

To calculate the likely direct costs of these orders, we need to estimate how many are likely to be issued. In 2013 148 cases were initially flagged as linked to slavery or trafficking by the CPS, of which 34 led to convictions for slavery or trafficking offences on an all offences basis.

114 (148 – 34) represents a useful estimate of the number of cases that the police investigated and had good reason to believe were linked to human trafficking or modern slavery, but may not have had enough evidence to secure a prosecution on that offence alone. These are the kind of cases where we expect STROs might be sought.

34 represents the number of cases where STPOs could have been applied for, because these orders require a prior conviction. In both cases, if the Government's wider renewed focus in this area were, for example, to increase cases by 50%, we might say that the potential number of cases where STROs could be sought would be 171 (150% of 114) and 51 STPOs (150% of 34).

However, it is unlikely they would be applied in every case. For example, Serious Crime Prevention Orders (SCPOs) are comparable civil orders. In the last financial year, 2013/14, the National Crime Agency secured 38 SCPOs out of 336 relevant convictions, which is around 11% (source: NCA data).<sup>16</sup>

Given the uncertainty involved, we have conducted sensitivity analysis with a most likely estimate of 11%, a low estimate of 1%, and a high estimate of 30% of cases getting STROs and STPOs. 11% is our most likely estimate because this is the proportion of relevant convictions against which the NCA secured SCPOs, which are comparable orders. Feedback from other operational colleagues has confirmed that something around 10% would be the best estimate to make. 1% has been used as our low estimate, to reflect the fact that uptake of 'stand alone' SCPOs was very low. We do not expect this to be replicated, but wanted to test for this possibility in sensitivity analysis. Similarly, 30% has been used as an upper estimate, simply to reflect the uncertainty involved when introducing a new order, even though feedback has suggested use will not be this high.

Out of the possible totals outlined above (171 and 51), 1%, 11% and 30% would represent 1.7, 18.8 and 51.3 STROs and 0.5, 5.6 and 15.3 STPOs on average per year. This gives a total number of orders of 3, 25 and 67. We have based our following cost estimates on these numbers which reflect the best available evidence.

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<sup>16</sup> Since introduction of SCPOs in 2007 there has only been one application for a 'stand alone' order without a prior conviction (equivalent to our proposed STROs). However, this could be because law enforcement agencies applying for 'stand alone' SCPOs have to go through the Crown Prosecution Service, the Director of Public Prosecutions and the Attorney General. This has led to a perception that they are difficult and time consuming to obtain. SCPOs can also include proactive requirements, rather than just prohibitions, which can make them more complex in some cases. The Home Office is currently undertaking reforms to SCPOs to encourage more use of 'stand alone' orders. (Source: Serious Crime Bill – Improvements to the Serious Crime Prevention Order, Impact Assessment, 2014). STROs, on the other hand, will be sought directly by the police, NCA or Immigration Enforcement, and will only include prohibitions, so we would expect more applications. Nonetheless, it is still worth noting that the number of applications for STROs may be suppressed slightly if perceptions continue that non-conviction orders are complex and difficult to obtain. If this does persist, direct costs would be reduced. However, we anticipate that STROs will be properly used, and so have calculated cost accordingly.

**(a) Initial application:** STPOs on sentencing are made in tandem with a sentence for a human trafficking or modern slavery offence. There would therefore be no additional cost as a result of these orders. They simply provide courts with another tool for restricting the ability of an offender to reoffend.

STROs, STPOs on application and interim STPOs or STROs are all subject to an application by way of complaint to the magistrates' court. All court costs for these applications will be recovered by court fees paid by the organisation bringing the application (either the police, the NCA or Immigration Enforcement). The court fee for an application like this is £205 and then there is an additional fee of £515 if the application leads to a hearing (Source: The Magistrates' Courts Fees (Amendment) Order 2014).

For the purposes of this calculation, to ensure that we do not underestimate any costs, and given the seriousness of the crimes associated with these orders, we have assumed that all applications will be contested and involve hearings. We have also assumed that all defendants will therefore need civil legal aid. The legal aid provided to defendants per case when similar orders are made, such as sexual harm prevention orders and anti social behaviour orders, is between £500 and £700 (source: Crime Lower Report, LAA internal statistics). We have therefore taken £600 as a reasonable mid-point estimate for these new orders.

