



Gov Facility
Services Limited

Company registration number 11061429

Annual report and accounts

2023-24

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Gov Facility Services Limited annual report and accounts 2023-24
Company registration number 11061429

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

October 2024



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Section 1

Strategic report

A yellow decorative graphic consisting of a horizontal line extending to the right from the text box, and a diagonal line extending downwards and to the left from the bottom-left corner of the text box, ending in a curved shape.

Highlights of the year

70%

reduction in
Accident Incidence Rate



Cells out of use down



73%

to 5.3 days

Prisoner
working at

34 sites,
up from 31.



Silver level
award from
the Defence
Employers
Recognition Scheme



Recertified
for ISO 9001

69

apprenticeships



£29.8

million of
investment
work delivered

Chair's statement

My statement in last year's annual report shared our ambition and determination to deliver against a robust improvement plan in 2023 to 2024. Despite the backdrop of pressure on the prison estate, for which we provide facilities management (FM) services, and the related challenges that we've faced, we end 2023 to 2024 ahead of the improvement targets that we set, which included a notable reduction of 70% in our Accident Incidence Rate. I recognise the significant changes that the executive and employees at all levels have driven over the last year and my thanks, and that of the whole board, go to all of them for this considerable achievement.

Our operational delivery performance continues to build year on year. We have improved our performance against four out of five of our measures for completion of maintenance tasks and improved on two out of three of our key performance indicators (KPIs) for completion within timescales. The focus on statutory compliance in year shows a significant improving trend. To support HMPPS in the capacity challenges that they continually face, we have dramatically reduced the time taken to bring cells back into use through prioritising our reactive maintenance to where prisons need it most. In summary we are delivering more, at a quicker pace, with our statutory obligations at the forefront of our delivery.

Our People Team has focused on positioning GFSL as a values-driven employer that offers a stable and safe workplace for all. The team has done a fantastic job in optimising our recruitment processes and identifying new opportunities to increase our visibility within the employment market. We have committed to supporting the Armed Forces Covenant and have attained the silver Defence Employer Recognition Scheme award. Through this, we have secured some excellent new staff. We have continued to see changes in our senior staff team and higher levels of employee turnover than we would like. This challenge is most prevalent in the South East as competition in the FM labour market has impacted on our ability to recruit and retain some specialist staff. While we'll never be able to match the highest spot market pay rates, we invest in the training and development of our people, seek to pay a decent wage and provide unique and transformational opportunities to contribute to the rehabilitation of offenders. Our people should rightly be proud of what they and we deliver for the prison service, and we will continue to invest in them.

Our CEO has completed his first year with GFSL and made great progress in lifting the credibility of the business with our customer and other stakeholders. Sadly, for personal reasons he will be leaving the company in the coming few months. He will leave a legacy of improved performance and grip. We wish him well for the future. Our new Operations Director has established herself with focus on performance, accountability, and delivery. And we appointed a Company Secretary who comes with relevant expertise and experience, which has been hugely positive. Our People and Commercial Directors left us as they progress their careers, and we wish them success and thank them both for their contributions.

We appointed an external agency to support us in a review of the effectiveness of our board. Those findings were broadly positive, and we are now working through suggested areas where we can do better. We welcomed a new shareholder non-executive director who has a legal background. I was also grateful to ministers who agreed extensions for the remainder of the current non-executive directors, including myself, so that we have continuity through until the Property Transformation Programme is due to take effect in 2026.

As we set out later in the report, we have made huge strides in developing our apprenticeship schemes with 69 apprentices contributing to our workforce as at March 2024 and we are proud of the time and investment we make in nurturing talent.

The upcoming Ministry of Justice Property Transformation Programme (PTP) will result in our work transferring to external contracted providers during 2026. As a company, we'll ensure that PTP is supported and do all we can to provide high-quality FM services and to support wider prison service objectives of rehabilitation, until this journey is complete. The wellbeing of our employees will remain a priority for the organisation. As we move through PTP, we will focus on informing, supporting and investing in our staff until the point of transfer.



Colin Allars
Chair, GFSL

Chief Executive Officer's overview of 2023 to 2024

I am extremely proud of what we have achieved in 2023 to 2024. It has been a hugely challenging year for our business. The ever-present challenge on prison population has focused the minds of both site-based teams and central functions to minimise the risk of unplanned business disruptions as the result of GFSL operations. Throughout the year the business has worked hard to tightly manage both its financial and people resources in order to maintain required levels of efficiency and effectiveness. I would like to recognise the positive manner in which GFSL has responded to these head winds. As a business we have emerged stronger and even more purposeful.

A summary of our performance under our six strategic goals evidences our achievements in 2023 to 2024.

Safety: has been the top priority for everyone in GFSL in 2023 to 2024 as it was essential that we delivered levels of personal safety befitting our business. Throughout the year, the business maintained a weekly routine of safety discussions and reviews, engaging all levels. As a result, we met our full-year target before year end and proudly improved our personal injury safety performance by threefold. In addition to this our leading indicators such as SSRs (See it, Sort it, Report it) and WIPs (Workplace Inspections) provided invaluable insight into the workplace hazards that could so easily reverse our achievements if left unchecked. Our 'Safety Moments' at the start of each GFSL meeting have become a reassuringly normal part of how we conduct our business.

We also continue to learn from unplanned incident investigations and near miss reporting which remind us that poor behavioural management is so often the root cause of personal injuries in the workplace.

As we move into the new performance year, we will build on the success of 2023 to 2024 to further strengthen safety behavioural management and safety culture, and we will monitor this through ongoing reviews of the Safety Plan.

Customer: every prison is unique, with a range of challenges due to the age and condition of the establishment and the prison security regime in place. GFSL recognises the very important part we play in the provision of safe, decent and compliant living/working conditions in prisons and works hard to ensure that what we do is recognised by our customer through the relationships we foster.

GFSL completed approximately 300,000 reactive fault tasks in the year 2023 to 2024 and over 110,000 planned maintenance tasks. While the completion of this work is a significant achievement it is simply a prerequisite of any FM service provider.

The value add we aim to bring to our HMPPS customer is evidenced in the progress we have made in reducing the pressure on prison capacity through minimising the absolute number of cells out of action and the prompt return of out of action cells to service: both measures have seen more than 50% improvement over the course of the year. Our projects team has delivered £29.8 million worth of prison infrastructure investment which has improved asset lifecycle, decency, security, safety and energy efficiency.

Relationship management with our customer from Governors to HMPPS executive leadership has benefited from sustained focus throughout the year through ongoing prison visits and regular service progress reviews. It has been widely recognised by HMPPS that GFSL has enhanced its reputation through being a responsive and proactive service provider. This acknowledgement is particularly welcome in a year where the Property Transformation Programme (PTP) was announced which will see FM services transferred from GFSL to the private sector sometime in 2026.

People: what we deliver to HMPPS is entirely down to the professionalism, skills and competencies of our people. In 2023 to 2024 the GFSL People Plan continued to drive positive change across our business supporting employees and managers alike.

We recognise that our business operates in a competitive market, which means we need to be resilient to the inevitable disruption that comes from fluctuating levels of employee turnover. Throughout 2023 to 2024 the People Team continued to closely monitor employee retention, sentiment and industry benchmarks to ensure that the business could better manage resourcing disruption. The Employee Forum grew in its impact both in terms of attracting new representatives, notably from site operations, and played a more active role in informing management decisions.

People programmes such as leadership development, wellbeing, annual performance development conversations, GFSL careers website, onboarding/induction, support for the Armed Forces Covenant all had a net positive impact on the credibility of our business as a FM service provider as evidenced by improved people metrics such as attrition, time to recruit and candidate quality. We also received a silver award from the Defence Employers Recognition Scheme.

GFSL's apprenticeship programme does warrant a specific call out with the business now supporting 69 apprentices across a broad cross section of skills/trades and career history. This cohort of employees continues to enrich not only their own personal development but also those around them who play an active role in their learning journey.

Value: as a public body, we take our responsibility seriously to ensure that every pound we spend in the prison estate is value for money. The pressure on budgets means we are well-versed on the importance of managing public money, and with an ageing estate the balance of reactive tasks versus planned works requires the business to enhance the use of available management information to make ever better, cost effective decisions.

Over the course of 2023 to 2024, the business has enhanced a number of existing business processes and introduced a number of new business intelligence solutions to help decision makers and budget owners better manage financial and non-financial outcomes.

Excluding non-recurring items, GFSL met its 2023 to 2024 budgetary commitments. Over the course of the year, we introduced enhanced prison level cost management reporting which allows site managers to better manage their operations, notably how they can identify opportunities to optimise GFSL labour resources instead of relying on more expensive third-party labour. In some sites this optimisation has extended to the use of prisoner working to help deliver routine/simple tasks that would otherwise need to be completed by more expensive resources.

At the close of 2023 to 2024, the business has built some strong foundations on which to realise and evidence how GFSL delivers value to the justice system. As we move into the new performance year, new measures are being formulated which will be added to the performance dashboard/balanced scorecard.

Excellence: in 2023 to 2024 we introduced the strategic goal of Excellence. Combining the management of risk and assurance with the internal business processes we use to support and guide our board, shareholder, customer and internal leadership, this goal is designed to demonstrate the grip we have over the delivery of services to the prison estate. We welcomed a new Company Secretary in 2024, a role that has been instrumental in improving the quality of information we share with our board and shareholder and the arrangements surrounding effective board oversight.

We completed our three yearly independent review of GFSL board effectiveness which returned a favourable outcome. Specific recommendations from this review will now be implemented over the course of 2024 to 2025 under the stewardship of the Company Secretary.

GFSL was recertified to ISO 9001 reflecting the great work our Quality Management System team do to maintain effective assurance of our business and responsibilities of the management team.

Ongoing third line independent assurance from the Government Internal Audit Agency continues to be executed very effectively with strong collaboration with all completed audits receiving 'Moderate' outcomes.

Over the course of 2023 to 2024 GFSL increased its focus on first line self-assurance and second line assurance undertaken by MOJ Property. Outcome measures for both are included in the GFSL performance dashboard and input measures have been assessed through a series of process maturity reviews, the outcome of which has been documented in a GFSL Risk Management and Assurance Framework Report in January 2024.

I am pleased to see how the new Excellence objective has embedded in our business over 2023 to 2024. The quality of the information we now have available to us regarding our three lines of defence assurance model is extremely robust and will help guide and lead us to an even better governed business in 2024 to 2025.

Acting responsibly: Environmental, social and governance (ESG) bringing together GFSL’s ambitions and contributions to ESG has been a highlight of 2023 to 2024, and we now have a clearer picture of the value we create as a business.

Examples of our commitment to acting as a responsible business are:

- measuring site level energy consumption
- identifying maintenance requirements of underperforming or inefficient assets
- supporting prisons with waste management
- biodiversity and ecology initiatives
- supporting prisoner rehabilitation and wellness through prisoner working
- our apprenticeship programme
- our commitment to the armed forces covenant
- our responsible supply chain

I am grateful to all our colleagues in GFSL, HMPPS and the MOJ for their support in 2023 to 2024. We are recognised for being a valued and effective partner to the justice system. To build upon our achievements, we are establishing a Responsible Business Committee to broaden focus on our sustainability and responsible business practices, to help us further improve our performance and contributions as we head through 2024 and into 2025.

