



Gov Facility
Services Limited

Company registration number 11061429



Annual report and accounts

2021/22

CP 756



Gov Facility Services Limited annual report and accounts 2021/22
Company registration number 11061429

Presented to Parliament
by the Secretary of State for Justice
by Command of His Majesty

November 2022



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Any enquiries regarding this publication should be sent to us at: GFSL (Gov Facility Services Limited), 5th Floor, Acero 1, Digital Campus, Concourse Way, Sheaf Street, Sheffield, S1 2BJ, United Kingdom.

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Section 1

Strategic report

Chair's statement



2021/22, like every year since it was established, was challenging for Gov Facility Services Limited (GFSL), but we and our staff have much to be proud of.

The pandemic and labour pressures across the wider facilities management sector were particularly challenging for the business throughout the year. As the United Kingdom emerged from the pandemic, we saw our staff turnover rates increase. We have had to induct more new starters and rely on external labour more than previously, which added to our costs.

We have already taken steps to strengthen our 'people' capability. We have appointed an additional non-executive director with a breadth of organisational development and human resources experience. We have also appointed an experienced people executive director to lead this part of our business. We have plans to strengthen our 'offer' to staff, reflecting their importance to the business and the value we place on them. GFSL offers a unique working environment where our staff provide social value through their contribution to the safe and effective operation of prisons and where what we do is driven by doing it right, rather than profit. While recognising fully that there is scope for us to further improve our contribution, we look forward to playing our part in the Ministry of Justice's future facilities management provision.

During the year, through concerted management effort at all levels, accident rates reduced significantly across the business. This will remain a priority for the future.

As signalled in our last annual report our first chief executive left us in April 2022. We appointed an interim chief executive and advertised for a permanent appointee. That recruitment process is close to conclusion.

Across all our key performance measures we delivered more – particularly on our project work, which increased over 2021/22 by 38%. We are proud to have employed a former prisoner as a permanent GFSL employee, and to have increased our rehabilitative contribution through the Clean, Rehabilitative, Enabling and Decent (CRED) programme. We have worked with the Ministry of Justice to pull together a comprehensive approach to tackle water system improvements and look forward to doing the same for other estate and operational challenges.

We continue to focus on how we can further improve our services and we are committed to working with the Ministry of Justice to maximise the benefits provided by our unique status as a not-for-profit government company.

Colin Allars
Chair, GFSL

Performance overview

What we do

Gov Facility Services Limited (GFSL) is a not-for-profit company owned by the Ministry of Justice (MOJ). We work within a framework agreement that sets out the key responsibilities between us and MOJ and describes how our relationship works, including matters on governance, finance and management, which expands on our articles of association.

GFSL provides facilities management services across 48 prisons in the South of England, which includes Greater London, Kent and Sussex, the South West and the East of England. We have also completed a small amount of work for the Probation Service.

Our primary aim is to support His Majesty's Prison and Probation Service (HMPPS) and MOJ to deliver safe, high-quality and value-driven facilities services in the justice sector. We do this by delivering in two primary areas: our core services and variable services.

The core services are delivered within a fixed annual budget that covers planned preventative maintenance and reactive repair activities up to the value of £2,000 per repair. This includes:

- hard facilities management – building infrastructure, asset maintenance and assurance
- soft services, such as cleaning, laundry, landscape maintenance and waste management
- stores management and rehabilitation services

The variable services are not covered by the annual budget we receive and are generally undertaken with instruction from HMPPS. This includes:

- reactive repairs over £2,000 per repair
- minor project works that are instructed by the client
- project services – including capital investment type works, which are approved in advance by the client and in some cases are significant in size and value

What we are aiming to achieve

GFSL's executive has issued the annual business plan which aligns to the six strategic aims, setting clear objectives to all the core functions.

In delivering our vision to support a world-class justice system by being the best-value provider for facilities services, our primary goal is to support the operational requirements of MOJ and HMPPS.

We aspire to deliver this goal through safe, high-quality and value-driven services. We underpin this mission with six strategic aims:

- value for money – efficient and quality services within budget
- reliability – effective service delivery
- people – our most important asset
- customer – being a trusted provider
- safety – everyone goes home safe
- corporate social responsibility – achieve a balance of economic, environmental and social imperatives

We aim to ensure that everything we do improves our performance against one or more of these strategic aims.

Our business strategy continually evolves and adapts to ensure we are delivering services that are aligned to the needs of the Prison Service. We use the annual business planning process to set out our near-term objectives and prioritise the focus for our change programme.

The key business priorities are incorporated into our business plan and cascaded throughout the business, forming staff personal objectives.

Our vision, mission and values

Our vision

To support a world-class justice system by being the best-value provider for facilities services.

Our mission

To deliver safe, high-quality and value-driven facilities services in the justice sector.

Our values

Our values are what we believe in as an organisation, and how we aspire to be as individuals. They form the basis of GFSL's working culture, reflecting how we want to work. They will help us to meet our challenges ahead as one team.



Pride in people



Do the right thing



One team

Our strategic aims

Business plan

Strategic aims	Business priorities for 2022/23
<p>Value for money</p> 	<ul style="list-style-type: none"> • deliver our service within the agreed budget • improve financial and commercial process compliance • improve the efficiency of our service delivery
<p>Reliability</p> 	<ul style="list-style-type: none"> • improve priority service delivery performance • improve levels of statutory compliance across all sites • ensure we consistently get the basics right by improving ineffective processes
<p>People</p> 	<ul style="list-style-type: none"> • reduce voluntary attrition • ensure all staff have a personal development conversation • improve our staff engagement score in every business area • ensure teams are resourced properly
<p>Customer</p> 	<ul style="list-style-type: none"> • improve the key areas of customer dissatisfaction • improve the perception of our project delivery
<p>Safety</p> 	<ul style="list-style-type: none"> • continuously reduce the likelihood of injury or damage • complete all statutory health and safety training • address workplace hazards through safety inspections • ensure all new starters understand their health and safety responsibilities
<p>Corporate social responsibility</p> 	<ul style="list-style-type: none"> • improve our management of environmental risk • support rehabilitation through our work with serving prisoners • measure our supply chain partners' level of engagement

Performance against our strategic objectives

Value for money

We have delivered our services within the budget delegated to us for this year, despite COVID-19 still impacting on our costs and services. We strive to deliver value for money across all areas and have a continuous improvement ethos in the company, looking for efficiency and effectiveness opportunities. Our supply chain is an area where we always look to drive value. This is achieved through our continual supplier dialogue, market monitoring and collaboration with our MOJ partners to explore if there are opportunities within whole-life costs and not just maintenance.

Reliability

We have continued to operate effectively despite the challenges to our business operations from the pandemic. We continue to listen to the views of our people and worked closely with the Prison Service regarding our COVID-19 safety measures. This enabled us to maintain effective operations in all parts of our business, as well as to prioritise the safety of our people. Our guiding principle throughout was to support the Prison Service and to work collaboratively wherever possible to mitigate risk and disruption to delivery. Overall, we were able to maintain a strong performance in reactive and planned maintenance. To improve our approach to developing and managing our change initiatives and improvement projects, we have embraced Lean Six Sigma principles. Our first phase of this journey was to provide awareness and training to our executive team, middle managers and those leading change. From here, we seek to integrate and embed this continuous improvement methodology into our business planning and change processes.

People

GFSL is a business, offering facilities management services that are driven by our frontline operational and central teams. The pandemic presented its challenges for the workforce, the facilities industry and the prison estate. These challenges reduced as the impact of the pandemic lessened. Our focus has remained firmly on the delivery of essential prison services, as well as the wellbeing of our supply chain and staff. We have given them the support and guidance they need to deliver while looking after themselves and each other. Recruitment and retention have been particularly challenging for GFSL over the period.

Customer

Our performance showed that despite the impacts of the pandemic, we maintained a strong level of service. We collaborated with MOJ and HMPPS to ensure the estate operated safely and securely. The customer net promoter score continues to be an important metric for GFSL in understanding a customer's overall satisfaction with the quality of services provided. During the period, our customer net promoter score improved four points, from a score of -40 in the previous year to -36.¹ We aim to further improve our customer and stakeholder overall satisfaction scores over the coming year.

¹ The customer net promoter score is between -100 and 100, with greater than zero being where more respondents would promote the company than not promote it. A negative score indicates that more respondents would not promote the company than promote it.

Safety

GFSL has continued to focus on improving safety performance. The organisation has an 'Everyone Goes Home Safe' plan that supports our strategic safety aim.

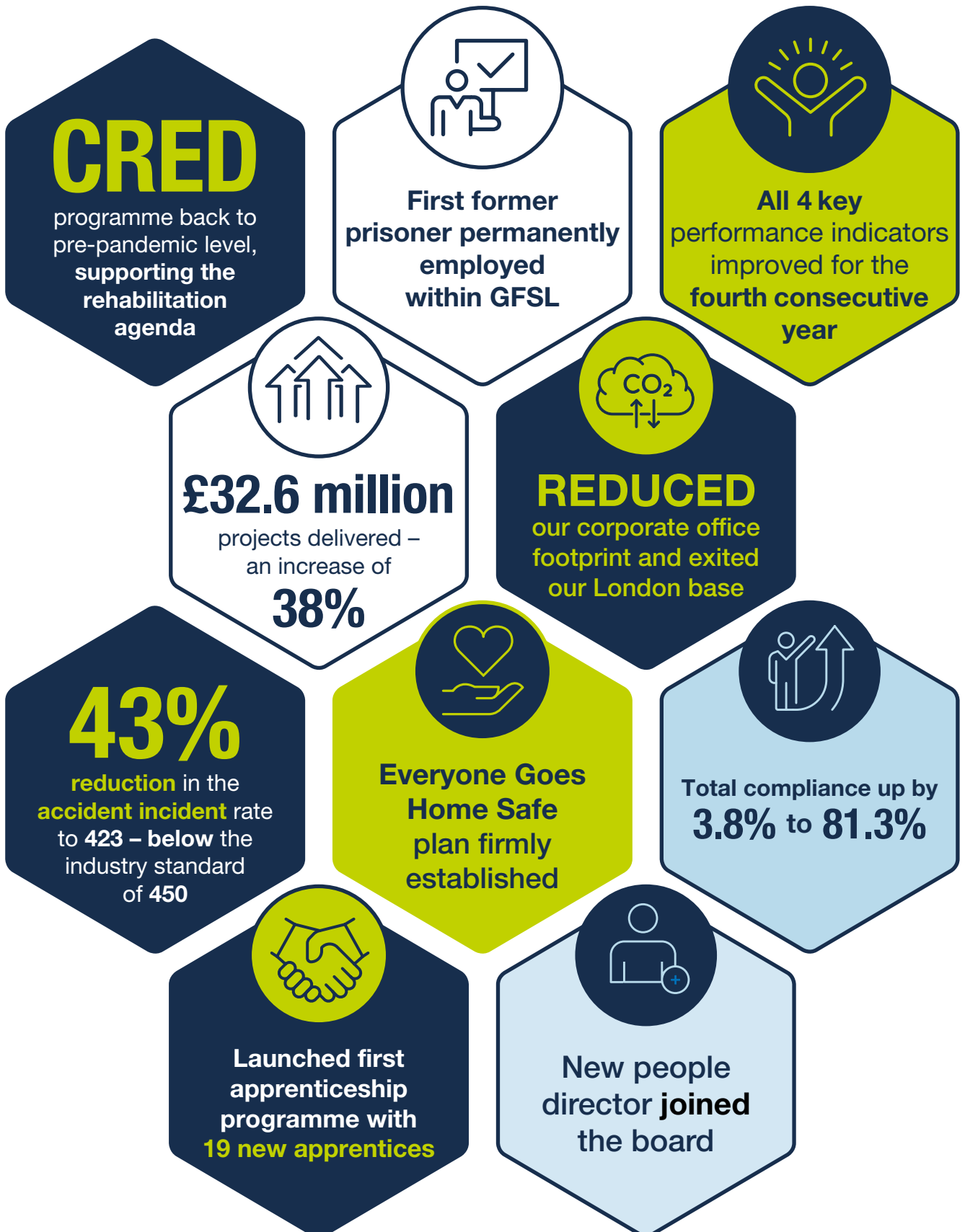
The past two years have been difficult for our people as we, MOJ and HMPPS have navigated our way through the pandemic. Despite the challenges, we have maintained a strong safety performance. Our accident incident rate is just one measure to monitor progress towards our goal. This year's accident incident rate of 423 represents a reduction of 43% compared to the previous year. The industry standard rate is 450.