The time cost of completing an application is also included. The time lost completing the application could be used elsewhere. The following costs of time were used: £36.51 for a police officer (sergeant or below) and for an NCA employee and £12.34 for an immigration enforcement officer. The estimated time to complete an application is 8 hours for the NCA and police and 16 hours for an immigration enforcement officer. It is assumed that equal proportions are submitted from each area.

On that basis, the likely cost of making these orders is set out in Table 3 below.

**Table 3 – Costs of making STROs and STPOs**

	STROs & STPOs	Court Fee for issuing the case (£205)	Court Fee for the hearing (£515)	Civil Legal Aid costs (£600)	Cost of Completing Application	Undiscounted Annual Costs
LOW	3	£455	£1,143	£1,332	£536	<b>£3,466</b>
ML	25	£5,006	£12,576	£14,652	£1,997	<b>£34,231</b>
HIGH	67	£13,653	£34,299	£39,960	£4,773	<b>£92,685</b>

**(b) Appeal:** Some of those orders could then be appealed to the Crown Court. The average HM Courts and Tribunals Service (HMCTS) cost of an appeal in the Crown Court is £300 (source: Crime Higher Report, LAA internal statistics) and the legal aid cost per appeal is £484 (source: Criminal Legal Aid (Remuneration) Regulations 2013). The CPS costs and advocacy costs incurred during an appeal in the crown court are £220 and £200 respectively (source: CPS data).

In 2012, 6% of all proceedings in the magistrates' courts were appealed (source: Court Statistics 2013, year 2012 used).<sup>17</sup> So the number of appeals being brought to the Crown Courts is expected to be low. With that in mind, we have calculated the costs if 6% of orders were appealed as the most likely cost. We have then conducted a sensitivity analysis with 1% being appealed as a low estimate and 10% being appealed as a high estimate.

On that basis, the likely costs of appeals are set out in Table 4 below.

**Table 4 – Costs of appealing STROs and STPOs**

	STROs & STPOs	% appealed	CPS costs (£220)	HMCTS costs (£300)	LA costs (£484)	Advocacy costs (£200)	Undiscounted Annual Costs
LOW	3	1%	£6	£8	£12	£5	<b>£30</b>
ML	25	6%	£325	£443	£715	£295	<b>£1,778</b>
HIGH	67	10%	£1,459	£1,989	£3,209	£1,326	<b>£7,983</b>

<sup>17</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/297961/court-stats-2013-main-tables.xls](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/297961/court-stats-2013-main-tables.xls). Total number of magistrates' court trials in 2012 was 156,671 (Table 3.3). Total number of appeals in the Crown Court in 2012 was 12,773 (Table 3.28), less abandoned appeals and otherwise disposed gives 9,707. Therefore, the proportion of appeals is 6 per cent.

**(c) Costs relating to breach:** Some of the orders could also be breached which would result in a criminal prosecution. Breach of an order is triable either way, so to calculate a range of possible costs we have assumed that they would all go through the magistrates' court for our low estimate, and all through the Crown Court for our high estimate.

It is difficult to estimate exactly how many orders might be breached. A pilot of Domestic Violence Protection Orders (DVPOs), which are non-conviction orders comparable to STROs, found a 1% breach rate, however it was not clear if breaches were being missed. (Source: Evaluation of the Pilot of Domestic Violence Protection Orders, Research Report 76, November 2013).

Since SCPOs were introduced in 2007 there have been 9 prosecutions for breach out of around 270 orders made, which suggests a breach rate of around 3%. (Source: Serious Crime Bill – Improvements to the Serious Crime Prevention Order, Impact Assessment, 2014). This does not mean that it will be exactly the same for STROs and STPOs, but this evidence suggests that breach rates are likely to be low. As a result we have calculated the most likely costs with a 5% breach rate, which may still represent an overestimate. For sensitivity analysis, we have calculated a low estimate with a 1% breach rate, and a high estimate with a 10% breach rate.