In July 2024, I gave notice of my resignation as GFSL’s CEO. At the time of writing, we are still recruiting my successor and my departure date is still to be confirmed. Over the past 18 months, it has been an incredible privilege to lead GFSL, a company with profound purpose. I am grateful to all our colleagues in GFSL, HMPPS and MOJ for their support over this period. Working alongside you to deliver essential services to the prison estate has been immensely fulfilling.



Neil Edmond
Chief Executive Officer, GFSL

Performance overview

Who we are

Gov Facility Services Limited (GFSL) is a non-profit company established by the Ministry of Justice (MOJ). We manage facilities within a framework agreement, ensuring good governance, finance, and management practices.

Our mission

GFSL supports His Majesty's Prison and Probation Service (HMPPS) by delivering safe, high-quality, and cost-effective facilities management services across 48 prisons in the South of England.

Our services

We provide two main types of services:

- **Core Services:** delivered under a fixed annual budget. This includes planned maintenance, repairs under £2,000, and services like cleaning, waste management, and prisoner work programmes.
- **Variable Services:** performed upon instruction from HMPPS. This covers larger repairs, minor projects, and capital investment works.

What we are aiming to achieve

Our vision is to support a world-class justice system by being the best value provider for facilities services. To fulfil our vision, and deliver on our mission of delivering safe, high-quality, and value-driven facilities services in the justice sector, we focus on six core areas that underpin every action we take.

- **Safety:** create a safe and healthy work environment for all employees and stakeholders, continuously improving our safety culture and practices.
- **People:** attract, develop, and retain the best talent, fostering a culture of diversity, inclusion, and engagement that supports our employees' growth and wellbeing.
- **Customer:** build long-lasting, trusted relationships by understanding our customers' needs, delivering exceptional service, and continuously improving our offerings.
- **Value:** deliver affordable, high-quality services that consistently exceed customer expectations.

- **Acting responsibly:** Environmental, social and governance (ESG) operate our business in a responsible and sustainable manner, creating positive social, environmental, and economic impacts for our stakeholders.
- **Excellence:** continuously improve our operational and service delivery performance, striving for excellence in all aspects of our business.

The **Property Transformation Programme (PTP)** became an increasing area of focus for us during 2023 to 2024.

PTP is aimed at transforming how facilities management services are delivered across the MOJ estate, including prisons and probation buildings. The Strategic Outline Business Case was approved during 2023, and MOJ signalled that under the PTP, all future facilities management services across prisons and probation will be delivered by private sector providers. GFSL is working on the basis that this intent fully reflects the future direction.

As a consequence, the services currently provided by GFSL will transfer to other providers following the successful completion of the PTP procurement process, with transition expected during 2026. Following successful transition, GFSL will be wound up.

We have developed a set of principles to govern how we lead the business and engage with and deliver for our customers while we prepare for PTP:

- **Transparent communication:** provide transparent, timely, and consistent communication within the organisation and with external stakeholders.
- **Development and growth:** foster personal and professional growth for individuals, while also aiming to improve as an employer and provider of essential services. Promote teamwork and collaboration.
- **Empathy and understanding:** to be considerate of employees, customers, suppliers, etc. Listen attentively and provide both emotional and practical support when needed.
- **Delivering excellence:** strive to be the best in all aspects of our operations, including serving customers, working with suppliers, compliance, and ensuring health and safety.
- **Integrity and honesty:** always uphold integrity, being honest in our words and actions. If we are unable to fulfil a commitment, we communicate it promptly.

We are continuing to engage appropriately with our MOJ colleagues and Shareholder to ensure that GFSL is best placed to:

- input where appropriate to the programme and solutions
- provide the PTP with the information and support it needs
- prepare our people and supply chain for the transition ahead

Within this, the position of our people is of paramount importance to us – we will protect the delivery of our services by continuing to invest in the wellbeing, skills and development of our people, so that at the point of transition to the PTP contract arrangements, our people are best placed to apply their skills and experience to the benefit of the new service provision and the prison service as a whole.

Delivering on our priorities

The following infographic outlines our business plan for 2023 to 2024, highlighting the key business priorities that support its goals. Progress against business plan priorities are covered in the performance analysis section and CEOs overview.

Our vision
is to support a world-class justice system by being the best value provider for facilities services

Our mission
is to deliver safe, high quality and value-driven facilities services in the justice sector

Our values
Pride in People
Do the Right Thing
One Team

Strategic Goals



Safety
To ensure safety is at the forefront of everything we do.



Excellence
To deliver exceptional performance through consistent effort and improvement.



Customer
To build strong relationships and deliver value to our customers.



People
To positively influence employee experience through every interaction.



Value
To achieve the optimum combination of quality and affordability.



ESG
To promote and measure sustainable and socially responsible practices.

Business priorities

Address key factors adversely impacting our **safety performance**

Create a culture of positive leadership that inspires and **motivates employees**

Implement an effective **assurance control framework**

Strengthen our **ESG impact** and take action to improve our performance

Drive greater **value** through improving our commercial maturity

Create **greater alignment** and cleaner comms with MOJ and HMPPS

Lead an exemplary **PTP transition** that upholds our standards, retains our talent, and safeguards our stakeholders

Create an **IT roadmap** to drive productivity and efficiency gains

Improve the effectiveness and consistency of our **processes**

Develop and **utilise data** analytics to drive and create greater value

Develop an enhanced **asset management** and maintenance plan

Collaborate with stakeholders to ensure successful **project outcomes**

Work with all parties to mitigate and address **compliance risks**

This year's business plan addressed a wide range of activities aligned with our priorities. Here's a look at some of the major areas of focus:

- **Customer engagement:** we strengthened customer engagement by redesigning the customer satisfaction survey, publishing action plans based on feedback, and fostering collaboration with key partners.
- **Safety:** we prioritised safety by establishing clear expectations, improving workplace inspections, and strengthening leadership commitment.
- **Employee experience:** we focused on enhancing the employee experience through career development programmes, a new careers website, leadership development programme and the establishment of a diversity, equity, and inclusion committee.
- **ESG:** we addressed environmental and governance aspects of ESG by developing an environmental manual and identifying a suitable governance framework model.
- **Commercial maturity:** we implemented initiatives to improve our commercial practices, including a commercial and supply chain people plan, e-tendering, and a contract compliance pipeline.
- **Business assurance:** we strengthened business assurance practices by establishing an audit calendar, defining management information requirements, and creating an assurance plan.
- **Process maturity:** we created a plan and training materials for standardising and improving our processes.
- **Performance and insight:** we improved performance and insights through supplementary reporting, by defining the existing business reporting landscape and implementing Hive, our interactive business reporting and intelligence tool.
- **Project performance:** we focused on communication, customer meetings, and project process improvements to enhance project performance.
- **IT roadmap:** we established an outline for the IT strategy, policy and approach.

By tackling a broad range of activities within these key areas, we have made significant progress towards achieving our business goals. This focus on safety, employee experience, strong governance, and continuous improvement positions us well for future success.

Our future plan

Building on success: our ongoing focus areas

Our focus areas over the next two years will remain on delivering what our customer needs while sustaining a robust safety culture, leadership, and motivation, assuring, and enhancing customer-centric operational delivery and collaboration for successful PTP outcomes. While some priorities may adjust, the strategic aim is set – delivering excellence while living our values.

Our business plan is framed by the forthcoming PTP transition. Within this context, we will:

- hold safety as our number one priority as we strive to protect our people and users of the environments we support
- use inspired leadership and employee engagement to uphold our core values
- demonstrate our commitment to social responsibility through our ESG initiatives
- sustain compliance in our pursuit of Excellence through effective assurance, consistent processes, and risk mitigation
- maintain clear alignment with MOJ and HMPPS
- drive better value by continuing to improve our commercial maturity

By leveraging our robust business plan, implementing effective change governance, and fostering a continuous improvement culture, we ensure we have the plans in place to deliver against our objectives. This approach also allows us to remain agile and responsive to any new or emerging priorities.

Performance analysis

Safety

Our commitment to ensuring a safe and secure work environment remains our top priority. Throughout the year, we have implemented a range of initiatives to actively reduce the likelihood of injuries, accidents or damages and this has resulted in the rate of accidents reducing by two thirds over the course of 2023 to 2024.

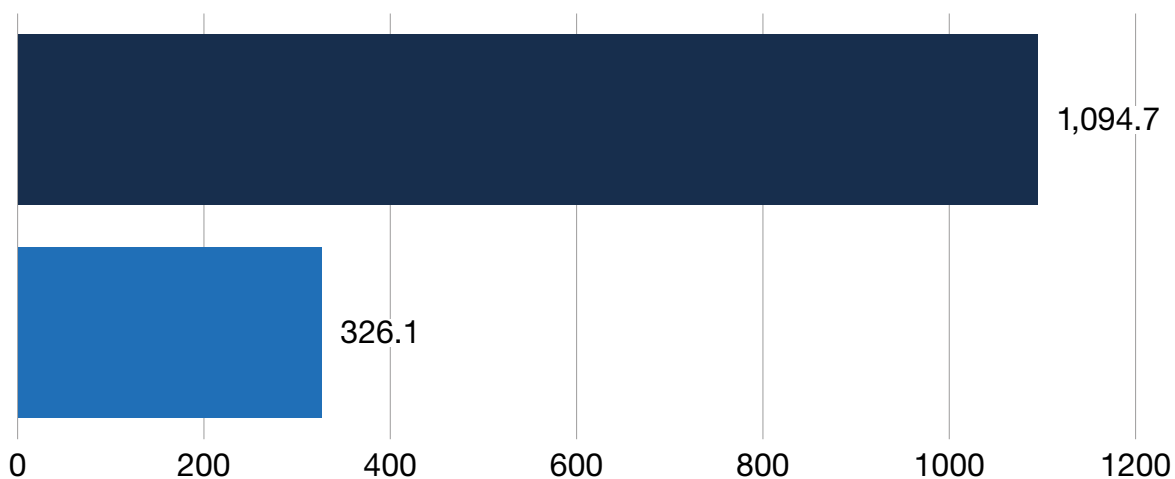
We are supported in this by employees in all parts of GFSL, who recorded 2,515 SSR reports, reducing hazards on all our sites.

Our 2023 to 2024 health and safety improvement plan has driven the safety focus of the business, management and all employees to improve the safety of the places we work and the activities we undertake.

This focus has resulted in improved performance and is reflected in our safety performance indicators. This is a clear indicator that our safety culture is now embedded, the improvement has been incremental which supports the sustained focus in the business.