Corporate social responsibility

We have recently developed a new framework for progressing our corporate social responsibility. Our approach is based on five key principles:

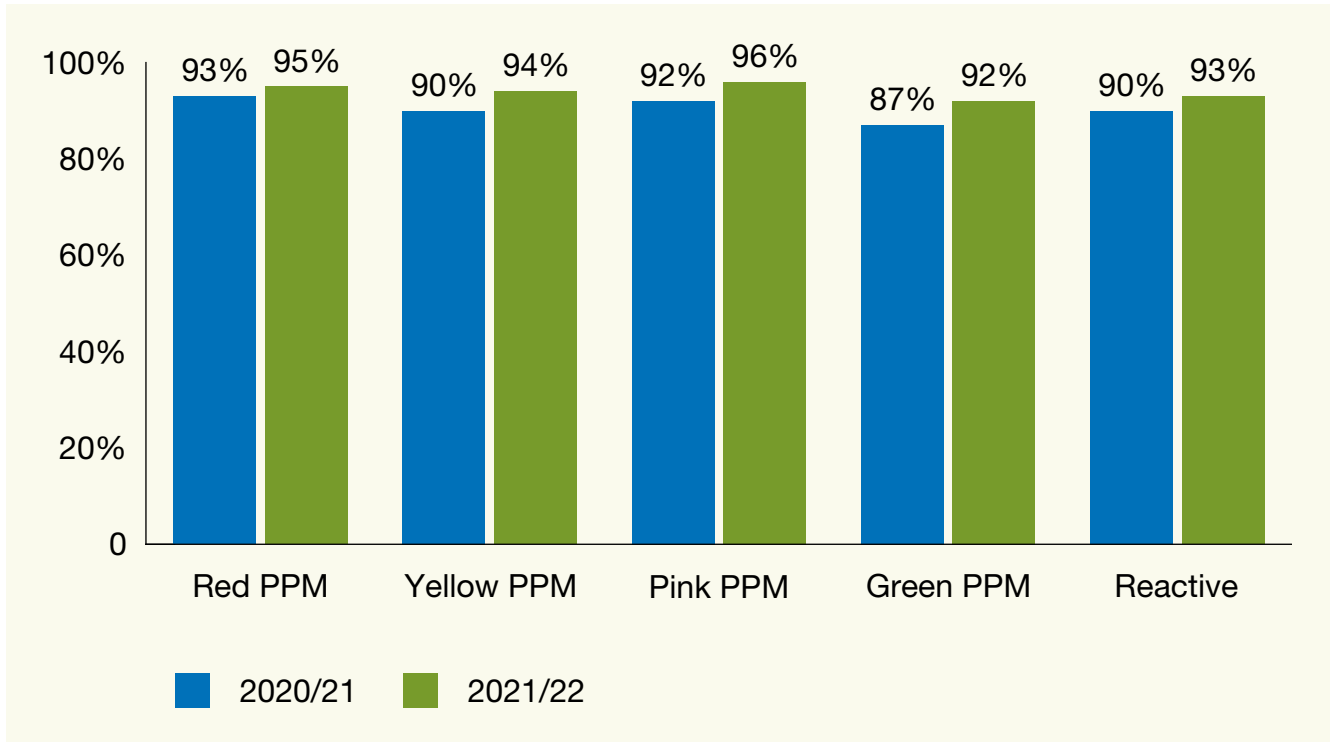
1. We respect our **people**: by developing and caring for our people, our aim is to have fully engaged employees who are proud to work for GFSL.
2. We respect our **customers**: by delivering high standards and customer-focused services, our aim is to become a chosen business partner.
3. We respect our **environment**: by actively managing our waste, emissions and consumption of natural resources, our aim is to reduce our direct impact on the environment.
4. We respect our **community**: by supporting the communities in which we work, our aim is to make a real, positive difference.
5. We respect our **partners**: by engaging with our supply chain clearly and honestly, our aim is to foster sustainable partnerships.

Our year at a glance



Performance analysis

Operational performance



Planned preventative maintenance (PPM)

PPM is a key operational workflow that is used to ensure we keep the prison estates in good working order.

PPM tasks are a combination of preventative and corrective works that blend together to ensure prison assets are functional and compliant.

During 2021/22, operational performance across all PPM priorities improved compared to the previous year. This is broken down as follows:

Red PPM – statutory maintenance improved by 2%

Yellow PPM – optimal maintenance improved by 4%

Pink PPM – business-critical improved by 4%

Green PPM – discretionary maintenance improved by 5%

These performance improvements across all PPM priorities show a clear commitment to achieving high-level service delivery and continuing to work towards full compliance.

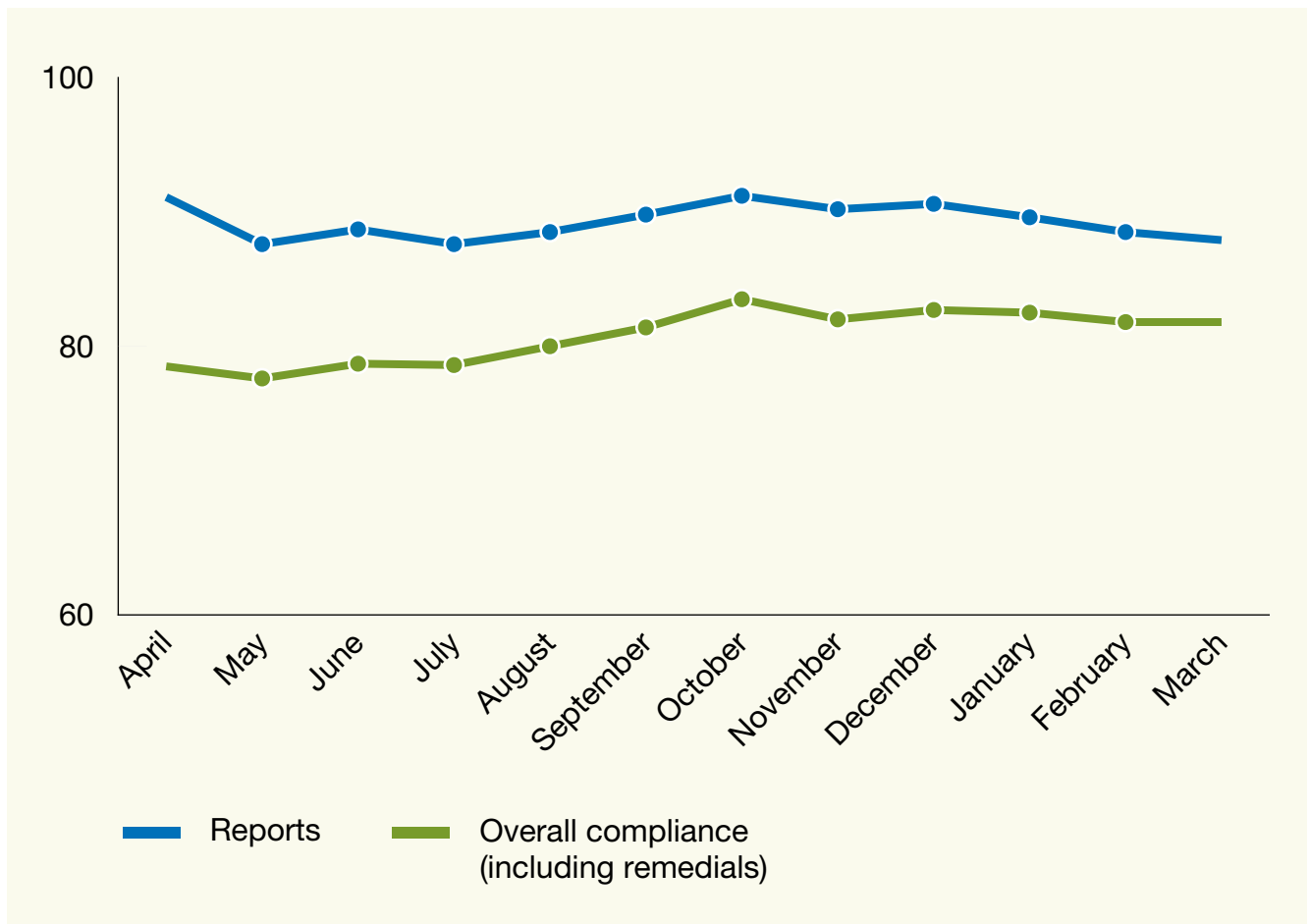
Reactive maintenance

Reactive maintenance refers to unexpected breakdowns, repairs or breakages including works such as:

- unplanned repairs and replacement activities
- accidental failure
- vandalism or misuse
- emergency maintenance and remedial work

As with the PPM performance, reactive performance also improved during 2021/22. Reactive jobs improved by 3% up to 93%. This performance is superior to our target objective of 90%.

Statutory compliance



Statutory compliance is a complex set of regulations, assessments and inspections that need to be undertaken within the estate to ensure that buildings and systems comply with current government legislation and are suitable and safe for use. These are logged and reviewed to provide assurance of certification.

We measure two elements of statutory compliance independently via a third party:

- statutory PPM activities as a 'reports only' measure
- combined statutory PPM and remedial repair requirements as 'overall compliance'

Statutory compliance is measured from reports. Each report may represent one or multiple assets that require certification. Compliance is achieved when the report and all assets it includes are certified, with no outstanding repairs.

The statutory compliance graph above represents our reported compliance position, measuring the assets that are fully certified

and compliant against the total measured reports for the estate. The graph shows an overall compliance position of 81.3% – a 3.8% increase from the previous reporting period. During the previous financial year, the backlog maintenance significantly increased due to the impact of COVID-19 on resourcing. During this financial year, GFSL conducted a project to improve the completion of the remedial backlog works and MOJ provided additional funding to support the project.

The reports-only compliance stands at 88%, a decrease of 2% from last year. This work is also measured as PPM in the system. Red statutory performance levels improved between December 2021 and March 2022. The reduction of 2% was mainly due to delays in processing the task documentation to allow full closure. This delay was caused by a number of factors, but resourcing during the period was a key factor.

Performance commentary

GFSL's maintenance services continued to be of vital importance for ensuring safe, decent and secure accommodation. The safety and wellbeing of all staff, suppliers and prisoners remained our priority.

Like most organisations across the UK, the COVID-19 pandemic presented GFSL with several operational challenges. The most notable impact of COVID-19 on GFSL was staff absence due to infection and the requirement to self-isolate. This touched all areas of our teams, and approximately 3,000 working days were lost.

Despite this ongoing challenge, the business ensured that service delivery to all establishments continued. Moreover, the hard work and determination from our teams resulted in improvements in both planned and reactive performance compared to the previous year. The resilience of our staff to provide continued services is a testament to all.

Clean, Rehabilitative, Enabling and Decent (CRED) programme

GFSL's unique CRED programme continues to gain strength and momentum. In 27 establishments, GFSL directly oversees prisoner working programmes that help prisoners gain and enhance their skills in a variety of trade disciplines.

Over the year, there was a focus on recovering to pre-pandemic levels, which was recently achieved, and trialling new initiatives with a view to expanding on the rehabilitative outcomes we strive for.

In the past year, we were proud to offer permanent employment to a prison leaver in the East of England who joined us directly from a CRED programme. We also employ two serving prisoners via release on temporary licence, to fill an electrician vacancy and a handyperson vacancy. Having demonstrated that this employment works, we are actively



CRED programme case study

GFSL supports prisoners by keeping them engaged and learning new skills. With the help of our team, the prisoners learnt how to lay flooring under our staff's guidance.

HMP Warren Hill took the initiative and created a flooring bay where the prisoners could practise vinyl sheet laying.

HMP Parkhurst has also started laying resin flooring to achieve a perfect finish, following some training with the prisoners.

Both programmes offer our team and the prisoners the chance to learn a new skill, improve the prison environment and save costs by keeping the work in-house.

trying to offer more employment opportunities to those finishing their sentence or eligible for release on temporary licence.

We recorded around 500 reactive jobs completed by CRED teams each month and expect this number to increase. Additionally, at sites where CRED teams have been put in place, we have seen a reduction in vandalism and reactive works.

We have launched new CRED initiatives at some of our sites, including vinyl and resin floor laying, portable appliance testing and a full accommodation hut refurbishment at HMP Springhill. All programmes tie in with prisoner working and create a valuable new alternative to sub-contracting works. Many of these initiatives have been supported with funding from MOJ who are engaged in helping to shape the future and potential of CRED works on a larger scale.

We have also engaged with our supply chain partners to offer prisoners rehabilitative opportunities. One of the companies we use, that provides fire and security services, began mentoring a prisoner at HMP Swaleside. The prisoner shadowed planned and reactive visits, and the company is funding a Fire Industry Association qualification so he can work within the fire and security industry on his release. We will be looking for further similar opportunities with our supply chain partners.

Health and safety

Health and safety remains a business priority, ensuring the wellbeing of our staff, contractors, prison staff and prisoners. Like all businesses, the pandemic continued to provide challenges to GFSL's ability to deliver safe, essential services on site.

As well as ensuring COVID-19-safe work environments through collaborative working, we continued to focus on the safety of our people, prisoners and contractors across facilities management and project operations. Getting everyone home safe remains a key priority.

In the year, our accident incident rate improved by 43%, from 741 at the end of March 2021 to 423 at the end of March 2022. This is a rolling average which disappointingly has since risen. We are committed to improvement of our health and safety culture and to addressing this through a range of targeted interventions.

We continue to focus heavily on developing a safe working environment for all people on the establishment sites. We investigated incidents including near misses, and the safety team worked alongside site operations to provide oversight and technical guidance. Part of this support included site visits to provide assurance and check how key safety risks were managed. All employees and contractors have the responsibility and the authority to stop any unsafe work. We monitor and report on key workforce personal safety metrics in line with industry standards. During 2021, we kept up our approach to hazard identification. Working with our teams we continued to encourage 'See, Sort, Report', which resulted in over 5,000 reports of workplace hazards. We used this information to make informed decisions around how and where to make improvements. During 2021, we refreshed our safety improvement programme. Our Everyone Goes Home Safe plan focuses on six key enablers that help us to improve our performance across all areas of health and safety.

GFSL's six health and safety key enablers



Culture, leadership and people: create a culture where every staff member, at every level in the business, understands and takes a personal responsibility for health and safety.



Care and wellbeing: provide support and resources to maintain a healthy and protected workforce.