For a prosecution in the crown court CPS costs are £2,600, HMCTS costs are £1,100 and legal aid costs are £5,300. In the magistrates' court, CPS costs are £200, HMCTS costs are £600 and legal aid costs are £400. On that basis, the potential direct costs of prosecuting breaches of these orders are set out below.

**Table 5 – Cost of prosecuting breaches of STROs and STPOs**

	STROs & STPOs	% breached	HMCTS costs	LA cost	CPS costs	Undiscounted Annual Costs
LOW	3	1%	£15	£10	£5	<b>£30</b>
ML	25	5%	£1,046	£3,507	£1,723	<b>£6,276</b>
HIGH	67	10%	£7,326	£35,298	£17,316	<b>£59,940</b>

These prosecutions could also lead to some prison and probation costs. In order to calculate these costs, we need to make a number of standard assumptions. We assume:

- 50% of defendants are given custodial sentences
- Offenders are given half the maximum sentence available
- For sentences over 12 months they serve half in prison and half on probation
- For sentences under 12 months they just serve half of the sentence

(Source: Based on assumptions in MoJ internal analysis, 2013. Further details can be found at the Assumptions and Risks table at Annex A)

The average cost of a prison place is £28,000 p.a. (Source: NOMS management accounts addendum, 2012/13) and the average cost of probation is £2,600 per year (source: Source: MoJ internal analysis, 2013). Again, to calculate high and low estimates, we have assumed that all cases would go through the magistrates' court and crown court respectively.

The maximum sentence available for conviction on indictment is 6 years, so we have assumed that an offender would be given 3 years on average and serve 1.5 years in prison and 1.5 years on probation. The maximum sentence on summary conviction is 6 months, so we have assumed that they would be given 3 months on average, and spend 1.5 months in prison.

On that basis, the costs of prison places and probation for offenders who breach their STROs or STPOs are set out in Table 6 below

**Table 6 – Prison and probation costs resulting from prosecuting breach of STROs and STPOs**

	STROs & STPOs	% breached	Undiscounted Annual Costs
LOW	3	1%	<b>£0</b>
ML	25	5%	<b>£5,347</b>
HIGH	67	10%	<b>£616,322</b>

**(d) Appeals to the Crown Court or Court of Appeal:** Finally, some of these orders could be appealed to the Crown Court or the Court of Appeal. However, the number of appeals at this stage is expected to be extremely small. As explained above, we expect that under 10% of the orders will be breached. Then of those a proportion will get sentenced and convicted, and then of those, a small proportion might appeal the sentence or conviction. Given the volumes of orders we are expecting, this proportion, of a proportion, of a proportion, produces very small numbers, so we expect these costs to be negligible.

This means that the overall average annual costs of STROs and STPOs will be **£48,000** with an upper bound high of **£777,000** and a lower bound of **£4,000** per year.

### **(6.ii) Public Sector Benefits**

STROs and STPOs are designed to prevent modern slavery offences, which will carry life sentences under this Bill. It is difficult to know exactly how many offences might be prevented, and this will depend to a significant extent on how the Orders are used by law enforcement and the courts in practice. However, we can look at different levels of effectiveness, to get some sense of the potential cashable savings to the criminal justice system. The more important benefits (though non-monetised) would be for the individuals who would have become victims of severe abuse, but for the prevention of offences.

We have assumed that where an order is granted, in 15% of cases an offence may be prevented, and tested an upper bound of 25% and a lower bound of 5% for sensitivity analysis. There is no available data to back up this assumption but it seems reasonable that the Orders will prevent some offences from occurring and we have been conservative in our upper bounds to ensure that we do not overestimate the benefit.

Using the same volumes of orders, 3, 25 and 67, in our most likely scenario, if 15% of the orders prevent an offence, this will prevent almost four modern slavery crimes on average per year. The upper bound estimate would prevent just over 16 and the lower bound much less than 1 crime on average per year.