70% reduction in Accident Incidence Rate

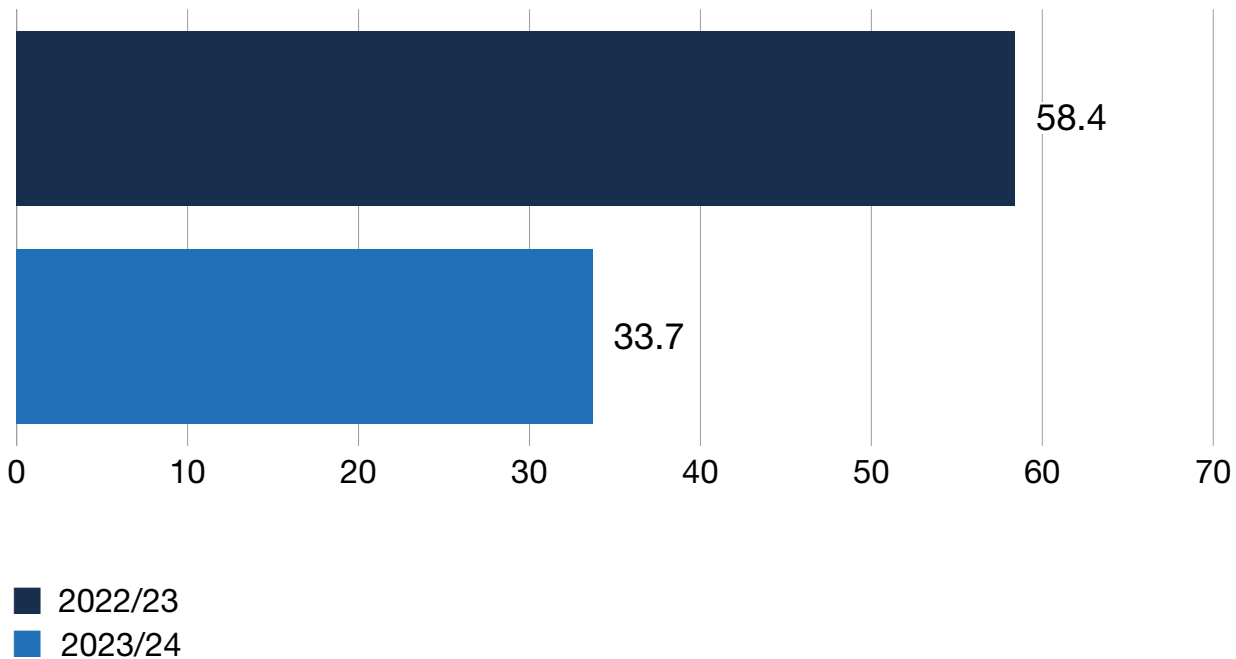
Rate per 100,000 employees



■ 2022/23
■ 2023/24

42% reduction in All Accident Frequency Rate

Rate per 1,000,000 hours worked



Our continued focus on our incident investigation process ensures that we promptly address the root causes of incidents and share the lessons learnt.

Proactively addressing workplace hazards has been another key aspect of our approach. We have provided increased emphasis on conducting regular safety inspections to identify potential risks and promptly implement appropriate control measures to mitigate them.

Furthermore, we recognise the importance of instilling a strong health and safety culture from the start. During the onboarding process, we ensure that all new staff members fully comprehend their health and safety responsibilities from day one, and we provide the necessary training and support for each individual so that they can influence and improve safety.

At GFSL, we are dedicated to maintaining the highest standards of health and safety. Our ongoing efforts in incident investigation, hazard identification, training, and promoting a culture of responsibility reflect our commitment to providing a secure work environment for our valued employees.

Excellence

Operational Performance

Our operational performance is viewed through four lenses:

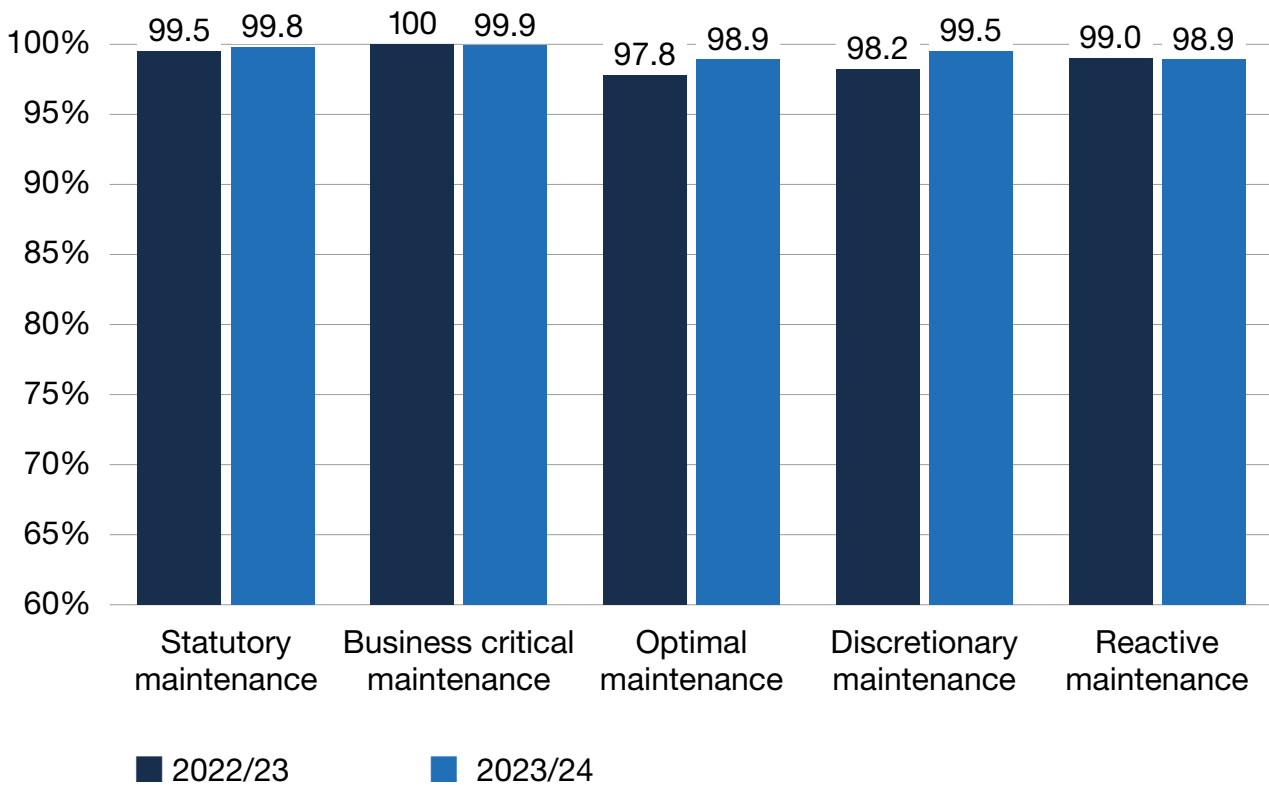
- **Service delivery:** maintenance work completed.
- **Key performance indicators (KPIs):** which measure our performance in completing statutory and high-priority maintenance activities within specific timescales.
- **Cell availability:** resolution of breakages, vandalism damage and maintenance defects to return offline cells back into service as promptly as possible.
- **Compliance management:** ensuring the premises we maintain comply with relevant legal requirements and standards, for example in relation to water, heating and electrical systems.

Service delivery: maintenance work completion

Completion measures whether the required task has been completed during the year.

- During 2023 to 2024, we completed 99.9% in aggregate of 'statutory' and 'business critical' planned preventative maintenance (PPM) work, equating to around 83,000 maintenance tasks across the estate. This type of maintenance is essential in ensuring compliance with regulatory requirements and supporting the 'safe and decent' requirement within the prison estate.
- We also completed 98.9% of 'optimal' and 99.5% of 'discretionary' works, equating to a further 30,000 maintenance tasks in aggregate. This work supports the effective operation of plant and equipment, proactively maintaining to mitigate risk of failure and subsequent costs.
- During 2023 to 2024, demand for reactive maintenance services was around 297,000. Of those reactive tasks, 98.9% were completed during the year.

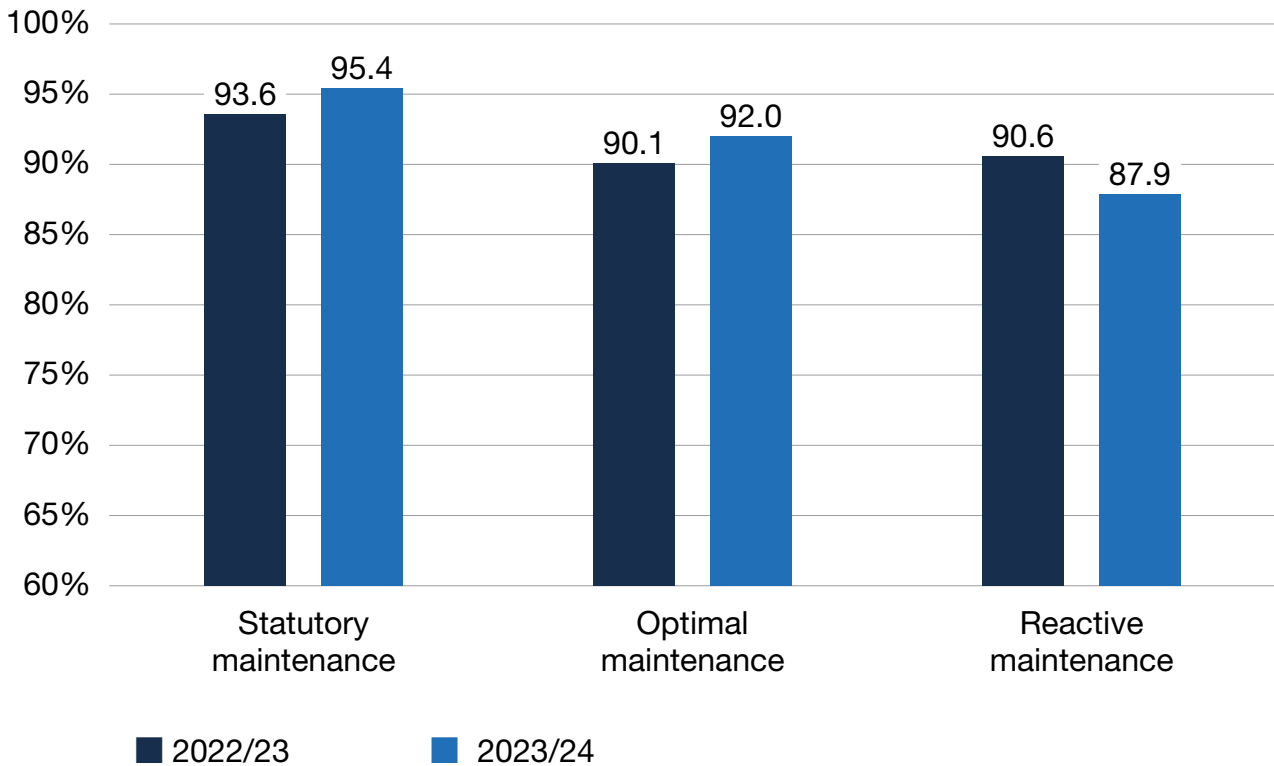
Service delivery; maintenance work percentage of tasks completed



Performance: KPIs

- In 2023 to 2024, we completed 95.4% of statutory maintenance on time, an increase of 1.8% on 2022 to 2023. With regard to business critical maintenance, 94% was completed within the required timescale.
- Our performance on optimal maintenance also improved. We completed 92% of those tasks on time in 2023 to 2024, an increase of 1.9% from prior year.
- The reactive maintenance KPI measures the speed of response (i.e. attending and making safe where appropriate) for dealing with reactive tasks. During the year, we completed 87.9% of those tasks on time. That was a reduction of 2.7% compared to 2022 to 2023. The drop is a result of the prioritisation of statutory and business critical maintenance.