Communication and reporting: have effective safety communication and use reporting to inform and engage with all staff and stakeholders.



Competence and training: ensure our staff have the right level of health, safety and technical understanding to give them confidence and competence to do the task.



Control and systems: have systems that help us manage, monitor, assure and drive continual improvement.



Collaboration and partnering: maintain collaborative relationships with our stakeholders that are built on a mutual appreciation of high safety standards.

Projects

The projects workstack has continued to grow in volume and value during 2021/22. GFSL has seen a year-on-year increase in projects. Budget delivery was approximately £32.6 million across all four regions. This resulted in a performance increase of 38% compared to the previous financial year. In addition to this increase in delivery, there has also been £14.5 million worth of work completed on the Modular Unit Demolition and Replacement Schemes.

Although a strong performance, we have still seen some delays in delivery due to the availability of project escorts who are key to escorting contractors around prisons to complete their work. We have seen large numbers of escort staff return to pre-COVID-19 employment or take up

opportunities that have come along as the economy gradually moved out of lockdown. We continued to work collaboratively with MOJ to develop a solution that provides sustainability and control in the availability of escorts across all work streams.

We have continued to successfully support high-priority programmes of work with MOJ Property, including the occupational capacity and accommodation works for the Modular Unit Demolition and Replacement Schemes.

We have also completed a number of improvement initiatives, including structure review, communication routines and a full review of our project processes that support delivery and full compliance to construction design management.

Financial summary

Full financial statements are available later in the report from page 51 onwards.

As a non-profit organisation, our revenue aligned with the costs incurred, which results in a zero net profit for the period.

Our budget for the core contract this year was £81.3 million.

Cash

GFSL has a strong cash position, which enables us to support our supply chain with prompt payment terms. Cash in the bank at the end of the financial year was £17.8 million, with £4.1 million committed for a supplier payment run that left the bank account on 1 April 2022.

GFSL continued to self-fund COVID-19 costs, although these were much reduced in the 2021/22 financial year.



Project case study

The GFSL project team were requested by the governor of HMP Feltham to create an army-style assault course within the prison, for use by army cadets to support their progression in obtaining awards and to increase physical development and wellbeing.

The design was signed off by HMPPS with assistance and guidance from the Ministry of Defence. With the help of our supply chain partner, the assault course was installed and ready for use by the prison.

GFSL's project manager, Matthew Dartmouth, explained: "All the relevant risk assessments were completed and all the ropes were strength-tested in accordance with the relevant safety requirements. The prison was extremely happy with the outcome and looks forward to the young cadets within the establishment making use of the course, once trained and certified by the Ministry of Defence."

Sustainability report

GFSL is exempt from preparing a sustainability report under the Greening Government Commitments as our contributions fall below the minimum threshold for reporting.

Sustainability is at the heart of our values, both in terms of our own headquarters estate and the work we do while on the prison estate. We have carefully considered the Greening Government Commitments when delivering our services in a sustainable way. The reporting boundary includes our headquarters and staff travel. MOJ includes in their report the sustainability and CO2 emissions for work done on their estate, and it is not possible to disaggregate GFSL's contribution from MOJ's own contribution or that of other subcontractors. To avoid double-counting, these operations are not within our sustainability reporting boundary.

Greenhouse gases

Greenhouse gases from travel are the main source of our emissions.

In 2021/22 our staff travelled around 179,021 miles by rail, producing 10.727 tonnes of CO2 equivalent, and 190,804 miles by car, producing 49.6 tonnes of CO2 equivalent (measures are based on 2021/22 CO2 equivalents). We have adopted a longer-term target to reduce carbon emissions from our office estate and domestic business travel by at least 30% by 2027.

We have introduced a policy to reduce CO2 equivalent emissions from travel, including increased use of video-conferencing and a new car policy that focuses on more efficient vehicles. Our sustainability targets support our strategic goals to 'deliver value to the UK taxpayer' and 'manage the facilities of the prison estate to reduce energy consumption and carbon emissions'. In 2022/23 we aim to further refine our corporate waste reduction plans and other environmental compliance targets, especially by supporting reduced food

waste in line with government requirements. We encourage the paperless office, and we only have two printers in our office in Sheffield.

GFSL exited our London base in Albany House in March 2022 as a result of more flexible working patterns for our staff. This should have a positive impact on reducing the travel emissions in future years.

Biodiversity

GFSL is working closely with MOJ's ecology department to develop ecological management plans for our estate. We are also fully supportive of the Queen's Green Canopy Scheme in increasing the diversity and number of trees that are being planted. We oversee tree planting in several prison establishments that we look after.

Waste

All prison waste is accounted for by HMPPS but is managed by us to ensure that all legal requirements are complied with. Waste from our office is separated at source to ensure as much as possible is recycled.

Sustainability

We comply with the applicable Government Buying Standards and report on the environmental effects of providing the goods and services to the prison estate.

The Government Buying Standards are a policy that ensures we purchase goods and services in an ethical, responsible and sustainable manner. We maintain ISO 14001, BS 8555 or an equivalent standard intended to manage our environmental responsibilities, and we provide goods and services in a way that:

- supports our achievement of the Greening Government Commitments
- conserves energy, water, wood, paper and other resources
- reduces waste
- avoids the use of ozone depleting substances
- minimises the release of greenhouse gases, volatile organic compounds and other substances damaging to health and the environment



Sustainability case study

To support MOJ's commitment to meet net carbon zero targets by 2025, GFSL has been successful in replacing over 800 gallery light fittings with LEDs at one of our high-security establishments. Over the anticipated life of the new fittings, the site will see savings of £260,000, 1,226,000 kilowatts per hour of electricity, and 260 tonnes of CO₂. There is also an estimated saving of £120,000 in maintenance costs.

Section 172 statement

This statement sets out how the directors have had regard to the matters set out in section 172 of the Companies Act 2006. They consider the impact of the company's activities and seek to act in good faith to promote the success of the company, for the benefit of shareholders and stakeholders in the long term.

The likely consequences of any decisions in the long term

We have spent time updating our business plan across the company, which aligns to our business strategic objectives.

At each board meeting, the directors discuss the actions taken and whether they have acted in the best interests of the company, staff and stakeholders.

The interests of the company's employees

We launched our first employee engagement survey across the business in 2021. The results showed we have pockets of high engagement and some areas of low engagement. A plan has been developed with the employee forum that will positively contribute to overall engagement through changes to reward and recognition, career pathways and employee benefits.

GFSL is committed to employee involvement in decision making, particularly in the areas highlighted on the engagement survey.

The need to foster the company's business relationships with suppliers, customers and others

Throughout COVID-19, we have engaged with our supply chain partners to ensure continuity of operations at our sites. GFSL has an extensive supplier relationship management programme where we hold regular supplier sessions open to all staff to discuss performance and raise any concerns.

We continue to foster our relationship with HMPPS and MOJ and hold regular stakeholder meetings to look at areas of improvement. Our most recent customer net promoter score indicates the need to prioritise this area, which aligns to our strategic aim.

The impact of the company's operations on the community and environment

We continue to work with MOJ to enhance and introduce sustainability improvements into the estate. An example of this is in the sustainability case study.

As part of our corporate and social responsibility policy, we offer our staff the option to do two days of volunteering each year in the community.

The desirability of the company maintaining a reputation for high standards of business conduct

There are various governance processes in place to ensure that GFSL acts within the boundaries of MOJ controls and those of a public company.

Staff have access to the company's code of conduct that details what is expected of them.

The need to act fairly between members of the company

The directors meet regularly with stakeholders from MOJ to update them on the progress of the company. Our executive updates all the relevant stakeholders on GFSL's performance.












Section 2

Accountability report

Board of directors as of 31 March 2022

The board members that served during the year are listed below.

Name	Job title	Date started	Date ended
Colin Allars 	Chair	8 February 2018	N/A
Cheryl Avery 	Non-Executive Director	8 February 2018	1 September 2021
Maura Sullivan 	Senior Independent Non-Executive Director	1 April 2019	N/A
James Hayward 	Independent Non-Executive Director	1 April 2020	N/A

Name	Job title	Date started	Date ended
Alison Wedge 	Non-Executive Director	28 August 2020	26 September 2022
Ian Deninson 	Independent Non-Executive Director	24 May 2021	N/A
Paul Ryder 	Chief Executive Officer	8 February 2018	18 April 2022
Stephanie Hill 	Finance Director	8 February 2018	N/A
Don Keigher 	Change and Transition Director	4 April 2019	N/A

Name	Job title	Date started	Date ended
Len Bridges 	Operations Director	1 December 2020	N/A
Jennie Oliver 	People Director	15 February 2022	N/A
Matthew Garner 	Interim Chief Executive Officer	9 May 2022	30 September 2022

The above appointees were all correct as at the date the accounts were signed off. Paul Ryder left the business on 18 April 2022. Matthew Garner was appointed to Interim Chief Executive Officer from 9 May 2022 to 30 September 2022. James Hayward is currently acting Chief Executive Officer until a permanent replacement has been appointed. Alison Wedge, who is GFSL's shareholder Non-Executive Director, resigned and left the business on 26 September 2022. GFSL does not have a company secretary as this is not required by our articles of association, but the duties of the company secretary are undertaken within the business.

Directors' report

The directors present their annual report on the company, together with the financial statements and auditor's report, for the period 1 April 2021 to 31 March 2022.

A report on corporate governance matters is included separately on page 31.

Financial reporting

The company has prepared its 2021/22 financial statements in accordance with the International Financial Reporting Standards (IFRS). The audited financial statements for the period are set out on pages 52 to 78. GFSL is a not-for-profit company and therefore the financial results show a neutral profit position.

The directors are satisfied that the company pays its suppliers in accordance with their terms and conditions, subject to compliance by the suppliers with their obligations. We publish our payment practice reporting data on our website, which states the average payment days.

Going concern statement

The company financial statements are prepared on a going concern basis. The directors have a reasonable expectation that the company has adequate resources to continue to operate for the foreseeable future. We have received formal confirmation from MOJ that the company will provide services for at least the next two years.

Furthermore, the directors do not envisage any changes to the current regulatory and legal regime which will adversely affect the operation of the company within the next 12 months.

Dividends

GFSL does not propose any dividend payments in respect of this period.

Capital contributions

GFSL did not receive any additional capital contributions during this reporting period, however GFSL has spent £333,000 of existing cash reserves on pre-approved capital projects. This is reflected in the financial statements as a reduction of equity (page 54).

Corporate governance code

As part of preparing this report, the company was mindful of the requirements of the corporate governance code and has developed its internal governance to reflect the code where relevant to the company.

Directors' responsibility statement

Statement of responsibilities

The directors are responsible for preparing the annual report and financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with IFRS as issued by the International Accounting Standards Board.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the company for the period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and accounting estimates that are reasonable, relevant, reliable and prudent
- state whether applicable IFRS as adopted by the International Accounting Standards Board have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, disclose the financial position of

the company with reasonable accuracy at any time, and ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

The directors confirm to the best of their knowledge that:

- the financial statements have been prepared in accordance with IFRS as adopted by the International Accounting Standards Board to give a true and fair view of the assets, liabilities and financial position of the company
- such controls as determined necessary have been operated to enable preparation of financial statements that are free from material misstatement
- the strategic report includes a fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties they face
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for the shareholder to assess the company's position, performance, business model and strategy

Website publication

The directors are responsible for ensuring the annual report and financial statements are made available on a website. Financial statements are published on the company's website in accordance with UK legislation governing the preparation and dissemination of financial statements, which may vary

from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Disclosure of information to auditor

In accordance with UK legislation, each of the directors confirms that:

- as far as the director is aware, there is no relevant audit information of which the company's auditor is unaware
- the director has taken all the necessary steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information, and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Comptroller and Auditor General has been appointed as the company's auditor.

Directors review the effectiveness of the external auditor.

No non-audit services were provided by the external auditor.

By order of the board.



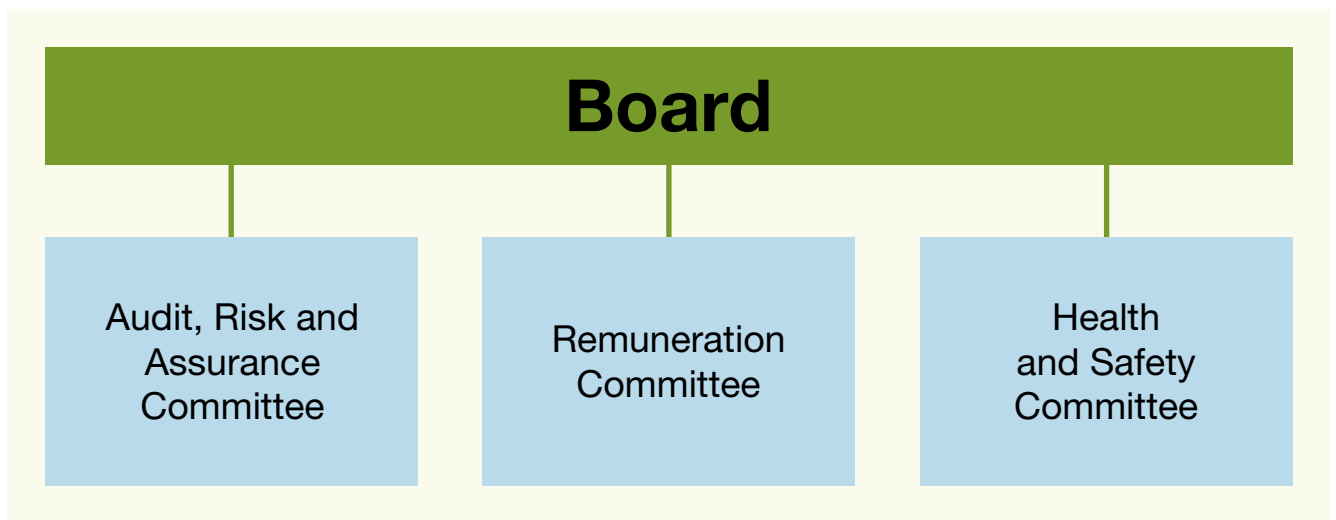
Stephanie Hill
Finance Director

10 November 2022

Governance statement

GFSL governance structure as of March 2022

The board is supported by three sub-committees as detailed below.