Modern slavery offences are triable either way, but given their seriousness we expect most to go through the crown court and so have assumed that they would all go through the crown court for these calculations. If offences were prevented, the HMCTS, CPS and legal aid costs associated with a crown court prosecution would be avoided.

If the Orders prevented these prosecutions from needing to take place, they would also prevent potential prison and probation costs. In 2012 the average prison sentence given for human trafficking and modern slavery offences was 6 years<sup>18</sup> (source: MoJ sentencing data). If we use the same assumptions as above, that half of defendants receive custodial sentences, and offenders serve half their sentence in prison and half on probation, we can calculate the likely cost savings which these Orders might create.

The combined savings that preventing these prosecution, prison and probation costs could bring are set out below in Table 7.

**Table 7 – Benefits of STROs and STPOs preventing prosecution, prison and probation costs**

	STROs & STPOs	% of orders which stop offences	No. of offences stopped on average per year	Undiscounted Annual Benefit
LOW	3	5%	0.1	<b>£6,167</b>
ML	25	15%	3.7	<b>£181,400</b>
HIGH	67	25%	16.7	<b>£818,181</b>

<sup>18</sup> Average custodial sentence length in 2012 for slavery and trafficking offences was 70.6 months or 5.9 years.

In all three scenarios the average annual saving that these orders bring would outweigh any direct costs. These benefits will also be underestimates, because they are calculated using the average prison sentence before the introduction of life sentences.

## **(7) Anti-slavery Commissioner**

### **(7.i) Costs**

The budget for the Anti-slavery Commissioner will be up to **£500,000** which will be provided by the Home Office. This will provide for the Commissioner's salary and the employment of a small team of support staff. It will enable the Commissioner to travel, conduct research and produce reports, as the role requires. There will be no further costs involved in this provision.

### **(7.ii) Benefits**

The Anti-slavery Commissioner will provide coordination and cooperation between law enforcement agencies, allowing resources to be used more efficiently and effectively. This efficiency and focus should enable some cost savings for law enforcement agencies, though this is not quantifiable. More substantially, creating an Anti-slavery Commissioner will spread best practice and galvanise improvements in the operational response to modern slavery from law enforcement.

## **(8) Introduce a statutory defence for victims**

### **(8.i) Costs**

Introducing a statutory defence for victims is not expected to incur any costs.

### **(8.ii) Benefits**

A statutory defence may create some non-quantifiable benefits for the criminal justice system. The defence should prevent some prosecutions taking place by making it very clear when victims should not be treated as having committed a criminal offence. It should also reduce the costs of appeals against wrongful convictions and reduce prison costs if it stops slavery victims from being wrongfully convicted.

The measure should also strengthen the overall law enforcement response to modern slavery by encouraging victims to come forward and give evidence against perpetrators.

## **(9) Special Measures**

### **(9i) Costs**

This measure will simply extend provisions which already apply to human trafficking offences to the offence of slavery, servitude and forced or compulsory labour. This may increase costs marginally in court cases where defendants are given special measures which they would not have received otherwise. However, the legal certainty that all trafficking and slavery victims should automatically get access to special measures if required, should create administrative efficiency savings which should balance out any additional costs.

Furthermore, it is worth noting that in 2012 there was only one conviction for this offence, so even if our wider enforcement activity increases the number of cases, any costs associated with extending the provision of special measures is expected to be negligible.

### **(9ii) Benefits**

Providing all modern slavery victims with access to special measures will encourage more victims to come forward and give evidence. This will result in more perpetrators being successfully prosecuted and fewer individuals being abused, bringing the social and economic benefits associated with reducing this crime type.

## **(10) Duty to notify the NCA**

### **(10.i) Costs**

The duty to notify the NCA about potential cases of slavery and trafficking will only apply to specified public bodies. It will *not* apply to NGOs. The public bodies it is intended to specify are the police, Home Office, Local Authorities and the Gangmasters Licensing Authority (GLA).

The UK Human Trafficking Centre (UKHTC) Strategic Assessment for 2012 estimated that there were up to 2,255 possible victims of human trafficking in the UK. Of these, only 778 were positive or outstanding cases that had been referred to the NRM. This means that we can estimate that around 1,477 additional cases may have been referred to the NRM had this duty been introduced.