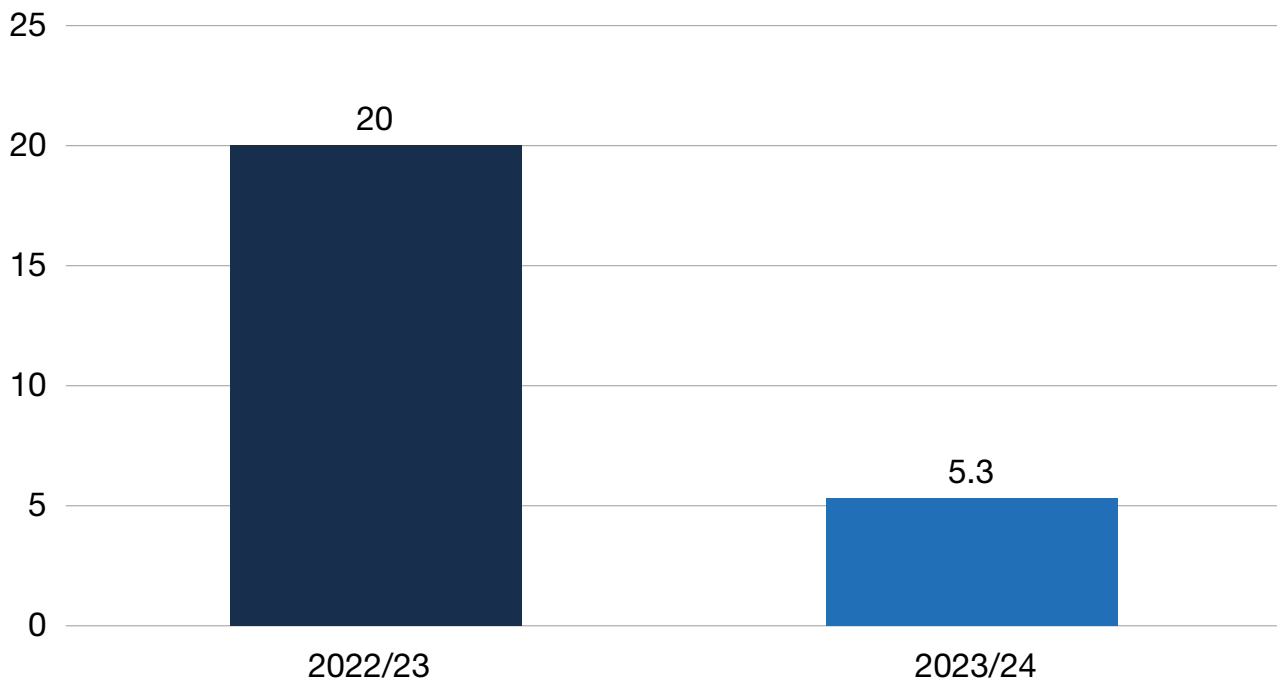
KPI performance; tasks delivered within timescale



Cells out of use

- The availability of cells is critically important to the prison estate, particularly given prevailing pressures on capacity. Our performance in this area is measured by ‘cells out of use’.
- When we are notified that a cell is out of use due to a vandalism or maintenance-related issue, our performance is assessed by the time we take to complete the required work and close the administrative loop to record that the cell has been returned to service.
- The daily volume of cells out of use, for which GFSL provides FM services, peaked at 285 during May 2023. As a result of focused operational attention to this area to speed up response times, we reduced the volume of cells out of use in 2023 to 2024 to an average of 109 per day, and the daily volume of cells out of use to as low as 52 during March 2024.
- On average, the time taken for GFSL to return cells to a useable standard reduced from 20 days in 2022 to 2023 to five days in 2023 to 2024. Approximately 42% of cells reported as out of use are returned to service within 24 hours.

Cells out of use – days to return to service



Statutory compliance

Statutory compliance is a key responsibility of our business which enables our customer to ensure that the premises they occupy, together with the systems which support that occupation, are compliant to applicable law and regulatory standards.

By implementing our compliance measures we provide an environment that is suitable and safe for use by all residents and colleagues who live and work in the buildings we maintain.

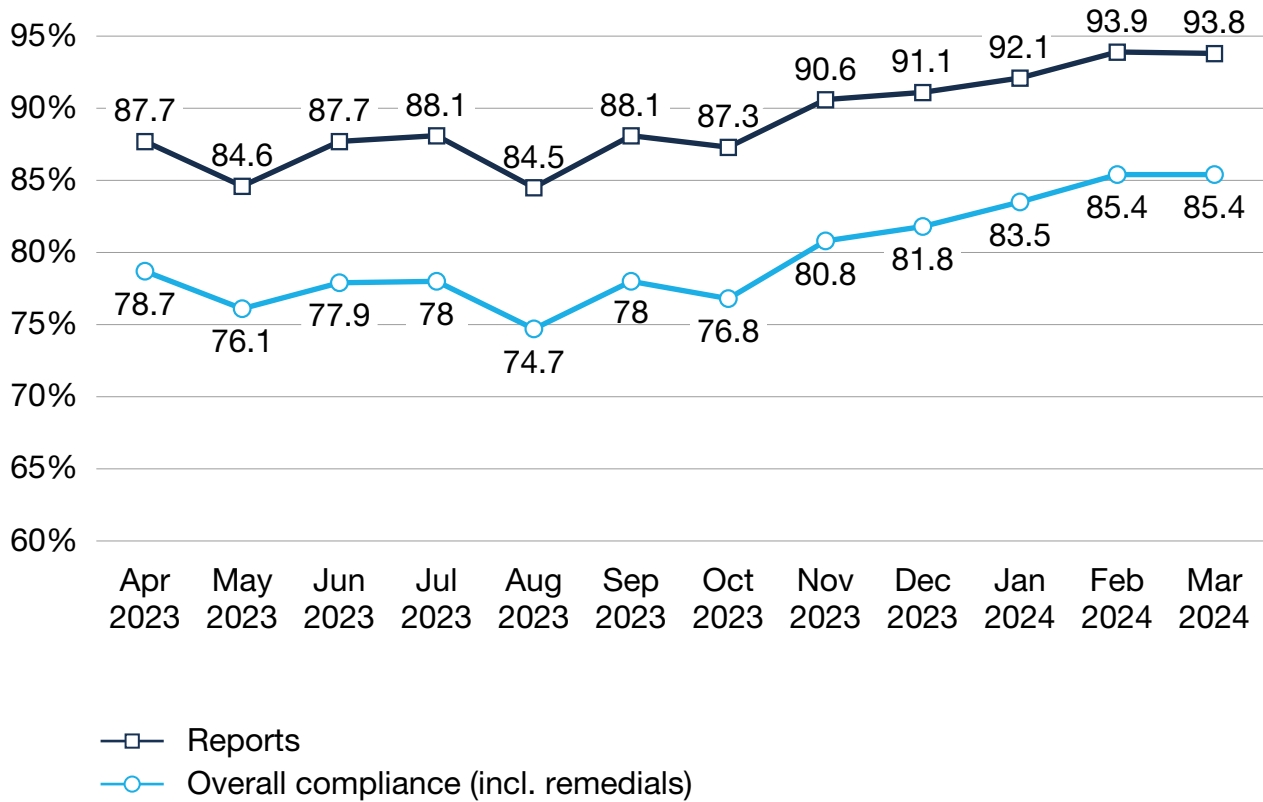
Our work has included the resolution of over 23,000 arising remedial actions for the 2023 to 2024 financial year. This is an increase of over 6,000 completed remedial actions compared to 2022 to 2023 and represents a significant reduction in the backlog of tasks.

The business considers compliance through two complementary lenses:

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

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

Statutory compliance



The statutory compliance graph 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 our compliance across the year, which was 85.4% for the year overall, a 4.7% increase from the previous reporting period. The ‘reports only’ compliance for the year overall was 93.8%, an increase of 4.4% from last year.

Case study: improving use of management information through Hive

In accordance with the strategic business plan, a customer-centric reporting suite was designed and built to act as GFSL's new home to reporting, analytics and insight. Named 'Hive', it enables collation of data from various sources across the business for presentation in an engaging, user-friendly medium. Crucially, it places vital information in the hands of decision-makers across all levels of the business.

Currently, Hive is being used business-wide to access up-to-date operational and financial information, with a plan to add data from commercial, compliance, health and safety, supply chain and several other business functions.

Users have provided positive feedback, such as:

“Having all the reports in one central area is great. The way in which the data is displayed makes it easy to understand”

– Cluster Manager

“Easy to use, very impressive”

– Site Manager

Projects

Projects have supported and delivered around £29.8 million of investment across the southern prison estate in 2023 to 2024.

We categorise projects based on which of the following four drivers the investment primarily supports: safety, infrastructure, decency and sustainability. The breakdown of the in-year delivery is as follows:

- **Safety:** £3.9 million
- **Infrastructure:** £14 million
- **Decency:** £4.4 million
- **Sustainability:** £0.1 million
- **Client escorts:** £7.4 million

Examples of each of these categories are provided in the case studies within this report.

The projects team have been involved in many exceptional schemes that have required complex pre-construction activities crucial to safely meeting construction phase targets and customer expectations. These multi-site schemes have included:

- fire pump and telemetry upgrades
- conversion of cells into a ligature resistant space
- TV signal head end replacements and software upgrades
- radon mitigation work and air change monitoring
- replacing obsolete fossil fuel boilers with energy efficient hydrogen-ready appliances

During a challenging year for resourcing our project management team we have secured a refresh to our senior projects team through a mix of strong internal and external appointments.

Our approved supply chain, its competence, capacity and geographical footprint remain intrinsic to meeting our customer objectives and we will continue to expand our approved capacity while improving the efficiency of our procurement processes including widening the use of e-tendering and frameworks.

Decency: HMP Ford shower refurbishment

The Kent and Sussex projects team delivered the refurbishment of four shower areas across two accommodation blocks including a disabled access shower area. The cost of the project was in the region of £530,000 with a programme duration of 15 weeks. The completed works have contributed to the establishment maintaining their decency standard for current occupancy by addressing the previous lack of accessible showers as well as poor conditions, ventilation and water supply in the existing areas.



Infrastructure: boiler replacements

The projects teams across all four regions of the southern estate were involved in identifying sites with obsolete or failed boilers. Six sites received new hydrogen-ready energy efficient boilers that future proofed the infrastructure and reduced the reliance on costly temporary plant within the southern estate, and in turn contributed to HMPPS' net zero carbon targets.



Sustainability/infrastructure: Rochester gate cladding

We improved a strategically important building, addressing significant fabric issues that included deteriorating wooden cladding, windows and doors. The new Kingspan cladding enhanced environmental performance and fire safety rating while new windows and electronically operated doors improved aesthetics and security. The building remained fully occupied throughout the 16-week construction phase and building control carried out periodic inspections at key stages of the project ensuring design and specification adherence. Total construction cost for the project at completion was £390,000.