Role of the board

GFSL has a board in line with good standards of corporate governance and as set out in its articles of association. The role of the board is to deliver the objectives in the framework document and to provide strategic leadership to the business.

Key activities during the year have included:

- establishing and taking forward the strategic aims and objectives of the company, consistent with its overall strategic direction
- reviewing the company's performance against its objectives
- considering the wellbeing of staff while maintaining critical services within the prisons
- providing effective leadership of the company within a framework of prudent and effective controls, which enables risk to be assessed and managed
- reviewing regular financial and management information

Role of the Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee supports the board and accounting officer by providing independent advice and challenge on the business's governance, risk management, internal control effectiveness and financial health. It provides oversight of the accounts and considers key recommendations from internal audit and the National Audit Office.

Key activities during the year have included:

- challenging and gaining assurance around the company's financial health
- overseeing and challenging the risk management, internal controls, assurance regime and governance frameworks, including review of the strategic risks and progress made
- working with internal and external audit partners
- reviewing the annual report and accounts to provide independent oversight of its contents

Role of the Remuneration Committee

The Remuneration Committee is responsible for overseeing the staff terms and conditions of employment in accordance with its terms of reference.

Key activities during the year have included:

- reviewing and agreeing to any pay or performance award prior to submission to MOJ
- reviewing and approving director remuneration
- gender pay gap reporting
- overseeing the people metrics within the business, such as recruitment and retention

Role of the Health and Safety Committee

The Health and Safety Committee is responsible for the safety management of the company, in compliance with all necessary health and safety policies and laws.

Key activities during the year have included:

- reviewing and challenging safety performance across the business and actions needed to improve
- assessing progress against the health and safety plan, alongside actions and training requirements
- providing scrutiny and challenge to support the business in enhancing the health and safety culture and performance
- reviewing mandatory training requirements

Board effectiveness review

An independently facilitated board effectiveness review was conducted during the year and the board agreed a set of recommendations to take forward.

Board appointments

All executive and non-executive directors are required to declare any personal direct or indirect interests they may have. There were no declarations of significant company directorships or other interests that may have conflicted with their responsibilities as directors of GFSL. No member of the board had any related party interests.

Board meetings

The following table gives the names and titles of the executive and non-executive directors who have had responsibility for the company in the financial year 2021/22. It also includes the number of meetings attended during the year.

Meetings attended per member out of those eligible to attend

Board member	Board of directors	Audit and Risk Assurance Committee	Remuneration Committee	Health and Safety Committee
Non-executive directors				
Colin Allars	4 of 4	3 of 4	3 of 3	-
Cheryl Avery	2 of 2	1 of 2	1 of 1	-
Maura Sullivan	4 of 4	4 of 4	3 of 3	-
James Hayward	4 of 4	4 of 4	-	3 of 3
Alison Wedge	4 of 4	3 of 4	-	-
Ian Deninson	4 of 4	-	3 of 3	-
Executive directors				
Paul Ryder – Chief Executive Officer	4 of 4	3 of 4	3 of 3	3 of 3
Stephanie Hill – Finance Director	3 of 4	4 of 4	-	-
Don Keigher – Change and Transition Director	4 of 4	-	-	3 of 3
Len Bridges – Operations Director	4 of 4	-	-	3 of 3
Jennie Oliver – People Director	1 of 1	-	-	-

The provision of information and data to the board

GFSL recognises that the board and sub-committees need to have a variety of information provided to make the meetings effective. The secretariat ensures that all information collated is of good quality and distributed before the meetings. The structure and agenda items for these meetings have been reviewed and updated during the year.

The chairs of the sub-committees provide a verbal update each quarter to the board, highlighting the key points from the sub-committee meetings and any areas that require support or action.

Risk management

GFSL's risk management framework sets out our risk management system within the organisation and ensures alignment to HM Treasury's Orange Book, Management of Risks – Principles and Concepts, which has been refreshed in 2021.

Risk management is considered an essential part of our governance and leadership and is fundamental to the progression of our business. Throughout the year, GFSL has continued to improve on the maturity of its risk management by supporting the board and the Audit, Risk and Assurance Committee with open and honest communication to be more informed and insightful.

Executive directors are specifically responsible for identifying and monitoring risks arising in their directorate. The highest rated risks for each directorate, based on impact and likelihood, are discussed quarterly by the directors to consider inclusion or escalation to the Audit, Risk and Assurance Committee.

Our strategic risks are reviewed regularly, updated and presented quarterly to the board and the Audit, Risk and Assurance Committee for discussion and challenge. Risk tolerance measures are updated quarterly and refreshed yearly.

Principal risks and uncertainties

Our principal risks have been considered and are reported to the Audit, Risk and Assurance Committee each quarter. The principal risks and mitigating actions identified during 2021/22 were as follows.

Risk category	Risk title	Mitigating actions and controls
Operational	Failure of plant and assets that require ongoing maintenance due to insufficient investment	<ul style="list-style-type: none"> • risk register in place that documents per site the assets that are beyond their economic life and requiring repair, for discussion with MOJ around the priority of replacement • ongoing estate improvement plans in place • process in place for when an asset is beyond repair and how to obtain approval for replacement
Commercial	Commercial clarity which affects our supply chain proposition	<ul style="list-style-type: none"> • additional commercial training and NEC3 training rolled out to all relevant staff • asset verification works ongoing with our supplier base and MOJ, to verify the number of assets and the specifications to which they are maintained • review and qualification of all our existing and new supply chain partners to ensure greater resilience of suppliers
Health and safety	Failure of health and safety processes and poor culture	<ul style="list-style-type: none"> • health and safety plan in place to improve practices and increase knowledge of safe working • safety moments at the start of each meeting to share best practice and support solutions • accident and incident reporting system used to monitor trends and inform improvements

Risk category	Risk title	Mitigating actions and controls
People	Failure to attract and retain staff and to nurture talent	<ul style="list-style-type: none"> • selection of an IT enabler – Oracle Recruit – to streamline the process and enhance candidate experience • multiple campaigns targeting hard-to-recruit roles • deep dive into reasons staff have chosen to leave the company • additional resources to assist with onboarding and selection of applicants • employee forum plan to improve engagement as a result of employee engagement survey
	Lack of adequately trained staff due to unavailable training courses	<ul style="list-style-type: none"> • looking at larger supplier options for more course availability • aim for mandatory training to be booked in advance for the full year • introduction of software to track and register when courses are completed or required

Internal audit

We commission the Government Internal Audit Agency to provide us with an independent and objective audit service, operating to the standards and methodology documented in the Public Sector Internal Audit Standards guidance. They completed the annual audit plan based on analysis of our risk areas and in consultation with the business, which was endorsed by the Audit, Risk and Assurance Committee and approved by the chief executive officer.

GFSL does not have its own internal audit function, so chooses to use the Government Internal Audit Agency for their services, supported by a memorandum of understanding and fees.

The Government Internal Audit Agency provides us with opportunities to improve our processes and internal controls. Actions are taken forward, monitored and implemented.

During the 2021/22 year, four audits were completed.

The Government Internal Audit Agency provides an annual report to the accounting officer, which gives the annual opinion for the year of the framework of governance, risk management and control. The rating is based on the Government Internal Audit Agency’s activities throughout the year and on information supplied to the Audit, Risk and Assurance Committee.

The report for 2021/22 concluded an annual rating of ‘moderate’ which is defined as: “Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.”

Information assurance, data loss and freedom of information

Our information security policy ensures that the information we hold is:

- handled securely
- appropriately protected
- as accurate as possible
- only shared with the people it is intended for

All our staff must complete mandatory training every year on the importance of keeping data safe.

We have in place a process for logging all potential data breaches and taking action to avoid recurrence.

There were no GFSL security data incidents required to be reported to the Information Commissioner's Office in the year.

There was one freedom of information request throughout the year, which was answered within the statutory timescales.

Whistleblowing

Our whistleblowing policy sets out how to raise a concern of any wrongdoing and where to go to report it. This can be done anonymously, and the employee's identity would be protected.

Our whistleblowing nominated officer keeps a record of any concerns received and ensures that anonymity is maintained where requested. Any concerns raised are discussed at the Audit, Risk and Assurance Committee which is chaired by a senior independent non-executive director.

Fraud, bribery and corruption

We continue to work closely with MOJ's fraud centre of expertise to ensure that GFSL aligns with the government standards

for fraud. All staff are required to declare quarterly any gifts or hospitality that they have been offered, accepted or declined. This is reviewed by the accounting officer as part of her responsibilities.

All staff must declare whether they have any outside interests that could affect their job at GFSL.

Modern slavery statement

As we are part of MOJ, our modern slavery statement is incorporated within MOJ's modern slavery statement reporting. This can be found on [GOV.UK](https://www.gov.uk)

Business continuity

We continue to monitor the situation regarding the EU withdrawal and the Russia/Ukraine conflict, in particular to any supply chain implications.

Independent oversight of assurance arrangements

GFSL is subject to independent oversight by:

- the National Audit Office, which reports on the annual report and accounts
- the Government Internal Audit Agency, which reports on process areas linked to our strategic risk areas, also including value for money
- MOJ Property, which conducts audits and feeds in any actions for areas including statutory compliance
- quarterly business performance meetings with the MOJ sponsor, acting on behalf of the shareholder

Parliamentary accountability (audited)

The following sections are included to satisfy parliamentary reporting requirements and are subject to audit.

Fees and charges

We make no fees or charges, other than to HMPPS and MOJ, which are fully disclosed and explained in the financial statements.

Remote contingent liabilities

As required by Managing Public Money, we disclose for parliamentary reporting purposes contingent liabilities for which the likelihood of economic benefit is remote.

There are no remote contingent liabilities beyond those disclosed in the accounts. This is subject to audit.

Losses and special payments

No losses or special payments have been made over £300,000, which is the threshold that Managing Public Money mandates for financial statements prepared under the Government Financial Reporting Manual. For details of smaller value losses and special payments, refer to note 20 on page 78.

During the year, the company made no charitable or political contributions.

The accounting officer's review of effectiveness



As Accounting Officer of GFSL, I am responsible for ensuring there is an effective process in place for the monitoring and escalation of any governance issues. I am personally responsible for safeguarding the public funds under my control, and for ensuring propriety, regularity and value for money in the handling of those public funds. I am supported by the executive directors and senior leadership team who have delegated financial and risk management authority appropriate to their roles.

To prepare the company's governance statement, I am provided with feedback from the following areas:

- completion of a quarterly statement of internal controls by senior budget holders and policy owners, to include their assessment of the risks and challenges within their area of responsibility
- meetings with the executive directors around any strategic risks they have identified and are managing
- challenge from our non-executive directors on our risk management, governance, assurance activity and financial controls

- the updating and review of risk registers throughout the business to escalate risks to the executive
- internal assurance processes to highlight any deficiencies and put in actions to resolve
- external assurance from the Government Internal Audit Agency and the National Audit Office

The company continues to review and improve its financial and risk controls. I am satisfied that governance is effective, any areas of non-compliance are identified, and appropriate actions are put in place.

The corporate governance code recommends that a board effectiveness evaluation is completed each year. This was conducted with actions in place to further enhance the board as high performing.

In preparing the accounts, I have complied with the requirements of the Government Financial Reporting Manual. In particular, I have:

- observed the Accounts Directions issued by HM Treasury, including the relevant accounting and disclosure requirements, and applied suitable accounting policies on a consistent basis
- completed duties as described in the Companies Act
- ensured that there are appropriate, reliable systems and procedures in place to carry out a consolidation process
- made judgements and estimates on a reasonable basis
- stated whether applicable accounting standards, as set out in the Government Financial Reporting Manual and the Companies Act, have been followed, and disclosed and explained any material departures in the accounts
- prepared the accounts on a going concern basis

As far as I am aware, there is no relevant audit information of which the auditors are unaware. I have taken all steps to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

As Accounting Officer of GFSL, I am responsible for regularity, propriety, value for money and feasibility, and have to discharge my responsibilities in line with HM Treasury policy.

A handwritten signature in cursive script, appearing to read 'SHill', written in black ink on a light background.

Stephanie Hill
Accounting Officer
10 November 2022



Section 3

People and remuneration report

Staff and remuneration policies

GFSL continues to operate under its own set of terms and conditions, as an authority delegated to us from MOJ. In addition, there remains a cohort of staff who are employed under different terms of employment.

GFSL remains committed to reducing the differences between various terms of employment in operation. GFSL has submitted its case to harmonise terms, which was supported by MOJ and subsequently approved by the Cabinet Office and HM Treasury in July 2022.