Currently, only victims of human trafficking should be referred into the NRM, and the UKHTC strategic assessment only tried to identify cases of human trafficking. However, this new duty to notify will also apply to cases of slavery, servitude and forced or compulsory labour. Unfortunately, there is no equivalent data available to estimate the likely number of referrals this might create.

However, anecdotal evidence suggests that some of these 1,477 potential cases may actually include slavery cases already, because the indicators of trafficking and wider modern slavery can be similar. So the figure of 1477 still represents the best available data, and will be used here, but may represent a slight underestimate if this expanded remit encourages more referrals.

To calculate the cost this might incur, we also need to estimate what proportion of those cases each public body will report. To estimate this, we can use the current referral proportions, and assume that it will stay the same. That may not be the case if one organisation already reports most of its cases and another does not, but this estimate is based on the best available data.

The percentages for 2012 are reported in the IDMG report on Human Trafficking and indicate that the additional reports would be split between Police, 369 (25%) Home Office 635 (43%), Local Authorities 192 (13%) and Gangmasters' Licensing Authority 30 (2%). The remaining 251 (17%) of the additional referrals would come from NGOs, but they are excluded here, because this duty will not apply to them.

Based on feedback from operational colleagues we have assumed that the NRM form will take about 15 minutes to complete. Using that assumption and the hourly rate of the staff who complete the forms, we can calculate the potential additional costs this duty will incur, as in the Table 8 below.

**Table 8 – Cost for specified public bodies to make additional reports**

First responder	Time to complete form (mins)	hourly rate	Cost per form	No. of additional reports	Undiscounted Annual Costs
UK police forces	15	£36.51	£9.13	369	£3,368
Home Office	15	£15.82	£3.96	635	£2,511
Local Authorities	15	£20.05	£5.01	192	£962
GLA	15	£15.68	£3.92	30	£118

There will also be a cost for the NCA to process the additional data. It is estimated that it could take 35 minutes in total to process the data on each additional form, and then input the data onto the NCA intelligence system. On that basis, the likely cost to the NCA is set out in Table 9 below

**Table 9 – Cost for the NCA to process additional reports**

Organisation	Processing and input time (mins)	Hourly rate	Cost per form	No of additional forms	Undiscounted Annual Costs
National Crime Agency (UKHTC)	35 minutes	£36.51	£19.87	1477	£29,348

This means that in total, the extra direct cost for public bodies, including the NCA, should be approximately **£36,000** per annum as presented in the summary table 1 above.

#### **(10.ii) Benefits**

The benefits of this measure are not quantifiable. However, the duty to notify the NCA is designed to improve our data and intelligence about human trafficking. This should allow law enforcement to allocate resources more effectively and efficiently, ultimately saving money.

#### **(11) Provide a duty to create a national, statutory child trafficking advocates scheme, following a trial and resolutions of both Houses of Parliament.**

The costs and benefits of introducing child advocates for victims of child trafficking will be fully assessed separately before the scheme is implemented, drawing on the findings of the evaluation of the trial.

We are not yet in a position to estimate the costs of the provision. The evaluation of the trial will provide us with important information that we will need to cost the provision, such as for how long the advocate will support the child. Very initial assessments based on incomplete information are that the cost could be between £2m-£5m per year. However, the overall social and economic cost of trafficking for sexual exploitation has been estimated to be £890m, so even if the scheme does cost £5m, the Bill overall would still only need to reduce modern slavery by an additional **0.6%** for this measure to be cost neutral.

## **(12) Produce statutory guidance on the identification of victims and provision of victims' services**

### **(12.i) Costs**

This statutory guidance will not, in itself, create any additional costs because victim identification and support is already undertaken. Providing guidance to front-line professionals on identification of victims will increase the likelihood of more victims being identified and accessing Government-funded support, which would increase costs slightly, but this not quantifiable, and is not expected to be a significant effect.