Safety: radon permanent mitigation work

Throughout 2023 to 2024 we have assisted in the mitigation of radon levels across five sites. This required complex engagement with specialist designers, consultants, establishment and HMPPS specialists. On occasion external statutory approvals including town planning, heritage consents from Historic England and estate management approval have been necessary.

The approach has been formulative in nature, following design and installation solutions from our specialists where success can only be measured once a further detailed monitoring regime has been completed post installation. These initial works have supported and increased our knowledge of radon and developed a more precise mitigation solution for sites emerging out of Phase 1 monitoring. Collaborative regular communications between all stakeholders have been key to managing expectations.



Customer

GFSL continues to focus on supporting and expanding Purposeful Prisoner Working Programmes. We currently lead programmes on 21 of our sites that facilitate prisoners to work alongside our teams in roles varying from electricians to grounds workers. We also supervise prisoners working in stores and clothing exchange stores on 29 of our sites. As of March 2024, this equates to 336 prisoners working with GFSL at 34 sites altogether. These placements not only improve the decency of the prison environment for all but also support the mental health and employability of the prisoners participating by learning new skills, practising existing skills and becoming familiar with a real workplace environment.

We maintain close working relationships with relevant rehabilitative bodies such as New Futures Network (NFN), Your Consultation Group (YCG) along with membership of Employers' Forum for Reducing Reoffending (EFFRR) and attendance of rehabilitative conferences to stay at the forefront of possibilities and information relating to rehabilitation.

HMP Albany is a Male Category C prison on the Isle of Wight, and an example of a Purposeful Prisoner Working programme that has flourished this year. HMP Albany has become an outstanding example of the benefits prisoner working parties can have for prison decency and the prisoners on the programmes. The team consists of 15 prisoners in varying trades covering mainly handyperson and painting and decorating tasks.

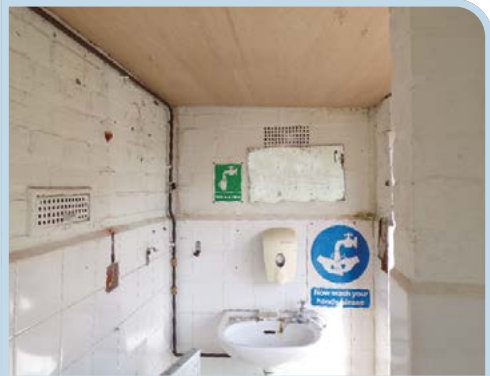
Our site team were able to access training for resin and vinyl flooring, from this they have been able to provide an in-house service for every communal toilet recess across site along with ad-hoc carpet and vinyl renewals.

Additionally, the prisoner team have been able to complete a range of minor repairs on the site such as new toilet seats, new noticeboards and ad hoc painting.

Notably, feedback on the programme was requested from the prisoners and the letters received demonstrated the huge impact Purposeful Prisoner Working is having:

“Being involved in this project has given me a lot of my self-respect back, and the trust now placed in me has also given me the belief that I am a worthwhile person who can once again contribute to society in the future.”

– Prisoner at HMP Albany



People

In the past year, we have made significant strides in cultivating a positive and supportive work environment, aligning closely with our core values of pride in people, one team, and doing the right thing. Our focus on learning and development has yielded notable results, with the implementation of comprehensive leadership training programmes, apprenticeships, and a wide range of courses tailored to promote employee growth and skill enhancement.

Efforts to improve employee benefits at GFSL have continued, accompanied by the introduction of additional reward mechanisms and simplification of existing ones to encourage participation. Further details are provided in the 'Reward and recognition' section.

We are pleased to report a 100% compliance rate for performance development conversations in 2023, emphasising our dedication to nurturing talent and facilitating professional development within our organisation. We believe this focus has helped to reduce our attrition (leavers) levels from 26.3% to 24.6%.

The Attract team has been instrumental in enhancing our recruitment processes. The development of a comprehensive careers website offers valuable insights into working life at GFSL for prospective candidates, while improved communication and consistent hiring manager training have bolstered engagement throughout the recruitment process. Additionally, a revamped onboarding journey has streamlined necessary prerequisites such as vetting checks, positively impacting the employee experience from day one. These initiatives have resulted in notable improvements in both the quality of candidates and our time to recruit, reducing significantly to 33.2 days, below the UK average of 36 days. With an average of 13 offers extended per week, the Attract team at GFSL has achieved a net positive of more joiners than leavers this year.

Our efforts to support ex-forces veterans have been recognised with an ERS Silver Award, underscoring our commitment to diversity and inclusivity in recruitment practices. Moreover, we have observed a decrease in our new hire turnover rate, dropping from 1.5% to 0.9% for employees leaving within the first 12 months.

We have prioritised the wellbeing of our employees by introducing benefits and initiatives, including a comprehensive wellbeing strategy aimed at supporting their holistic health and happiness.

We are committed to continuous improvement and dedicated to fostering a positive experience for both current and prospective employees.

Apprenticeship case study



Rachel Daniels, Regional Administrator Supervisor

CMI Level 3 in Leadership and Management.

Study period: 2022 to 2023

Award: Distinction

Did you always know you wanted to be an apprentice?

When I was thinking about furthering my career, I had not considered an apprenticeship. When the opportunity arose for the CMI Level 3 in Leadership and Management apprenticeship, I enrolled. This led to developing my knowledge and skills in these areas giving me the tools required to put them into practice within the work environment.

Can you tell us about your apprenticeship journey so far?

I'm working towards achieving a internationally recognised Institute of Workplace and Facilities Management qualification, which will open doors to further my career and excel into a senior position. I have been very lucky on my journey as an apprentice to have the full support and encouragement from my line manager Heidi Aldred, giving me opportunities with new projects to lead on, which assisted in my case studies. The tutor was also very helpful in supporting me throughout my case studies and into my end point assessment.

What would you say to others considering an apprenticeship?

For anyone considering an apprenticeship my advice would be to take the opportunity to grow not only yourself but also your colleagues. It is a long and challenging journey but the sense of accomplishment and the rewards along the way are certainly worthwhile.

Environmental, social and governance

Environmental

Sustainability is at the heart of our values. 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 the Greening Government Commitments, MOJ’s target is that overall emissions in 2024 to 2025 will be 41% lower than the 2017 to 2018 baseline. In 2023 to 2024, the CO₂ emissions from the prison estate that we manage had reduced by 36% against the 2017 to 2018 baseline. It is not possible to separate GFSL’s contribution from MOJ’s own contribution.

In 2024 to 2025 we are placing more focus on waste management through supporting increased recycling and reduced food waste.

Biodiversity

GFSL is working closely with MOJ’s ecology department to develop ecological management plans for our estate by overseeing tree planting in several prison establishments.

Sustainability

We provide goods and services in a way that:

- supports MOJ’s 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 ESG

Greenhouse gases

CO₂ from travel is the main source of GFSL’s own emissions. In 2023 to 2024 our staff travelled around 197,000 miles by rail, producing 7.0 tonnes of CO₂ equivalent, 476,000 miles by car, producing 87.9 tonnes of CO₂ equivalent and 242,000 miles in our fleet of commercial vans producing 50.7 tonnes of CO₂ equivalent (measures are based on 2023 to 2024 CO₂ equivalents from the Greening Government Commitment).

We hold meetings by videoconference to avoid unnecessary travel, and where travel is necessary, we encourage travel by train. All our company cars are now more efficient hybrid vehicles.

Social

We recognise the importance of creating social value for society, our commitment to social responsibility is ingrained into our corporate culture and is reflected in our operations, initiatives and partnerships. We follow six key themes around social value.

Rehabilitation support and skill development

Our Purposeful Prisoner Working Programmes have continued and support 336 prisoners (as of March 2024) to work alongside GFSL in all roles that we operate in from stores to plumbing. Prisoners are able to learn new skills with our teams, put existing skills into practice and gain work experience. Feedback from prisoners on the programmes has included increased pride, confidence and mental wellbeing.

Equity, diversity and inclusion

We're passionate about promoting greater diversity and creating a workplace and culture where all our employees have a voice that is heard, feel a sense of belonging and are empowered to be their true selves. We recognise the value that every single employee brings to the organisation. Everyone's needs at work are different and we are committed to doing our best to respect these differences while ensuring consistency and fairness for all. We promise to champion diversity and inclusion with ongoing learning and training, as well as career progression opportunities for everyone. We're a disability confident employer and have gained a silver award with the employee recognition scheme for employing ex-armed forces veterans.

Ethical employment and pay

Ethical employment practices and fair compensation are central to our commitment to social value and corporate responsibility. We believe that all employees deserve to work in an environment that respects their rights, promotes wellbeing, and ensures equitable treatment. By prioritising our ethical employment and fair pay, we not only uphold moral obligations but also contribute to greater societal equity, economic stability and to help people thrive in life. It is through these practices we strive to create a positive impact on the lives of our employees and communities in which we operate.

Ethical supply chain

Ethical supply chain management is paramount to social value and sustainability. We recognise our supply chain extends beyond our company's operations and directly impacts communities, workers and the environment. Therefore, we are dedicated to ensuring that our suppliers uphold high ethical standards, including labour rights, environment sustainability and responsible sourcing practices.

Community engagement

We understand that we operate in a larger community and actively encourage our employees to engage with the community. This can be through outreach programmes, volunteering initiatives and community initiatives which our employees can take special leave to participate in.

Attracting, retaining and developing talent

Attracting, retaining and developing our own talent is not only vital for the success of our company but also serves as a cornerstone of our commitment to creating social value. The strength of our organisation lies in the skills, passion and diversity of our workforce. This is why we prioritise creating a safe, inclusive and supportive work environment which fosters growth, creativity and innovation. We invest in continuous learning and development programmes to empower employees to reach their full potential. Through these efforts we not only enhance our performance but also promote economic empowerment, social mobility and professional fulfilment within our communities.

Governance

Having an effective governance structure in place is crucial to the success of our business. The company's governance framework underpins the operations and is detailed within the governance statement in Section 2.

As a key enabler to delivering our 2023 to 2024 business plan, we have strengthened our governance over the year by appointing a Company Secretary and introducing a governance plan to ensure that we create and embed a culture of continuous improvement.

In March 2024 we were pleased with obtaining recertification of ISO 9001, a recognised Quality Management System standard.

Value

We support purposeful prisoner working, which can provide great public benefit in prisoner rehabilitation and reduced reoffending rates. We help HMPPS monitor their energy use; in 2023 to 2024, we discovered an error in the metering of electricity at one prison which resulted in a rebate to HMPPS of £693,000. And we are able to help MOJ with impartial advice on the steering group for the PTP procurement process.

Financial summary

Under the framework agreement with MOJ, GFSL's costs in providing facilities management services to the 48 prison sites we are responsible for are funded in full by MOJ. Therefore, our income will normally match our expenditure and we will normally break even each year.