Diversity and inclusion

GFSL is committed to promoting diversity and inclusion through all activities, to promote an inclusive workplace where everyone can thrive. We aim for a workplace that is welcoming, flexible and fully inclusive, through promoting diversity and inclusion for anyone with a protected characteristic under the Equality Act (2010). Relevant policies are in place and are monitored to ensure that any person who has dealings with us is protected against discrimination (either directly or indirectly) due to a protected characteristic. We offer guaranteed interview schemes for disabled applicants and offer equal opportunities to all staff, enabling them to access training to develop their careers and skills. We have embedded the collation of our workforce statistical profile in our onboarding process, which has increased the integrity of our data in this area.

Gender pay gap reporting

This was introduced in April 2017 and requires all employers of 250 or more employees to publish their gender pay gap each year. The gender pay gap is the difference between the average earnings of men and women, expressed relative to men's earnings.

GFSL's gender pay gap for 2021 is:

- mean pay gap of 15.5% (this has worsened by 5.6% since 2020)
- median pay gap of 2.3% (this has improved by 16.5% since 2020)

Mean is the average in the data set, and median is the middle number in the data set. Our commitment to gender equality comes from the top of the organisation. Two out of five members of our executive team are women, and two out of five of the non-executive directors are also women. They and other senior women in GFSL provide visible role models for women in the organisation, which supplements initiatives in place to improve our position. The monitoring of the numbers is the mandatory element that we must do. How we choose to address it is within GFSL's remit.

We have ongoing initiatives to ensure our policies and practices are inclusive. We recruit from diverse channels and will be ensuring all staff have an opportunity to learn and progress with clear career pathways.

Last year we had 51 internal promotions on a permanent basis, 79% of which were male and 21% were female. This broadly mirrors our gender split across the organisation.

We currently have 19 apprentices within the business, with only one being female. We are looking at how we make this route more attractive to female apprentices.

Remuneration policy and committee

The Remuneration Committee continues to meet on a regular basis to review and approve remuneration arrangements within GFSL in line with its pay policy. This outlines the company's approach to pay and benefits, while monitoring that we remain competitive to top talent in the wider facilities management marketplace, and therefore able to recruit, maintain and motivate a suitably qualified staff base. The committee reviews and supports the business with improvements around diversity and inclusion, succession planning and gender pay gap reporting.

The committee also reviews our staff turnover which totalled 29.07% for the period. This is outside of GFSL's risk appetite. GFSL has recruited a permanent people director, who joined in February 2022 to help make the necessary changes to improve retention. A dedicated recruitment and retention action plan has been put in place to understand the trends that were driving this problem.

The remuneration committee takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

GFSL trade union relationships

GFSL currently does not recognise any trade unions under a formal agreement. The formal communication route for our employees is through our established employee forum which meets on a regular basis. This forum has helped to develop a new reward and recognition offering for GFSL staff and continues to be an integral part of our engagement strategy.

Health and wellbeing

The business is committed to providing a workplace that supports both the physical and mental health of our workforce. This includes promoting services such as PAM Assist, which provides a team of counsellors to act as proactive intervention.

In addition, we continue to offer an employee discount programme through EdenRed with access to a wide range of offers and discounts, including health and wellbeing services. The average number of working days lost due to sickness absence per employee, excluding COVID-19 sickness absence, was 10.14 days.

Talent management and succession

GFSL is committed to ensuring robust and effective talent management and career progression arrangements to promote an environment where everyone can fulfil their career ambitions. We have started an apprenticeship programme comprising 19 apprentices, which forms a key part of GFSL's future talent identification. This will provide useful skills and knowledge within the workplace and a future pipeline of talent for our business. The apprentices have been focused on operational roles within the business, such as electricians and plumbers, and we hope to broaden this programme out to include corporate roles in the future.

Board remuneration (Audited)

Executive directors – April 2021 to March 2022

Full name	Fees and salary (£'000)		Bonus payment (£'000)		Taxable benefit (£'000)		Pension contribution (£'000)		Total (£'000)	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Paul Ryder	150-155	150-155	10-15	-	0-5	0	5-10	5-10	170-175	155-160
Stephanie Hill	120-125	95-100	-	-	15-20	0-5	5-10	25-30	140-145	125-130
Don Keigher	125-130	125-130	0-5	-	0-5	0-5	10-15	10-15	145-150	140-145
Len Bridges	125-130	40-45	-	-	5-10	0	5-10	0-5	145-150	45-50
Jennie Oliver	10-15	-	-	-	0-5	-	0-5	-	10-15	-

Jennie Oliver was appointed as Executive Director of GFSL from 15 February 2022.

The amount disclosed is the total remuneration paid by GFSL to the individual when employed as a director in the period between 1 April 2021 and 31 March 2022.

Stephanie Hill moved pension schemes from PCSPS to a Royal London defined contribution scheme on the 1 December 2020.

'Salary' includes gross salary, recruitment and retention allowances, and any other allowance that is subject to UK taxation. Taxable benefits include all benefits in kind and taxable cash benefits. The monetary value of benefits in kind covers any benefits provided by the department and treated by HM Revenue and Customs as a taxable emolument. Benefits recognised relate to travel and subsistence.

Non-executive directors fees (audited)

Non-executive member	Expiry date of current contract	Fees £'000 2021/22	Fees £'000 2020/21	All taxable benefits £'000 (to nearest £100)	Total 2021/22	Total 2020/21
Colin Allars	31 March 2025	21	-	-	21	-
Cheryl Avery	resigned	-	-	-	-	-
Maura Sullivan	31 March 2025	12	12	-	12	12
James Hayward	31 March 2023	14	12	-	14	12
Alison Wedge	28 August 2023	-	-	-	-	-
Ian Deninson	25 April 2024	5	-	-	5	-

Cheryl Avery resigned from her position of Non-Executive Director on 1 September 2021 and Alison Wedge resigned from her position of Non-Executive Director on 26 September 2022.

Ian Deninson was appointed as Non-Executive Director on 24 May 2021.

Colin Allars and Maura Sullivan were re-appointed for a further three years effective from 1 April 2022.

The non-executive directors are not paid any fees by GFSL for carrying out the duties associated with this role if they are part of MOJ.

The above relates only to board members, non-executive directors and those covered by the government's disclosure of senior salaries agenda.

Pension entitlements (audited)

Staff transferred to GFSL were participants in several pension schemes, including principal civil service pension schemes (PCSPS) where the individuals had previously been employees of HMPPS. GFSL has set up a new defined contribution scheme operated by Royal London under a group personal pension agreement, which replaced the Carillion legacy schemes. This scheme is available to all staff who are not members of a Civil Service pension scheme.

Fair pay disclosures (audited)

Remuneration ranged from £17,009 to £152,150 (£17,009 to £152,150 as at 31 March 2021). The banded remuneration of the highest paid director in GFSL in the 2021/22 financial period was £160,000 to £165,000 (£150,000 to £155,000 as at 31 March 2021).

Audited**Percentile salary and pay ratios**

	Lower quartile 2021/22	Lower quartile 2020/21	Median 2021/22	Median 2020/21	Upper quartile 2021/22	Upper quartile 2020/21
Salary	21,197	19,383	24,356	22,191	30,000	30,000
Total pay and benefits	21,681	19,526	25,496	24,078	33,054	32,183
Ratio	7.5:1	7.8:1	6.4:1	6.3:1	4.9:1	4.7:1

The ratio is between the respective staff quartile total pay and benefits and the midpoint of the banded remuneration of the highest paid director.

The median and quartile remuneration of GFSL's staff is based on annualised, full-time equivalent remuneration of all staff (including temporary and agency staff).

Percentage increase

	2021/22			2020/21		
	Salaries and allowances %	Performance pay and bonuses %	Total %	Salaries and allowances %	Performance pay and bonuses	Total %
Employees*	0.2	N/A	0.3	-8.2	N/A	-8.2
Highest paid director**	0	N/A	8.2	3.4	N/A	3.4

* No employees were paid a bonus in either 2019/20 or 2020/21, making it impossible to calculate a percentage increase.

** The highest paid director did not receive any taxable benefits or bonus payments in 2020/21, making it impossible to calculate a percentage increase. The calculations for the highest paid director are based on the mid-point of the band for each of salary and performance pay and bonuses payable.

The calculations for employees' salary and allowances are based on the total for all employees on an annualised basis, excluding the highest paid director, divided by the full-time equivalent number of employees (also excluding the highest paid director).

The calculations for employees' performance pay and bonuses payable are based on the total for all employees, excluding the highest paid director, divided by the full-time equivalent number of employees (also excluding the highest paid director).

Staff report

Staff costs (audited)

	Permanent staff (£'000) 2021/22	Permanent staff (£'000) 2020/21	Others (£'000) 2021/22	Others (£'000) 2020/21	Total (£'000) 2021/22	Total (£'000) 2020/21
Wages and salaries	40,820	36,736	13,232	12,887	54,052	49,623
Social security costs	3,979	3,739	-	-	3,979	3,739
Pension costs	3,038	3,232	-	-	3,038	3,232
Total	47,837	43,707	13,232	12,887	61,069	56,594

Average number of people employed (audited)

	Number 2021/22	Number 2020/21
Permanently employed staff	1,378	1,228
All other staff	36	135
Total	1,414	1,363

Staff composition

	Male 2021/22	Male 2020/21	Female 2021/22	Female 2020/21	Total 2021/22	Total 2020/21
Directors	3	3	2	1	5	4
Other senior staff	9	7	6	6	15	13
Employees	1,042	1,014	341	329	1,383	1,343
Total	1,054	1,024	349	336	1,403	1,360

Spend on consultancy staff and contingent labour

In the financial period 2021/22, GFSL spent £5.4 million on contingent labour (£6 million in 2020/21).

Off-payroll engagements

Table 1: Highly paid off-payroll worker engagements as at 31 March 2022, earning £245 per day or greater

Number of existing engagements as of 31 March 2022	7
Of which:	
Number that have existed for less than one year at time of reporting	2
Number that have existed for between one and two years at time of reporting	3
Number that have existed for between two and three years at time of reporting	2

Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2022, earning £245 per day or greater

Number of new engagements, or those that reached six months in duration, between 1 April 2021 and 31 March 2022	23
Of which:	
Subject to off-payroll legislation and determined as in scope of IR35	22
Subject to off-payroll legislation and determined as out of scope of IR35	1
Number of engagements reassessed for compliance or assurance purposes during the year	0
Of which:	
Number of engagements that saw a change to IR35 status following review	0

Exit packages (audited)

There have been no exit packages within the period.



Section 4

Financial statements

Statement of comprehensive net expenditure (SoCNE)

For the period ended 31 March 2022

	Note	Total 2021/22 £'000	Total 2020/21 £'000
Income	2	158,434	143,296
Expenditure			
Staff costs	3	(61,069)	(56,594)
Other operating costs	4	(96,430)	(85,337)
Non-cash items	5	(935)	(1,403)
Total expenditure		(158,434)	(143,334)
Net deficit before taxation		-	(38)
Taxation	6	-	-
Net deficit after taxation		-	(38)

Other comprehensive net expenditure

For the period ended 31 March 2022

	Note	2021/22 £'000	2020/21 £'000
Net deficit after taxation		-	(38)
Net (gain)/loss on revaluation of property, plant and equipment	7	-	-
Net (gain)/loss on revaluation of intangibles	8	-	-
Total comprehensive income and expenditure		-	(38)

The notes on pages 56 to 78 form part of these financial statements.

Statement of financial position as at 31 March 2022

	Note	2021/22 £'000	2020/21 £'000
Non-current assets			
Property, plant and equipment	7	157	354
Intangible assets	8	1,578	1,956
Total non-current assets		1,735	2,310
Current assets			
Inventories		1,331	1,213
Trade and other receivables	9	26,739	22,411
Cash and cash equivalents	10	13,683	23,404
Total current assets		41,753	47,028
Total assets		43,488	49,338
Current liabilities			
Trade and other payables	11	(23,062)	(28,383)
Provisions	12	(1,183)	(823)
Total current liabilities		(24,245)	(29,206)
Total current assets less total current liabilities		17,508	17,822
Total assets less current liabilities		19,243	20,132
Non-current liabilities			
Trade and other payables	11	(1,217)	(1,773)
Total non-current liabilities		(1,217)	(1,773)
Total assets less total liabilities		18,026	18,359
Taxpayers' equity			
Share capital	13	-	-
General fund		-	-
Capital contribution		18,026	18,359
Total taxpayers' equity		18,026	18,359

The notes on pages 56 to 78 form part of these financial statements.



Stephanie Hill
Finance Director
10 November 2022

Statement of changes in taxpayers' equity

For the period ended 31 March 2022

	Share capital £'000	Capital contribution £'000	General fund £'000	Total 2021/22 £'000	Total 2020/21 £'000
Balance at the beginning of the period	-	18,359	-	18,359	18,397
Net deficit for the year (SoCNE)	-	-	-	-	(38)
Capital contribution from MOJ	-	(333)	-	(333)	-
Balance at the end of the period	-	18,026	-	18,026	18,359

The notes on pages 56 to 78 form part of these financial statements.