### **(12.ii) Benefits**

Ensuring that front-line professionals understand how to identify victims and refer them to support will be important in ensuring that more people are prevented from being abused and are signposted to appropriate care and support early. The guidance will also set out the UK's requirements to provide support and care as part of its international obligations under the Council of Europe Convention and EU Directive on trafficking in human beings.

## **(13) Presumption of children's age**

### **(13.i) Costs**

The provision reflects current policy which gives effect to Article 13(2) of the EU Directive on Trafficking in Human Beings and Article 10(3) of the Council of Europe Convention on Action Against Trafficking in Human Beings. As such the measure should already be applied and so should not incur any additional costs. Support services for looked after children are already funded on the basis that this presumption should be applied in practice following current policy. This legal change is simply making this requirement as clear as possible and ensures an additional safeguard in legislation.

### **(13.ii) Benefits**

Children are often especially vulnerable to re-trafficking, so ensuring that they get proper support and care as soon as they are identified should create savings for the criminal justice system and victim care system in the long run. Reduced victimisation should again create social and economic benefits.

## **(14) Transparency in Supply Chains**

### **(14.i) Costs**

This provision simply requires businesses to disclose what they have done to ensure there is no modern slavery in their business or supply chains. It does not require them to take particular actions, and they will be free to disclose that they have done nothing, if they so wish. Our intention is that it will just act as a nudge for businesses to take action, because once consumers, investors and others have a better understanding of what action business is taking, they will call for more action if they think it is necessary. Therefore, the only cost as a direct result of this regulation will be the very small cost of putting the disclosure together and publishing it online.

In many cases, businesses will disclose most of this material already. International businesses will often already be required to comply with similar provisions in California statute, if they operate in California, and certain British businesses whose shares are publicly traded are already covered by the Companies Act reporting requirements around human rights. In addition, many businesses will have strong Corporate Social Responsibility programmes in place which are already publicised.

### **(14.ii) Benefits**

This provision will ultimately lead to reduced victimisation which will create significant social and economic benefits, within the UK and abroad. It will also create a fair situation for affected businesses by ensuring that they all face the same rules and will benefit consumers by enabling them to make better informed choices about the goods they buy.

It will not be possible to fully assess the costs and benefits of this provision until the size of business that this will affect has been set by regulations, following consultation. So we will fully assess the impact of this measure after that size threshold has been determined, but before this provision is commenced.

## **F. Rationale and evidence that justify the level of analysis used in the IA**

The level of analysis is proportionate to the level of cost involved. The only measures expected to incur measureable, non-negligible costs are the introduction of life sentences, the Anti-slavery Commissioner, the STROs and STPOs and the duty to notify the NCA. As a result, the analyses of these measures are more extensive and detailed.

All of the measures are sensitive and will be very important for those they affect, however, as indicated above, any costs have been assessed as being low, and therefore further analysis is not deemed to be necessary.

All of the measures will contribute to the overall impact of the Bill, in helping to tackle modern slavery. The overall assessment of the costs and benefits of the Bill therefore tries to account for the combined benefit that these measures will bring. Though this is difficult to quantify precisely, given the serious problem they are tackling, these benefits are potentially significant.

## **G. Risks and assumptions**

Assumptions are clearly noted and explained when made in the proceeding analyses.

More detail about the risks and assumptions involved in the criminal justice system costs is attached at Annex A, 'Risks and Assumptions Table'.

## **H. Direct costs and benefits to business calculations (following OITO methodology)**

There should be no direct costs to businesses from any of the proposed measures in the Bill

Businesses may benefit from a more robust law enforcement approach which will help to ensure that modern slavery and human trafficking is less likely to infiltrate their UK supply chains, thereby protecting them from reputational risk.

## **I. Wider impacts**

This proposal will have clear and important social benefits. The overall impact should be to rescue more slaves and trafficked persons and convict more perpetrators. More effective law enforcement with improved powers and tougher sentences should also act as a deterrent and thereby prevent people from becoming victims in the first place.

## **J. Preferred option implementation plan.**

We expect passage of the Bill to take place over the next Parliamentary session, with Royal Assent in spring 2015, and implementation following as quickly as possible thereafter.