Income and expenditure relates to the two main services we provide: the core service, and variable work. The core service covers our planned preventative maintenance and reactive repairs up to a £2,000 per repair threshold. Variable work is commissioned by HMPPS and includes reactive repairs above the £2,000 threshold, and projects such as the installation of new plant, or new rapid deployment cells.

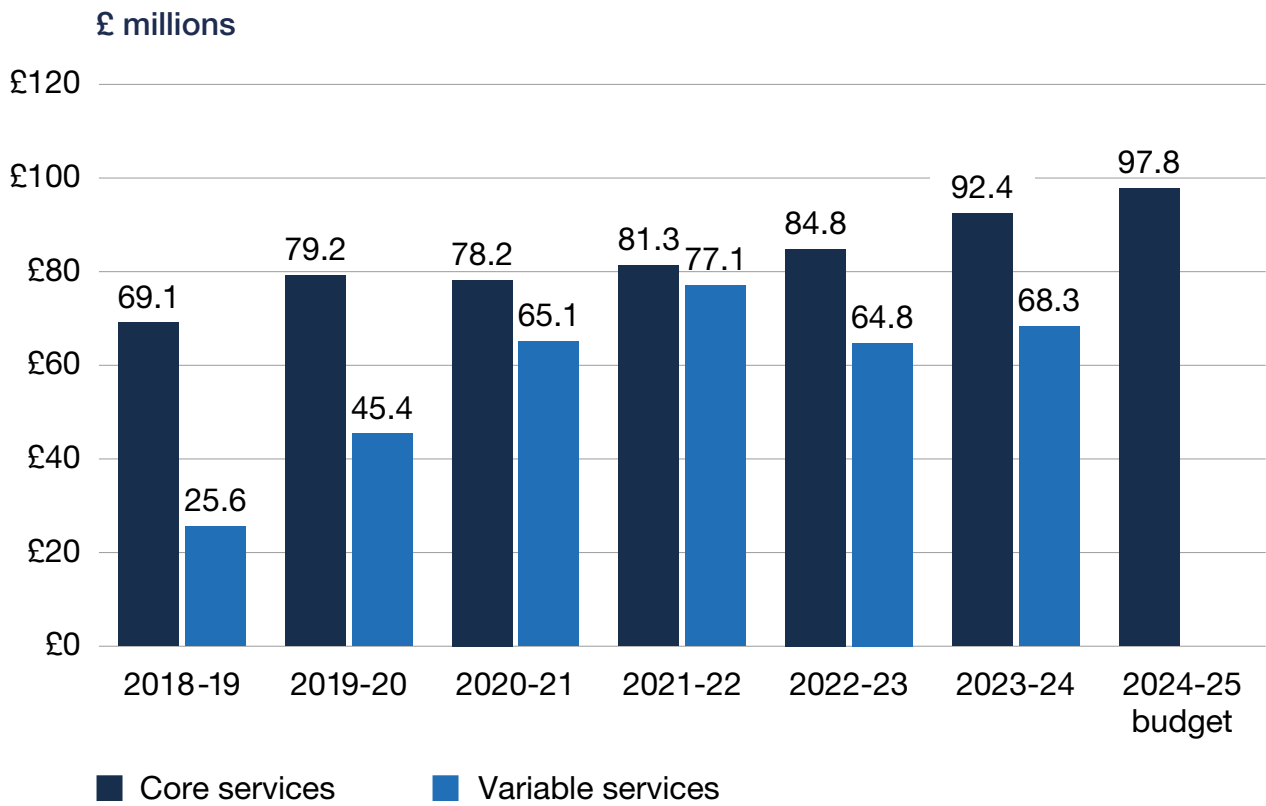
Core costs rose by £7.6 million in 2023 to 2024, from £84.8 million to £92.4 million, an increase of 9.0%. There were two significant non-recurring items within the increase:

- In July 2023, in common with the Civil Service, we made a £1,500 per head non-consolidated cost of living payment to our staff, with a total cost of £2.0 million.
- In December 2023, we discovered an error in the configuration of our payroll, which meant that tax relief on employee pension contributions had been overclaimed since 2018. The accumulated cost of the error including interest was £1.7 million.

Excluding those non-recurring items, the main pressure on our core costs has been recruitment and retention, particularly in the Greater London region. We have had to cover vacancies in trades and engineering roles in our complement with subcontractors, at higher cost than budgeted.

Our core budget for 2024 to 2025 is £97.8 million. We expect recruitment and retention issues and consequential use of subcontractors to continue to put pressure on our budget, particularly as the PTP transition expected in 2026 draws closer.

Variable services costs increased by £3.5 million, or 5.3%, from £64.8 million in 2022 to 2023 to £68.3 million in 2023 to 2024.

GFSL core and variable spend (unadjusted for inflation)

Section 2

Accountability report

This section explains the governance structures in GFSL and how they support the achievement of our objectives.

Board of directors as of 31 March 2024

Name	Job title	Date joined the board	Date left the board
Colin Allars	Chair	8 February 2018	N/A
Maura Sullivan	Senior Independent Non-Executive Director	1 April 2019	N/A
James Hayward	Independent Non-Executive Director	1 April 2020	N/A
Ian Deninson	Independent Non-Executive Director	24 May 2021	N/A
Naomi Mallick	Shareholder Non-Executive Director	19 September 2023	N/A
Neil Edmond	Chief Executive	23 January 2023	N/A
Stephanie Hill	Finance Director until 31 May 2023, then Operations Director	8 February 2018	N/A
Don Keigher	Projects and Programmes Director	4 April 2019	N/A
Jennie Oliver	People Director	15 February 2022	12 April 2024

Len Bridges resigned from the board on 31 May 2023 and left the business on 31 August 2023.

Richard Short was appointed as Company Secretary on 29 January 2024.

Neil Edmond has given notice of his resignation and a departure date is still to be confirmed.

Directors' report

The directors present their report together with the audited financial statements for the period 1 April 2023 to 31 March 2024.

The principal activities of the company are set out in the performance overview section of the strategic report on pages 10 to 12.

The principal risks and uncertainties of the company are set out on pages 49 to 50.

Section 172 statement

This statement outlines 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 on the environment they operate and seek to act in good faith to promote the success of the company for the benefit of the shareholder and stakeholders in the long term.

The likely consequences of any decisions in the long-term

The executive and the board monitor the strategic business plan using the performance dashboard that has been created.

While PTP means GFSL will be wound up in 2026, the directors are committed to ensuring that our people and organisation transfer over to the next service provider(s) as a high performing business that is meeting its objectives.

The interests of the company's employees

The People Team have worked to improve the employee proposition and lifecycle. Some examples of initiatives we have introduced include:

- continuing to invest in developing the skills of our people to enable and enhance service delivery – this is reflected in increased uptake in apprenticeships for both trade and managerial qualifications
- role reviews to ensure that staff are being paid at the fair market rate
- introduction of a long service award
- annual leave sell/buy launched
- pension salary exchange scheme introduced
- wellbeing strategy launched
- equity, diversity and inclusion committee

More information can be found on pages 55 to 61.

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

GFSL has regular supplier relationship meetings with the key suppliers to look at areas for improvement.

We have informed our suppliers about PTP and will continue to engage proactively with them as the emerging picture becomes clearer.

The supplier relationship meetings that are held are an opportunity for both us and the supplier to look at ways to improve on the work that is completed.

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

ESG has been one of the priorities in the annual business plan. We continue to support MOJ in their aim to become net carbon zero by 2050.

We see the benefits to both the prisoners and the business in the purposeful prisoner working groups and hope to expand this area going forward.

More information can be found on pages 31 to 32.

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

Our code of conduct policy covers the values and behaviours expected of employees.

The senior independent non-executive director has oversight of our whistleblowing concerns to ensure that each case has been dealt with appropriately and reports on this to ARAC and the board.

The need to act fairly between members of the company

The directors have regular interactions with the shareholder's representatives and keep them informed of all aspects of performance in GFSL.

The performance dashboard is shared and discussed at all levels across the business.

Financial reporting

The company has prepared its 2023 to 2024 financial statements in accordance with the International Financial Reporting Standards (IFRS). The audited financial statements for the period are set out on pages 73 to 106.

During the 2023 to 2024 financial year, GFSL has made no significant changes to financial controls and policies.

Dividends

GFSL will not be making any dividend payments in respect of this period.

Directors' and officers' liability insurance

MOJ maintains directors' and officers' liability insurance. The company articles of association provide that MOJ shall cover its directors and officers against liabilities relating to company matters. It was not necessary to exercise these provisions during 2023 to 2024.

Going concern

As described on page 13, MOJ's Property Transformation Programme (PTP) plans to transform facilities management delivery across the prison, probation and MOJ headquarters estate. The services currently provided by GFSL are in scope. The outline business case for the PTP was approved by the Lord Chancellor in September 2024 and it has been passed to HM Treasury. Subject to HM Treasury's approval of the outline business case, GFSL's services are expected to transfer to new suppliers in the autumn of 2026.

In the meantime, MOJ have confirmed their intention to continue to use GFSL to provide facilities management services in line with existing arrangements at least until September 2026.

Therefore, the directors have concluded that it is appropriate to prepare the 2023 to 2024 accounts on the going concern basis.

Statement of directors' and Accounting Officer's responsibilities

The directors and Accounting Officer are responsible for ensuring that the annual report and accounts are prepared in accordance with applicable law and regulations and that proper accounting records are maintained that disclose, with reasonable accuracy at any time, the financial position of GFSL and which enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for preparing the strategic report and the directors' report.

They are also responsible for safeguarding the assets of GFSL and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors and Accounting Officer are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and distribution of financial statements may differ from legislation in other jurisdictions.

The Accounting Officer of MOJ has directed the Accounting Officer of GFSL to prepare for each financial period a set of financial statements in the form and on the basis set out in the relevant Accounts Direction. The financial statements 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 accounts, the directors and Accounting Officer are required to comply with the requirements of the Government Financial Reporting Manual and the Companies Act 2006, and in particular to:

- observe the Accounts Direction issued by MOJ, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a consistent and reasonable basis
- confirm that applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- ensure that the annual report and accounts are fair, balanced and understandable
- prepare the financial statements on a going concern basis

MOJ's Principal Accounting Officer, acting on behalf of HM Treasury, has designated the Chief Executive Officer of GFSL as its Accounting Officer. The duties of an Accounting Officer, as set out in HM Treasury's publication 'Managing Public Money', include responsibility for the propriety and regularity of public finances, keeping proper records and safeguarding GFSL's assets.

The Accounting Officer confirms that the annual report and accounts are fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.

Disclosure of information to auditor

In accordance with legislation in the UK, 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

By order of the board as at the date of the signature.

A handwritten signature in black ink, appearing to read 'Neil Edmond', written in a cursive style.

Neil Edmond
Accounting Officer
23rd October 2024

Governance statement

This governance statement sets out the key features of the governance, risk management and internal controls operated in 2023 to 2024.