Statement of cash flows

For the period ended 31 March 2022

	Note	2021/22 £'000	2020/21 £'000
Cash flows from operating activities			
(Deficit) for the year		-	(38)
Non-cash charges	5	935	1,403
Total		935	1,365
(Increase) / decrease in trade and other receivables	9	(4,328)	21,086
(Increase) / decrease in inventories		(118)	(227)
Increase / (decrease) in trade and other payables	11	(5,877)	2,555
Utilisation of provisions settled by GFSL	12	-	-
Net cash inflows/(outflows) from operating activities		(9,388)	24,779

	Note	2021/22 £'000	2020/21 £'000
Cash flows from investing activities			
Purchase of property, plant and equipment	7	-	-
Purchase of intangible assets	8	-	-
Net cash inflows/(outflows) from investing activities		-	-
Cash flows from financing activities			
Capital contribution from MOJ		(333)	-
Net cash inflows/(outflows) from financing		(333)	-
Net increase/(decrease) in cash		(9,721)	24,779
Cash and cash equivalents at the beginning of the period	10	23,404	(1,375)
Cash and cash equivalents at the end of the period	10	13,683	23,404

The notes on pages 56 to 78 form part of these financial statements.

The financial statements on pages 52 to 78 were approved by the board on 08 November 2022 and were signed on behalf of the board by:



Stephanie Hill
Accounting Officer
10 November 2022

Notes to the accounts

1. Accounting policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applied in accordance with the provisions of the Companies Act 2006 applicable to companies reporting under IFRS.

Where the Companies Act and the Government Financial Reporting Manual permit a choice of accounting policy, the Companies Act will usually take precedence. Where appropriate, the policy judged to be most relevant to the company and for the purposes of MOJ's consolidated statements, and which gives a true and fair view, has been chosen and applied consistently in dealing with matters considered material to the accounts.

The functional and presentational currency of GFSL is the British pound sterling (£). As allowed by IAS 1, we have presented the SoCNE using different headings from those suggested by the Companies Act to provide more clarity for the reader.

1.2 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention.

1.3 Going concern

GFSL's sponsor department is MOJ. The directors have a reasonable expectation that the company has adequate resources to continue to operate for the foreseeable future. An assessment has been undertaken to support this view and has considered the following points:

- Regulatory and legal – the directors do not envisage any changes to the current regulatory or legal regime that will adversely impact the operation of the company within the next 12 months.
- Continuation of services – GFSL operates under a framework agreement for MOJ to provide services to HMPPS, with a small number of ad-hoc services to other areas of MOJ. GFSL has delegated funding and equal expected revenue via a budget delegation letter from the MOJ chief property officer to support the company activities until March 2023. GFSL has also received confirmation from MOJ that they do not see any change to the status of GFSL and its provision of services within the next two years. HMPPS has provided written confirmation that the southern prison estate facilities management services will be provided by the government company for the foreseeable future.
- Working capital – GFSL receives its revenue from HMPPS. This is expected to continue in line with the continuation of services and will support the company liquidity position. Continued work on billing supports the healthy bank position of GFSL.

From this assessment the directors are satisfied that the company is a going concern and the company financial statements have been prepared on that basis.

1.4 Changes in accounting policy and disclosures

a) Changes in accounting policies

There have been no changes in accounting policies for the year ended 31 March 2022.

b) New or amended standards adopted

There have been no new or amended standards adopted for the year ended 31 March 2022.

c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2021 and not early adopted

IFRS 17 (Insurance Contracts) sets out requirements for the recognition and measurement of contracts and associated revenue where an entity accepts insurance risk from another party. GFSL has not entered into insurance contracts and does not currently expect to be affected by the new standard. IFRS 17 is currently applicable for reporting periods beginning from 1 January 2023. The standard, including the date from which it is expected to be applicable in the public sector, is subject to further review by HM Treasury.

d) Changes in presentation and reclassifications

There have been no changes in presentation or reclassifications.

1.5 Foreign currency

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of transaction. There are no foreign currency transactions or monetary liabilities denominated in these accounts at the date of the statement of financial position.

1.6 Property, plant and equipment

Initial recognition and capitalisation threshold

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the useful economic life including service potential associated with the item will flow to GFSL and the cost of the item can be measured reliably.

Property, plant and equipment, including subsequent expenditure on existing assets, are initially recognised at cost. GFSL's capitalisation threshold for all classes of assets is £10,000.

Property, plant and equipment usually comprise single assets. However, capitalisation is applied on a grouped basis using a threshold of £10,000 where the elements in substance form a single asset. Further, where an item includes material components with significantly different useful economic lives, those components are capitalised separately and depreciated over their specific useful economic lives. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense as incurred.

All thresholds include irrecoverable VAT.

Measurement

Property, plant and equipment are valued in accordance with IAS 16 Property, Plant and Equipment. They are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, where an obligation to dismantle or remove the asset arises from its acquisition or usage

Assets are thereafter carried in the balance sheet based on depreciated historical cost.

Depreciation

Depreciation is provided on all tangible non-current assets, apart from assets under construction, from the date they are available for their intended use at rates calculated to write off the cost of each asset (less any estimated residual value) on a straight-line basis over its useful economic life. Assets that are under construction are not depreciated until they are available for their intended use.

GFSL reviews and updates the remaining useful economic life of all its assets each year. This is the period for which the asset provides economic benefits that will flow to GFSL from its use. If an item of property, plant and equipment comprises two or more significant components, with substantially different useful economic lives, then each component is treated separately for depreciation purposes and depreciated over its individual useful economic life.

GFSL's current depreciated useful assets are all classified under information technology. Their useful asset lives are the shorter of the remaining lease period or three years.

Impairment

Property, plant and equipment are monitored throughout the year for any indication that an asset may be impaired. At the end of each reporting period, GFSL performs an impairment review across all significant asset categories. If indicators of impairment exist, the assets in question are tested for impairment by comparing the carrying value of those assets with their recoverable amounts.

When an asset's carrying value decreases due to a clear consumption of economic benefit or service potential, the decrease is charged directly to net operating costs in the SoCNE.

Disposal of non-current assets

Gains and losses on disposal of non-current assets are determined by comparing the proceeds with the carrying amount and are recognised in the SoCNE.

1.7 Intangible assets

Recognition

Expenditure on intangible assets which are non-monetary assets without physical substance and identifiable are capitalised where the cost is £10,000 or more. This is applied on a grouped basis using the threshold of £10,000 where the elements in substance form a single asset. Subsequent acquisitions of less than £10,000 in value which are of the same nature as existing grouped assets are appended. Otherwise, expenditure on intangible assets which fall below £10,000 is charged as an expense in the SoCNE.

For GFSL, intangible assets primarily comprise software developed by third parties.

Measurement

Intangible assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended by management. All intangible assets are valued based on amortised historic cost as an approximation of fair value.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by GFSL are capitalised when they meet the criteria specified in IAS 38 Intangible Assets.

Other expenditure that does not meet these criteria is recognised as an expense when incurred. Costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The useful economic life of software products is no more than ten years.

Amortisation

Amortisation is provided on all non-current assets from the date at which they are available for their intended use at rates calculated to write off the cost of each asset (less any estimated residual value) on a straight-line basis over its useful economic life. In accordance with IAS 38 Intangible Assets, GFSL reviews the useful economic life of its intangible assets each financial year. This is the period for which the asset provides economic benefits that will flow to GFSL from its use.

Purchased, on-premise software licences are recognised when it is probable that future service potential will flow to GFSL and the cost of the licence can be measured reliably. Such licences are initially measured at cost. Purchased, on-premise software licences are amortised over the licence period. Cloud-based software licences, outside any implementation period, are recognised as an operating expense over the licence period.

GFSL's capitalisation threshold for software projects is £100,000 (including irrecoverable VAT).

1.8 Leases

Scope and exclusions

IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset is of low value (less than £10,000 when new). The assets, to be described as 'right-of-use assets', will be presented under property, plant and equipment.

Initial recognition

At the start of a lease (or on the date of transition to IFRS 16, if later), GFSL recognises a right-of-use asset and a lease liability.

The lease liability is measured at the value of the remaining lease payments, discounted by the interest rate implicit in the lease. Where the lease includes extension or termination options, the lease payments will be for the non-cancellable period together with any extension options GFSL is reasonably certain to exercise and any termination options GFSL is reasonably certain not to exercise.

The right-of-use asset is measured at the value of the lease liability, adjusted for: any lease payments made before the commencement date, any lease incentives received, any incremental costs of obtaining the lease, and any costs of removing the asset and restoring the site at the end of the lease.

Subsequent measurement

The lease liability will be adjusted for the accrual of interest, repayments, reassessments and modifications. Reassessments are reappraisals of the probability of the options given by the existing lease contract, while modifications are changes to the lease contract.

Reassessments and modifications are accounted for by discounting the revised cash flows. A revised discount rate is used, where GFSL becomes or ceases to be reasonably certain to exercise or not exercise an extension or termination option, or the lease is modified to amend the non-cancellable period, change the term of the lease or change the consideration or the scope. Or the existing discount rate is used, where there is a movement in an index or rate that will alter the cash flows, or the amount payable under a residual value guarantee changes.

After initial recognition, the right-of-use asset will be measured using the fair value model. GFSL considers that the cost model (measurement by reference to the lease liability) is a reasonable proxy for fair value, in the case of non-property leases, and for property leases of less than five years or with regular rent reviews. For other leases, the asset will be carried at a revalued amount.

The value of the asset will be adjusted for subsequent depreciation and impairment, and for reassessments and modifications of the lease liability as described above. Where the amount of a reduction to the asset exceeds the carrying value of the asset, the excess amount is recognised in expenditure.

Expenditure for each financial year includes interest on the lease liability and a straight-line depreciation charge on the right-of-use asset, together with any impairment of the right-of-use asset and any change in variable lease payments that was not included in the measurement of the lease payments during the period in which the triggering event occurred. Rental payments in respect of leases of low value items, or with a term under 12 months, are also expensed.

Estimates and judgements

As discussed above, GFSL has determined the lease term by assessing the level of certainty as to whether termination or extension options will be exercised. In making these judgements, reliance has been placed on the professional judgement of estates staff, supported by information on corporate asset management plans, other business strategies, investment already made in the underlying asset, ongoing business needs and market conditions.

1.9 Inventories

Inventories comprise higher valued consumable stores. Current replacement cost is not considered materially different from replacement cost due to the short period for which items are held before they are consumed.

Higher valued consumable items, minor spare parts and servicing equipment are typically carried as inventory and recognised in the SoCNE as consumed. Low valued items that are regularly consumed are immediately expensed and recognised in the SoCNE. Major spare parts and stand-by equipment are carried as personal protective equipment when GFSL expects to use them during more than one period, or when they can be used only in connection with an item of personal protective equipment.

1.10 Employee benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year end. For the company, they typically include wages, salaries and paid annual, flexi and sick leave. These are recognised in the year in which the employee provided these services for the company. An accrual has been made for the cost of holiday entitlement (including any flexi-leave entitlement) earned by employees but not taken before the year end, which employees can carry forward into the next financial year.

Termination benefits

Termination benefits are amounts payable because of the company's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy if offered.

Pension schemes

Background

Between February 2018 and September 2018, various legacy pension schemes including the Principal Civil Service Pension Scheme (PCSPS) were open to former Carillion employees. From October 2018, GFSL employees who did not have a PCSPS pension transferred to a pension scheme administered by Royal London. GFSL recognises contributions payable to both schemes as defined contributions in accordance with IAS 19.

Principal Civil Service Pension Scheme

Some employees who were HMPPS employees before transferring to Carillion under TUPE regulations are covered by the provisions of the PCSPS. GFSL recognises contributions payable to defined contribution schemes as an expense in the year in which it is incurred, and the legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. While the PCSPS is an unfunded defined benefit scheme, GFSL is unable to identify its share of liabilities in these multi-employer schemes so accounts for its expenses as if the schemes were on a defined contribution basis, as required by IAS 19. Expenditure accrues to the extent that contributions are payable by GFSL as an employer.

Royal London Pension Scheme

Previously, other GFSL employees were on a range of defined contribution schemes administered by several different providers. They have now all been transferred to a defined contribution pension scheme administered by Royal London. As such, GFSL recognises contributions to all these schemes as an expense in the year in which it is incurred.

Early departure and injury benefit costs

Some employees who were HMPPS employees before transferring to Carillion under TUPE regulations are covered by the Civil Service Injury Benefits Scheme, which requires GFSL to pay benefits to any individual who is injured in connection with their employment. Benefits are paid only in respect of loss of earning capacity, and a provision is made for expected future costs.

For seconded employees, MOJ is required to pay the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The total cost is provided in full when the early departure programme has been announced and is binding on MOJ, not GFSL.

1.11 Turnover

GFSL turnover is stated net of VAT and is categorised as follows.

Core income

This represents the main part of the GFSL business and is for services as documented in the core contract, the provision of PPM, and minor reactive and remedial repairs up to the value of £2,000 per repair. Core income is recognised over the life of the service monthly as agreed with HMPPS.

Variable income

This is for all services that are not covered by the scope of the core service, at the request of the client for project work, and repairs over the £2,000 per repair threshold. Variable income also includes any additional work which we carry out on approved premises and is not for the benefit of HMPPS.

Other income

This is to support other costs of set-up, including depreciation, amortisation and stock.

Exceptional income (other)

An MOJ grant was provided in 2018/19 to cover exceptional expenditure (other) for the setting up of the company. This has continued to be released during 2020/21 and 2021/22 when GFSL incurs costs that the funding is intended to cover.

Exceptional income (purchase order cleanse)

There was a one-off historical review of accruals resulting from purchase orders where the goods and services had been recorded as received but had not yet been invoiced for. The review enabled partial release of this accrual and some additional historical remedial works to be undertaken. The net amount of these two exercises is recorded as exceptional income. This was carried out in 2020/21.