GFSL maintains robust governance arrangements to support the delivery of the company's strategic objectives and priorities. The governance framework:

- provides leadership and direction, giving a clear vision of what we are trying to achieve
- promotes transparency and accountability that maintains stakeholders' trust and confidence
- sets out details of our corporate governance, assurance and risk management
- works within the framework document which has been agreed between us and MOJ¹

GFSL governance structure as of March 2024

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

Board		
Audit and Risk Assurance Committee	People and Remuneration Committee	Health and Safety Committee

The board is also supported by the executive team which consists of the Chief Executive, the Operations Director and the Projects and Programmes Director, all of whom are also members of the board, as well as the Finance Director, People Director and the Commercial and Supply Chain Director, who attend board meetings but are not members of the board.

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 as set out in the framework document and to provide strategic and operational leadership to the business.

The board supports and advises the Accounting Officer in meeting his statutory responsibilities. The board is supported by the three sub committees and has delegated specific responsibilities to each.

1 The framework document has been agreed between us and MOJ in place of a formal contractual agreement and sets out our core responsibilities and how we interact with the MOJ on a day-to-day basis.

Key activities during the year have included:

- supporting and reviewing the company’s performance against its objectives and reviewing these as documented in the business plan
- reviewing the key performance indicators as detailed on our performance dashboard
- discussing the recommendations and actions from all the sub committees
- considering the future direction of the company with pragmatism in the light of the MOJ communicated PTP intent

Role of the Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) provides independent advice and challenge to support the board on the business’s governance, risk management, and financial and internal control effectiveness. It also monitors the implementation of recommendations from both internal and external audit and the integrity of the financial statements.

Key activities during the year have included:

- discussing and reviewing findings and recommendations from the Government Internal Audit Agency and National Audit Office
- to be responsible for assessing the performance of the auditors and determining their remuneration
- reviewing the company’s internal controls, risk management, assurance regime and governance frameworks, including reviewing the strategic risks and progress made against each area
- ensuring that the annual report and accounts, taken as a whole, is fair, balanced and understandable and discussions around budget adherence
- reviewing all whistleblowing allegations

Role of the People and Remuneration Committee

The People and Remuneration Committee is responsible for the oversight of staff and directors’ terms and conditions of employment. It also advises the board on strategic people-related issues.

Key activities during the year have included:

- supporting and agreeing any pay or performance awards before submission to MOJ
- reviewing and approving director remuneration
- gender pay gap reporting and measures to improve
- oversight of strategic people risks

Role of the Health and Safety Committee

The Health and Safety Committee is established to oversee the framework and management systems, providing review, challenge and advice in relation to health, safety and welfare throughout the company.

Key activities during the year have included:

- reviewing and challenging safety performance and actions the company needs to take to improve
- progressing against the health and safety business priorities as set out in the business plan
- reviewing the training requirements for the business and monitoring compliance
- supporting initiatives for both mental and physical wellbeing

Board effectiveness review

To align with best practice for companies of this scale, the board seeks to engage externally facilitated board effectiveness reviews at most every three years, as well as internally assessing effectiveness annually. The previous externally facilitated review was concluded in early 2022. Given the senior leadership changes during 2023 (new CEO, etc.) the board opted to repeat this a year early and commissioned an independent board effectiveness review which concluded in January 2024.

The review identified a number of recommendations which have been discussed by the board and actions agreed to take forward.

Board appointments: managing conflicts of interest

Members of the board are required to declare any interests they may have, and an assessment is made as to whether this conflicts with the work they do for GFSL. This is part of the agenda for each board meeting and is documented within the minutes. There were no declarations of significant company directorships or other interests that may have conflicted with their responsibilities as directors of GFSL. Also, each year the directors must declare any related party interests. The declarations have confirmed that no interests existed. Naomi Mallick is appointed to the board as the shareholder non-executive director and her full-time executive role is Director of Legal Services for MOJ which is declared as appropriate.

Board meetings

The table below shows the names of the executive and non-executive directors who have had responsibility for the company in the financial year 2023 to 2024. It also includes the number of meetings attended during the year.

Board member	Board of directors	Audit and Risk Assurance Committee	People and Remuneration Committee	Health and Safety Committee
Meetings attended per member out of those eligible to attend				
Non-executive directors				
Colin Allars	4 of 4	4 of 4	4 of 4	4 of 4
Maura Sullivan	4 of 4	4 of 4	4 of 4	–
James Hayward	3 of 4	4 of 4	–	4 of 4
Ian Deninson	4 of 4	–	4 of 4	–
Naomi Mallick	1 of 1	–	–	–
Executive directors				
Neil Edmond	4 of 4	4 of 4	4 of 4	4 of 4
Stephanie Hill	4 of 4	1 of 1	–	3 of 3
Don Keigher	3 of 4	3 of 3	–	1 of 1
Jennie Oliver	3 of 4	–	4 of 4	–

The provision of information and data to the board

There are multiple data sources that are presented to the board and sub-committees, and we have used performance dashboard reports to focus discussions. The secretariat ensures that all information collated is of good quality and distributed in sufficient time before the meetings.

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

Risk management and assurance

GFSL's risk management framework sets out our risk management system within the organisation and aligns to HM Treasury's Orange Book: Management of Risks – Principles and Concepts.

Our approach helps us identify, evaluate, report and monitor the risks within a live corporate risk register. The executive team reviews monthly all strategic risks and monitors actions and controls against them. The ARAC receives information about progress against each strategic risk area and is informed of any emerging risks each quarter.

Risk management is considered an essential part of our governance and leadership and is fundamental to the progression of our business. The Accounting Officer is supported by the ARAC to ensure that the business' approach to risk management is robust, informed and insightful.

Executive directors are specifically responsible for identifying and monitoring risks arising in their directorate and ensuring that suitable mitigations are in place. Any emerging risks of a strategic nature are discussed by the executive directors prior to escalation and discussion at the ARAC.

GFSL's risk tolerance measures are shared with the ARAC quarterly and refreshed yearly.

We operate a three lines of defence model of assurance. One of the business plan priorities for 2023 to 2024 was to "implement an effective assurance framework". A programme of self-assurance has been rolled out across all the business areas. Staff across the whole business have self-identified multiple areas of improvement. And this has informed the process owners of areas of non-adherence to give them the opportunity to review their process and procedures.

We have been maturing our assurance framework over the year and have rolled out across the business a programme of self-assurance, which has highlighted a number of areas of improvement. We have implemented an assurance committee in the year and stakeholders from all areas of the business are present to advise areas of assurance given, trends seen and any gaps that need to be addressed.

Principal risks and uncertainties

Our principal risks have been considered and are reported to the ARAC each quarter. The principal risks and mitigating actions identified during 2023 to 2024 were as follows:

Risk category	Risk title	Mitigating actions and controls
Health and safety	Failure of health and safety processes	Business plan incorporates a health and safety plan to drive improvements in the business. Safe working processes to be embedded by all. Trend analysis of accident and incident reports to support improvements discussed at health and safety committee and actions taken to improve.
	Failure to meet and adhere to statutory compliance	Tracking of workflow and pass rates for statutory compliance. Support to staff in ‘what good looks like’.
	Impact of MOJ Property Transformation Programme	GFSL joins the MOJ steering group to assist and be involved in transition decisions.
Operational	Failure to effectively hand over projects to FM	Special interest group commenced to look at end to end process for all project work to have a structured handover.
	Reputational	Failure to manage stakeholder expectations
Financial	Failure to deliver current services within budget	Increase in use of Power BI reporting to assist budget holders in managing their budget line.
	Clarity on the GFSL service scope and commercial management	Commercial training rolled out to all relevant staff. Discussions with MOJ around scope.

Risk category	Risk title	Mitigating actions and controls
People	Failure to retain appropriately skilled staff	<p>Role reviews done against key roles to ensure market rates are correct.</p> <p>Employee Forum in place to facilitate employee engagement.</p> <p>Consideration of the impact of PTP.</p>
	Failure to attract appropriately skilled staff	<p>Attendance at job fairs and open days to showcase GFSL as an employer.</p> <p>Role reviews done against key roles to ensure market rates are correct.</p> <p>Consideration of the impact of PTP.</p>

Internal audit

We commission the Government Internal Audit Agency (GIAA) to provide an independent and objective internal audit service, operating to the standards and methodology documented in the Public Sector Internal Audit Standards. The GIAA draws up the audit plan based on an analysis of the risks we are exposed to and discussions with the executive team and ARAC.

GFSL chooses to use GIAA for their services, governed by a memorandum of understanding.

GIAA provides us with opportunities to improve our processes and internal controls, and actions are taken forward, monitored and implemented.

GIAA provides an annual report to the Accounting Officer, which gives the overall opinion for the year on our frameworks of risk management, control and governance. The rating is based on GIAA activities throughout the year and on information supplied to the ARAC.

The GIAA report for 2023 to 2024 concluded an annual rating of ‘moderate assurance’. Moderate assurance is defined as: “Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.” Four of the audits conducted in the year received a moderate rating, and one received a limited assurance rating.

Government functional standards

GFSL is mindful of the requirements of the functional standards and has developed an annual review of each standard where relevant to the company.

Information assurance, data loss and freedom of information

GFSL is committed to ensuring effective information management and works closely with the MOJ team.

GFSL's Senior Information Risk Owner updates the ARAC with any data breaches that have been notified. We review all these breaches to understand the root cause so they are not repeated.

No data breaches were reported to the Information Commissioner's Office during the year.

All information assets have a designated owner. We manage this through a regular information asset owner steering group, which gives the asset owners an opportunity to discuss their areas and any new risks that have arisen.

We received 11 freedom of information requests throughout the year, which were all responded to within the statutory timescales.

Whistleblowing

Our whistleblowing policy sets out for staff and service providers what to do if they are concerned about any wrongdoing.

Our Whistleblowing Nominated Officer maintains a record of any concerns received and ensures that anonymity is maintained where requested. During the year four whistleblowing concerns were received, and one further concern was received in April 2024. All concerns were investigated and improvements made where appropriate.

All whistleblowing concerns are discussed at the ARAC for any common themes and actions taken.

Fraud, bribery and corruption

We continue to work closely with the MOJ Fraud Centre of Expertise to ensure that GFSL aligns with the government standards for fraud. There is an annual review and refresh of our fraud policy and response plan and we also review and update our fraud risk assessment each year. 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 his responsibilities.

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

Modern slavery statement

As an arm's length body of MOJ, we provide information to MOJ on the actions we take to follow and adhere to modern slavery. That feeds into MOJ's contribution to the UK government modern slavery statement, which can be found on GOV.UK

Independent oversight of assurance arrangements

GFSL is subject to independent oversight by:

- the National Audit Office which reports on the annual report and accounts
- GIAA which reports on process areas linked to our strategic risk areas, which also includes value for money
- HMPPS, MOJ and other external bodies which also conduct audits and feed in any actions, including statutory compliance
- business performance reviews with the MOJ sponsor, acting on behalf of the shareholder

The Accounting Officer's review of effectiveness

As Accounting Officer, 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:

- review with all the executive directors around their assessment of the risks and challenges within their area of responsibility
- 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 provide escalation of risks to the executive
- enhancement of our assurance regime by putting resource into our internal assurance processes to highlight any deficiencies and put in actions to resolve them
- external assurance from GIAA and the National Audit Office

The company continues to review and improve its financial and risk controls and 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 reviewed to further enhance the board's performance.