Operating income is recognised as revenue in the SoCNE in accordance with IFRS 15 Revenue from Contracts with Customers. In accordance with paragraph 35 of IFRS 15, operating income from project activities is recognised over time, as GFSL does not have control of the asset being improved, which is typically a building on the prison estate. Revenue is recognised using an input method, namely costs incurred.

1.12 Provisions

Provisions are recognised when GFSL has a present legal or constructive obligation, because of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and for which a reliable estimate can be made for the amount of the obligation.

We have not provided for a bad debt provision or credit loss at 31 March 2022. All interdepartmental debt is expected to be fully recovered and always has been fully recovered. A breakdown of the current provisions is detailed in Note 12.

1.13 Contingent liabilities

In accordance with IAS 37, GFSL discloses, as a contingent liability, those possible obligations arising from past events, whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within its control. GFSL also discloses those present obligations arising from past events not recognised because it is either not probable that an outflow of resources will be required to settle the obligation, or the amount cannot be measured with sufficient reliability.

1.14 Contingent assets

A contingent asset arises when an event has taken place that gives the company a possible asset, whose existence will only be confirmed by the occurrence of uncertain future events, not wholly in control of the company.

1.15 Taxation

Value added tax (VAT)

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase costs of non-current assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT. GFSL has adopted the domestic VAT reverse charge for building and construction services from 1 March 2021.

Construction Industry Scheme

GFSL operates in accordance with the Construction Industry Scheme operated by HM Revenue and Customs. GFSL works with new and existing suppliers to ensure that the appropriate tax deductions are made from supplier payments and timely payments are made to HM Revenue and Customs.

Corporation tax

GFSL is a limited company which operates in accordance with the Companies Act 2006. GFSL operates as a not-for-profit company and is therefore not expected to incur any corporation tax liability to HM Revenue and Customs. However, GFSL is still required to perform a calculation to confirm this is the case and make an appropriate return.

1.16 Financial instruments

Financial assets and financial liabilities which arise from contracts for the purchase and sale of non-financial items (such as goods or services), and are entered into in accordance with GFSL's normal purchase, sale or usage requirements, are recognised when performance occurs. All other financial assets and liabilities are recognised when GFSL becomes party to the contractual provisions to receive or make cash payments.

De-recognition

Financial assets are de-recognised when the contractual rights to receive future cash flows have expired or are transferred, and GFSL has transferred substantially all the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and measurement of financial assets

In addition to cash and cash equivalents, GFSL has two categories of financial assets.

Loans and receivables

Loans and receivables comprise trade receivables, other receivables and accrued income with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method net of any impairment, in accordance with IFRS 9 Financial Instruments.

Financial assets at fair value through profit and loss

Fair value is equal to the market value at the reporting date. The movement in the value of the assets is recognised immediately in the SoCNE, as income or as an expense.

Impairment of financial assets

At the end of each reporting period, GFSL assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. If this is the case, GFSL recognises the impairment in the SoCNE as the difference between the asset's carrying amount and the present value of estimated future cash flows.

The company also assesses whether the credit risk on a financial asset has increased significantly since initial recognition, and subsequently measures an expected credit loss allowance. If the credit risk is deemed low, the 12-month expected credit loss allowance is applied. If a significant increase in credit risk is foreseen, the lifetime expected credit loss allowance is applied. The credit risk on GFSL's financial assets which are with government departments, has been deemed low and as a result, no credit loss allowance has been charged in 2021/22 (2020/21: nil).

Classification and measurement – financial liabilities

GFSL has financial liabilities consisting of trade payables, other payables and accruals. All financial liabilities are recognised initially at fair value, net of any transaction costs incurred, and then measured at amortised cost using the effective interest rate method. Where the effect is material, the estimated cash flows of financial liabilities are discounted.

1.17 Events after the reporting period

Events after the reporting period are those that occur between the end of the reporting period and the date that the statement of accounts is authorised for issue. There are two types of events that can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts is adjusted to reflect these changes where material
- those that are indicative of conditions that arose after the reporting period – the statement of accounts is not adjusted, but where a category of events would have a material impact, disclosure is made in the notes of the nature of the events and their estimated financial effect

Any events after the authorisation of issue are not included in this statement of accounts.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. GFSL makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Provisions for liabilities and charges

The recognition and measurement of provisions rely on the application of professional judgement, historical experience and other factors expected to influence future events. Where the likelihood of a liability crystallising is probable and can be measured with reasonable certainty, a provision is recognised. Estimates and assumptions applied in these models are continually evaluated and reviewed. Further information is set out in Note 12.

Provisions for liabilities for goods purchased

The recognition and valuation of accrued liabilities for goods purchased and services received are based on receiving delivery dockets and other appropriate documentation before receiving supplier invoices. Where this is not available, accrued liabilities are based on GFSL's best estimate at the balance sheet date.

Funding from parent

In the period, GFSL received no further funding from its parent, MOJ Group.

2. Operating income

For the period ended 31 March 2022

	2021/22 £'000	2020/21 £'000
Income		
Core income	81,083	80,162
Variable services income	77,128	65,104
Total before exceptional income	158,211	145,266
Exceptional income – purchase order cleanse	-	(2,505)
Exceptional income – other	223	535
Total income	158,434	143,296

Core income represents revenue for provision of minor PPM and reactive repair activities up to the value of £2,000 per repair.

Variable services income is for all services not covered by the scope of the core contract.

Exceptional income – other contains the grant income, under IAS 20, that offsets the exceptional costs relating to the set-up of GFSL.

Exceptional income – purchase order cleanse relates to the end of the 2019/20 financial year, when GFSL released £2,505,000 as a result of a review of historic purchase orders. This includes £287,000 of staff related expenditure.

3. Staff numbers and costs

For the period ended 31 March 2022

	Permanently employed £'000	Others £'000	Total 2021/22 £'000	Total 2020/21 £'000
Wages and salaries	40,820	13,232	54,052	49,870
Social security costs	3,979	-	3,979	3,753
Pension costs	3,038	-	3,038	3,258
Total ordinary staff costs	47,837	13,232	61,069	56,881
Exceptional staff costs – purchase order cleanse	-	-	-	(287)
Total staff costs	47,837	13,232	61,069	56,594

Details of the director's salary and the average number of persons employed are provided within the people and remuneration report on pages 41 to 50. Further information on the staff numbers and costs can be found on page 48 in the people and remuneration report.

See Note 2 for further details regarding 2020/21 exceptional staff costs.

4. Other operating costs

For the period ended 31 March 2022

	2021/22 £'000	2020/21 £'000
Direct costs of service		
Other direct costs ²	46,635	52,630
Materials costs ³	45,092	30,662
Total direct costs of service	91,727	83,292
Other employment costs		
Vehicle costs	319	446
Travel and subsistence	619	322

² Other direct costs of service are almost entirely subcontract labour costs.

³ Materials costs include £118,000 of inventory charged to the SoCNE.

	2021/22 £'000	2020/21 £'000
IT and telecommunications	985	589
Uniforms and personal protective equipment	218	825
Training costs	491	238
Other staff-related costs	612	165
Total other employment costs	3,244	2,585
Headquarters and other overhead costs		
Accommodation, maintenance and utilities	203	70
Auditor's remuneration and expenses ⁴	119	85
Other overhead costs	945	1,066
Professional fees ⁵	192	167
Total headquarters and other overhead costs	1,459	1,388
Total ordinary costs	96,430	87,265
Exceptional costs		
Exceptional costs – other ⁶	-	290
Exceptional costs – purchase order cleanse ⁷	-	(2,218)
Total exceptional costs	-	(1,928)
Total other operating costs	96,430	85,337

4 2021/22 Auditors remuneration and expenses includes £34,000 which relates to additional 2020/21 costs incurred due to an extended audit.

5 Professional fees include the costs of those individuals classified as consultants under Cabinet Office definitions.

6 Exceptional costs – other includes non-capital costs of setting up GFSL.

7 See Note 2 for further details regarding the exceptional costs relating to the purchase order cleanse.

5. Non-cash expenditure

For the period ended 31 March 2022

	2021/22	2020/21
	£'000	£'000
Depreciation – property, plant and equipment	197	294
Amortisation – intangible assets	378	379
Provision for liabilities		
Provided in year	360	730
Provisions written back	-	-
Movement in impairment of trade receivables	-	-
Bad debt written off	-	-
Total non-cash expenditure	935	1,403

6. Taxation

For the period ended 31 March 2022

	2021/22	2020/21
	£'000	£'000
Current taxation		
UK corporation tax	-	-
Total UK corporation tax	-	-
Factors affecting the tax charge for the period		
Net expenditure on ordinary and extraordinary activities	-	-
Tax at the standard rate of corporation tax in the UK (19%)	-	-
Income and expenditure not subject to corporation tax	-	-
Total taxation charge	-	-

The company incurs costs on providing facilities management services to HMPPS and recovers these costs on a 'no profit or loss' basis. Consequently, GFSL is not expected to incur taxation.

7. Property, plant and equipment

For the period ended 31 March 2022

IT equipment	2021/22	2020/21
	£'000	£'000
Cost brought forward at the beginning of the period	291	291
Additions	-	-
Reclassifications	-	-
Transfers	-	-
Disposals	-	-
Revaluation	-	-
Total cost carried forward at the end of the period	291	291
Depreciation brought forward at the beginning of the period	266	169
Charge in year	25	97
Reclassifications	-	-
Disposals	-	-
Revaluation	-	-
Total depreciation carried forward at the end of the period	291	266
Net book value at the beginning of the period	25	122
Net book value at the end of the period	-	25

Building lease	2021/22	2020/21
	£'000	£'000
Cost brought forward at the beginning of the period	401	251
Additions	-	401
Reclassifications	-	-
Transfers	-	-
Disposals	-	(251)
Revaluation	-	-
Total cost carried forward at the end of the period	401	401
Depreciation brought forward at the beginning of the period	72	126
Charge in year	172	197
Reclassifications	-	-
Disposals	-	(251)
Revaluation	-	-
Total depreciation carried forward at the end of the period	244	72
Net book value at the beginning of the period	329	125
Net book value at the end of the period	157	329

8. Intangible assets

For the period ended 31 March 2022

	2021/22	2020/21
Software and development	£'000	£'000
Cost brought forward at the beginning of the period	2,794	2,794
Additions	-	-
Reclassifications	-	-
Transfers	-	-
Disposals	-	-
Revaluation	-	-
Total cost carried forward at the end of the period	2,794	2,794
Amortisation brought forward at the beginning of the period	838	460
Charge in year	378	378
Reclassifications	-	-
Disposals	-	-
Revaluation	-	-
Total amortisation carried forward at the end of the period	1,216	838
Net book value at the beginning of the period	1,956	2,334
Net book value at the end of the period	1,578	1,956

9. Trade and other receivables

For the period ended 31 March 2022

	2021/22	2020/21
	£'000	£'000
Amounts falling due within one year		
Amount due from HMPPS	-	810
Prepayments	277	458
Staff receivables	91	95
Other receivables	46	37
Accrued income ⁸	26,325	21,011
Total	26,739	22,411

10. Cash and cash equivalents

For the period ended 31 March 2022

	2021/22	2020/21
	£'000	£'000
Opening balance	23,404	(1,375)
Net cash inflow/(outflow)	(9,721)	24,779
Balance at the end of the period*	13,683	23,404

GFSL is part of the Government Banking Service, which is the banking shared service provider to the government and the wider public sector. It is considered to be one bank account and consists of working balances across the government.

* The balance at the end of the 2021/22 period comprises £17.8 million cash in bank and cash in transit payments of £4.1 million. The balance at the end of the 2020/21 period comprises £29.8 million cash in bank and cash in transit payments of £6.4 million.

⁸ Accrued income is income recognised and agreed but not invoiced at the year end with our customer HMPPS.

11. Trade payables and other liabilities

For the period ended 31 March 2022

	2021/22	2020/21
Amounts falling due within one year	£'000	£'000
Trade payables	(8,309)	(7,946)
Accruals	(3,908)	(9,165)
IFRS16 liabilities	(358)	(350)
Holiday pay accrual	(942)	(757)
Goods received not invoiced	(5,811)	(4,528)
Taxation and social security	(1,116)	(1,040)
VAT payable	(1,983)	(3,918)
Deferred income*	(198)	(224)
Other payables	(437)	(455)
Total current payables	(23,062)	(28,383)
	2021/22	2020/21
Amounts falling due after more than one year	£'000	£'000
Deferred income*	(1,110)	(1,308)
IFRS 16 liabilities	(107)	(465)
Total non-current payables	(1,217)	(1,773)
Total trade payables and other liabilities	(24,279)	(30,156)

* Deferred income has two elements. The first at a value of £198,000 is the value remaining from the £4 million government grant received from MOJ, which will be released over the next 12 months. The remaining amount of £1,110,000 will be released in future years to cover the cost of depreciation and amortisation of capital costs, as was conditional on receipt of the grant.

12. Provisions for liabilities and charges

For the period ended March 2022

Claim provision	Personal injury / employment tribunal claims 2021/22 £'000	Historical disputed purchase ledger invoices 2021/22 £'000	Health and safety prosecution 2021/22 £'000	Historical cleanse of purchase order system 2021/22 £'000	Total 2021/22 £'000	Total 2020/21 £'000
Balance at the start of the period	(342)	-	(38)	(443)	(823)	(93)
Provisions in the period	(924)	(150)	-	-	(1,074)	(730)
Provisions written back	131	-	-	350	481	-
Provisions utilised in the period	102	-	38	93	233	-
Balance at the end of the period	(1,033)	(150)	-	-	(1,183)	(823)
Analysis of expected timings of cashflow						
Not later than one year	(344)	(150)	-	-	(494)	(823)
Later than one year and not later than five years	(689)	-	-	-	(689)	-
Later than five years	-	-	-	-	-	-
Total	(1,033)	(150)	-	-	(1,183)	(823)

The provision comprises two different elements.

£1,033,000 relates to the company's potential liability resulting from a small number of personal injury claims and employment tribunal claims, all of which are open as of 31 March 2022.

£150,000 relates to a provision made for several historical purchase ledger invoices which are outstanding and in dispute as of 31 March 2022.

GFSL anticipates that all will be concluded by 31 March 2025.

13. Share capital

For the year ended 31 March 2022

	Nominal	Value 2021/22 £	Value 2020/21 £
Ordinary shares of £1 each	100	100	100

100 ordinary shares were issued at nominal value, of which £99 was fully paid up as of 31 March 2022.

14. Financial instruments

IFRS 7 requires disclosures about the nature and extent of credit risk, liquidity risk and market risk that the company faces in undertaking its activities.

The company aims to maintain minimal holdings of cash equivalents appropriate to its short-term needs, and cash requirements are largely met by the cost-recovery arrangement in place with HMPPS. GFSL has no significant receivables, aside from those trade receivables arising with HMPPS as part of the normal course of business. None of these significant receivables are impaired or present a material credit risk.

The company has no borrowings or investments, so has very limited exposure to interest rate or market risk. Financial assets and liabilities are generated by ordinary operating activities. The company is considered to have no material credit, liquidity, interest rate or market risk. All cash holdings are lodged in a banking scheme entity.

15. IFRS 16 disclosures

As of 31 March 2022, GFSL has two leases which have been classified under IFRS 16. These are the rent for our Sheffield office which expires in February 2023, and the licence for our Oracle system which expires in August 2023.

	Class of underlying asset					
	Building	IT	Total	Building	IT	Total
	2021/22	2021/22	2021/22	2020/21	2020/21	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Brought forward amount of right-of-use assets	329	449	778	125	629	754
Depreciation charge for right-of-use assets	172	180	352	197	180	377
Interest expense on lease liabilities	6	8	14	3	11	14
Total cash outflows for leases	176	188	364	138	188	326
Additions to right-of-use assets	-	-	-	401	-	401
Carrying amount of right-of-use assets	157	269	426	329	449	778

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented below

Amounts falling due

Less than one year	176	188	364	176	188	364
One to five years	15	94	109	191	281	472
More than five years	-	-	-	-	-	-
Less Interest Element	(3)	(5)	(8)	(9)	(12)	(21)
Balance as at 31 March	188	277	465	358	457	815

Lease liabilities presented in the statement of financial position

Current	174	184	358	170	180	350
Non-current	14	93	107	188	277	465
Total lease liabilities	188	277	465	358	457	815

Following a review of GFSL's IFRS16 lease liabilities, the values for the 2020/21 undiscounted cash flows relating to building leases have been amended from those published in the 2020/21 annual report.

GFSL also had three photocopiers which are classified as low-value leases and are exempt from IFRS 16.

16. Related party transactions

MOJ publishes a consolidated annual report and accounts for the core department each year. GFSL is classified within MOJ's consolidation boundary, meaning that transactions within the group are considered related party transactions.

All of GFSL's revenue of £158,434 (£143,296 in 2020/21) relates to charges to HMPPS for work undertaken in the period.

The company incurred costs for seconded staff of £74,000 (£193,000 in 2020/21) from MOJ core, which is presented within staff costs.

Staff costs also include a further £44,000 (£135,000 in 2020/21) from HMPPS which relates to the National Offender Management Service programme, and £53,000 (£21,000 in 2020/21) from MOJ core which relates to the 2021/22 casework costs.

At the balance sheet date, GFSL had balances of £4,000 and £76,000 owing to HMPPS and MOJ core respectively, presented within trade and other payables (£153,000 in 2020/21 owed to HMPPS and His Majesty's Courts and Tribunal Service).

At the balance sheet date, GFSL had an accrued income balance of £26,325,000 (£21,682,000 in 2020/21) due from HMPPS, which is presented within trade and other receivables.

No board members, key managers or other related parties have undertaken any material transactions with the company during the period. There are no conflicts of interest to report.

17. Financial commitments

For the period ended 31 March 2022

	2021/22 £'000	2020/21 £'000
Financial commitments (excluding capital commitments)	343	437
Property, plant and equipment	-	-
Intangible assets	-	-
Contracted capital commitments at the end of the period	-	-

18. Contingent assets

As of 31 March 2022, GFSL has no contingent assets to declare (£0 in 2020/21).

19. Contingent liabilities

GFSL has carried out an assessment of our contingent liabilities and concluded that as of 31 March 2022, GFSL has no contingent liabilities to declare (£0 in 2020/21).

20. Losses and special payments

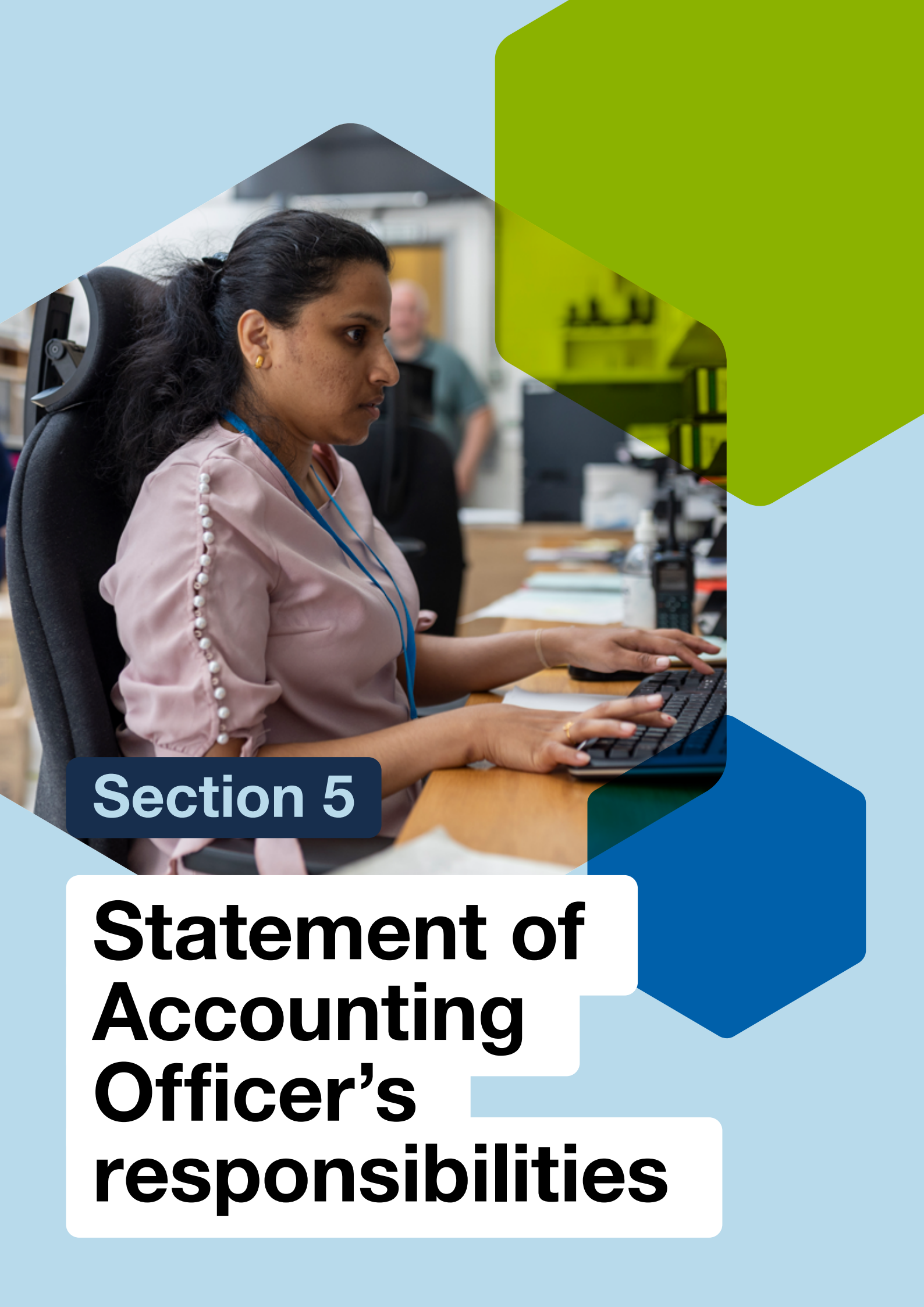
The statement of comprehensive income covers the following losses and special payments, including interest, legal fees and court fees incurred for late payments, a payment for property damage of a third party, and a payment to the Health and Safety Executive for their intervention in an incident.

(a) Losses statement	2021/22 Number of cases	2021/22 Total £'000	2020/21 Total £'000
Interest, legal fees and court fees relating to late payments	3	1	1
Extended hire costs due to GFSL staffing issues	1	6	0
Ex gratia	1	0	2
Health and Safety Executive prosecution	0	0	38
Total losses	5	7	41

(b) Special payments	2021/22 Number of cases	2021/22 Total £'000	2020/21 Total £'000
Personal injury claim	6	59	5
Employment tribunal claim	3	42	0
Third-party property damage	2	0	4
Total special payments	11	101	9

21. Events after the reporting period

Events after the reporting period are considered up to and including the date on which the accounts are authorised for issue. This is interpreted as the date of the audit report.



Section 5

Statement of Accounting Officer's responsibilities

Statement of accounting officer's responsibilities

Under the Companies Act 2006, GFSL is directed to prepare for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the business and of its income and expenditure, statement of financial position and cash flows for the financial year.

In preparing the accounts, as well as complying with the Companies Act 2006, the accounting officer must comply with the requirements of the Government Financial Reporting Manual, in particular to:

- observe the Accounts Directions issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the annual report and accounts as a whole is fair, balanced and understandable
- take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable

From 18 April 2022, the accounting officer of MOJ appointed the finance director as accounting officer of GFSL on an interim basis until a permanent chief executive officer is appointed. The responsibilities of an accounting officer, including responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable, for keeping proper records and for safeguarding GFSL's assets, are set out in Managing Public Money published by HM Treasury.

As the Accounting Officer of GFSL, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that GFSL's auditors are aware. As far as I am aware, there is no relevant audit information of which the auditors are unaware.



Stephanie Hill
Accounting Officer

Independent Auditor's Report to the Members of Gov Facility Services Limited

Opinion on financial statements

I have audited the financial statements of Gov Facility Services Limited ('GFSL') for the year ended 31 March 2022. The financial statements which comprise GFSL include:

- statements of financial position as at 31 March 2022
- statement of comprehensive net expenditure, and other comprehensive net expenditure for the year ended 31 March 2022
- statement of changes in taxpayers' equity for the year then ended
- statement of cash flows for the year then ended
- the notes to the accounts including the significant accounting policies

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of GFSL's affairs as at 31 March 2022 and its result for the year then ended
- have been properly prepared in accordance with UK adopted international accounting standards
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 Audit of Financial Statements of Public Sector Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of GFSL in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that GFSL's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on GFSL's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In my opinion the parts of the people and remuneration report that are identified as audited have been properly prepared in accordance with the Companies Act 2006.

In my opinion, based on the work undertaken in the course of the audit:

- the Strategic Report and the Directors' Report (which is contained within section 2: Accountability report) has been prepared in accordance with applicable legal requirements
- the information given in the Strategic Report and the Directors' Report (which is contained within section 2: Accountability report) for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which I report by exception

In the light of the knowledge and understanding of GFSL and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Report (which is contained within section 2: Accountability report).

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the people and remuneration report that are identified as audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- a corporate governance statement has not been prepared by the parent company; or
- I have not received all of the information and explanations I require for my audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement (which is contained within section 2: Accountability report), the directors are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view
- internal controls as directors determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error
- assessing GFSL's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the applicable law and International Standards on Auditing (ISAs) (UK).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of GFSL's accounting policies

- inquiring of management, the GIAA head of internal audit for GFSL, and those charged with governance, including obtaining and reviewing supporting documentation relating to GFSL's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including GFSL's controls relating to GFSL's compliance with the Companies Act 2006, and Managing Public Money
- discussing among the engagement team and involving relevant specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud

As a result of these procedures, I considered the opportunities and incentives that may exist within GFSL for fraud and identified the greatest potential for fraud in the following areas: non-payroll expenditure recognition, revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of GFSL's framework of authority as well as other legal and regulatory frameworks in which GFSL operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of GFSL. The key laws and regulations I considered in this context included Companies Act 2006, Managing Public Money, Employment law, and Health and Safety.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements
- enquiring of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims
- reading and reviewing minutes of meetings of those charged with governance and the board and internal audit reports
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business
- testing the completeness and appropriate recognition of non-payroll expenditure

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Greg Wilson (Senior Statutory Auditor)

21 November 2022

For and on behalf of the

Comptroller and Auditor General
(Statutory Auditor)

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP



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