Neil Edmond
Accounting Officer
23rd October 2024

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 a transfer 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

In 2023 to 2024, there was one loss over £300,000, as follows.

In December 2023, we discovered an error in the configuration of our payroll, which meant that tax relief on employee pension contributions had been overclaimed since 2018. The error was corrected with effect from January 2024, and the overclaimed tax relief was repaid to HMRC in March 2024 via a voluntary disclosure. The total paid was £1,732,000 comprising tax of £1,597,000 and interest of £135,000. There was no penalty.

There were no special payments over £300,000.

For full details see note 20.

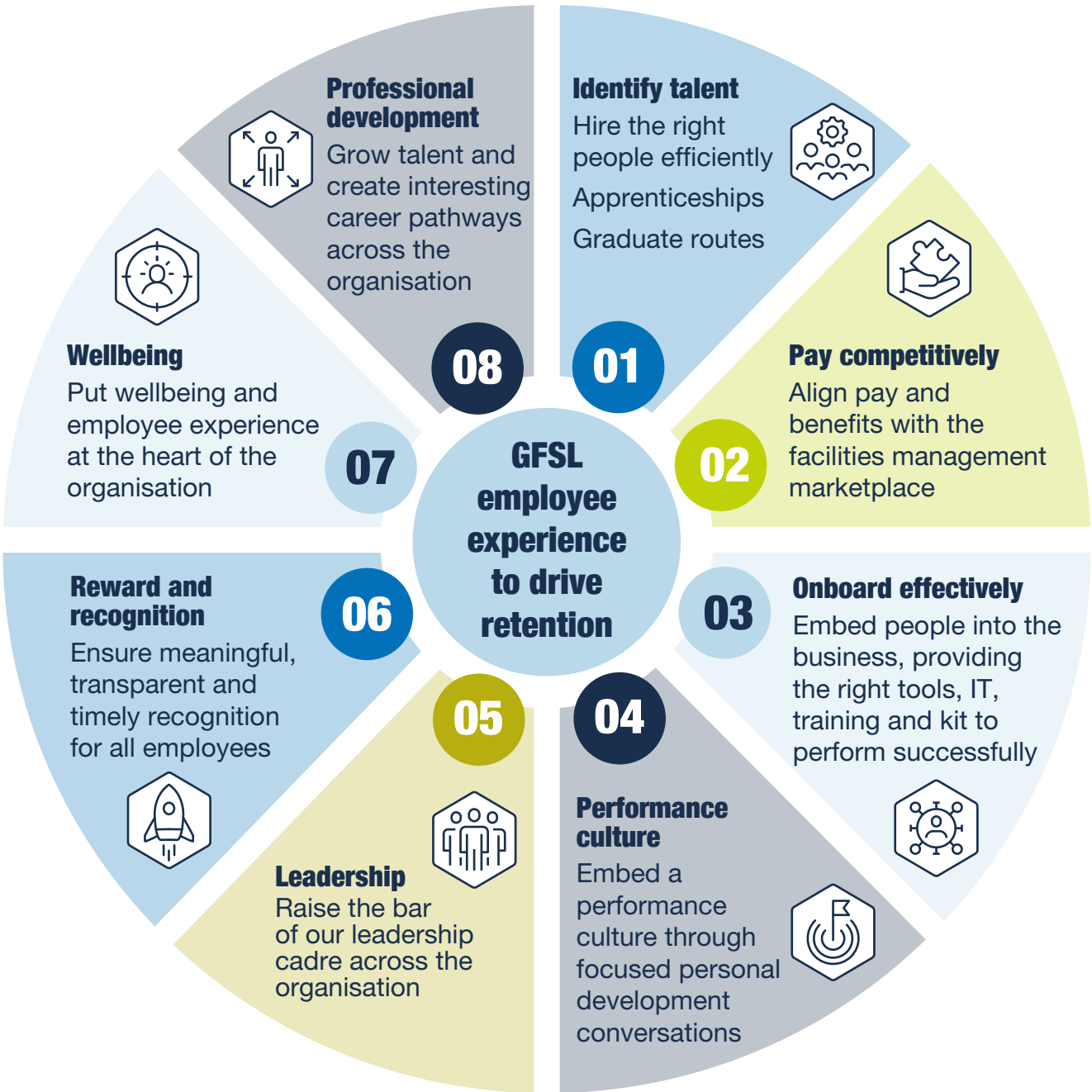
During the year GFSL made no charitable or political contributions.

Staff and remuneration report

People and remuneration policies

GFSL continues to operate under its own set of terms and conditions, as an authority delegated to us from MOJ.

People Strategy



At GFSL, our People Strategy underscores our unwavering commitment to continuously enhance the employee experience. Building on our core vision from the previous year, we are dedicated to the seamless integration and effective adoption of newly introduced tools and initiatives. For the 2024 to 2026 period, we have identified the enhancement of communication strategies as a critical priority. This focus will ensure we are well-prepared for the upcoming PTP and reinforce our dedication to fostering a supportive and dynamic workplace environment.

Equity, diversity and inclusion

We believe that promoting equity, diversity, and inclusion in the workplace is essential for everyone to thrive. Our vision is clear: we're committed to treating everyone fairly and creating a future where every individual feels respected, valued, and empowered to be their authentic selves at work. By fostering a diverse and inclusive workplace, we're building a culture where everyone can belong.

What steps have we taken to achieve our vision?

Last year, 831 employees completed equity, diversity and inclusion training which, in line with the Equality Act 2010, ensures that no one is discriminated against, either directly or indirectly, due to a protected characteristic. We are aiming to increase the completion rate for the training in the coming financial year.

We're developing a new communication strategy to maximise accessibility for neurodiverse audiences, implementing fair performance development conversations and providing reasonable adjustments based on Occupational Health recommendations.

Additionally, we offer guaranteed interview schemes for disabled applicants and proudly hold the status of a Disability Confident Employer. Our goal is to provide equal opportunities for all staff, enabling them to access training and develop their careers and skills. Our equity, diversity and inclusion committee meets regularly, to actively raise awareness across our organisation.

We're committed to creating an inclusive environment where every member of our team feels valued, supported, and respected.

Gender pay gap reporting

In alignment with the legislative requirements established in April 2017, we continue to monitor and report on the gender pay gap, a crucial measure of workplace equality. The gender pay gap compares the average earnings of men and women, articulated as a percentage of men's earnings.

Our dedication to gender equality is evidenced by our gender-diverse leadership and strategic initiatives. The presence of female role models in executive and non-executive positions underscores our commitment to cultivating an inclusive leadership pathway.

Despite our ongoing commitment and initiatives aimed at reducing this gap, the 2024 report shows a slight increase in both mean and median pay gaps:

The mean pay gap increased from 11.4% in 2023 to 13% in 2024.

The median pay gap increased from 18.8% in 2023 to 23.9% in 2024.

	2024	2023	2022	2021
Mean pay gap	13%	11.4%	14.0%	15.5%
Median pay gap	23.9%	18.8%	22.3%	23.2%

Mean is the average in the data set, and median is the middle number in the data set.

This widening of the gap is a result of higher bonuses (including performance bonuses and long service awards) paid to male employees compared to female employees.

In 2024, 73 internal promotions were recorded, with 19% being female and 81% male. Women make up 27% of our workforce overall, indicating an underrepresentation in internal promotions. We recognise the need to balance this scale and are implementing targeted development programmes to prepare a more diverse leadership pool.

Our strategies to address the gender pay gap encompass a broad spectrum of policies and practices designed to promote inclusivity:

- **Enhanced career development:** we are refining our career pathway programmes to ensure equal access and promotion opportunities across genders.
- **Diversity in recruitment:** our recruitment strategies continue to focus on sourcing talent from diverse backgrounds, enhancing representation at all levels.
- **Parental leave and flexibility:** the promotion of shared parental leave and flexible working arrangements are cornerstones of our approach to supporting all employees equally.
- **Mentorship and networking:** strengthened mentoring programmes and networking opportunities aim to empower female employees with the tools and connections necessary for career advancement.
- **Internal analysis and adaptation:** we are committed to regular reviews of our gender attrition rates and internal promotion practices to ensure they align with our equality objectives. Our use of gender-neutral job descriptions and targeted training for line managers further supports this effort.

Reward and recognition

GFSL is dedicated to continually enhancing its remuneration, benefits, rewards, and recognition package for employees. Through annual benchmarking reviews and evidence-based analysis, we ensure our pay strategy is fair, competitive, and aligned with market standards.

We supplement our benchmarking methods with job evaluation tools, providing valuable insights into remuneration levels for specific roles based on the roles and responsibilities of the duties undertaken. An internal review addressing recruitment and retention challenges for store operatives identified a pay gap, resulting in a significant average pay increase of 16.6% for 166 employees.

Additionally, in line with similar payments made across the civil service, a £1,500 cost of living payment was granted to support employees outside of the senior leadership team.

We recognise the importance of a strong employee benefits package to stay competitive in the FM industry.

To achieve this, the dedicated Pay and Reward Team keeps the organisation at the forefront of benefit trends through continuous market research, webinars, employee surveys, and external data analysis. This year, we introduced two new benefits: the Annual Leave Purchase Scheme and the Royal London Salary Exchange Scheme.

- The Annual Leave Purchase Scheme allows employees to buy up to five additional days of annual leave through a salary sacrifice arrangement, enhancing flexibility and work-life balance while providing tax and National Insurance benefits. This new benefit has been positively received, with 4.8% of employees opting in.
- The Royal London Salary Exchange Scheme offers employees a tax efficient way to contribute to their pension pots, encouraging retirement planning and offering more control over pension savings. This scheme has attracted 4.6% of employees so far.

Both schemes are regularly promoted to employees. These initiatives not only benefit employees but are an effective use of GFSL's resources.

A fundamental goal of GFSL's retention strategy is to appreciate and reward our employees by providing meaningful, transparent, and timely recognition. We have actively engaged with managers and staff through our communication channels and regular updates on our reward and recognition programmes. This initiative, which recognises positive behaviours and acknowledges outstanding performance, has been enthusiastically embraced by our workforce.

System improvements have increased data accuracy and security, leading to better informed choices in compensation and payroll. Enhanced data integrity supports accurate decision-making, efficient resource allocation, and improvements in diversity, inclusion and performance management.

Communication and collaboration

We're committed to open communication and collaboration with all employees. Our Employee Forum meets regularly to discuss pay and benefits, employee wellbeing initiatives, annual performance reviews, communication strategies, health and safety measures and training and development.

The Employee Forum plays a key role in our People First approach to PTP by providing a structured platform for employees to voice their opinions, concerns and suggestions. This helps us to better understand the needs and aspirations of our workforce. By ensuring that their voices are heard and valued, we aim to create a culture of transparency, collaboration and continuous improvement. And as a result, we will enhance employee satisfaction, retention and organisational success.

GFSL does not currently recognise any trade unions under a formal agreement.

Health and wellbeing

In May 2023, GFSL launched its comprehensive Employee Wellbeing Strategy, designed to support our staff. Built on five pillars – working environment, mental wellbeing, physical health, financial wellness, and career development – each represented by the GFSL Wellbeing Wheel, this strategy signifies our unwavering commitment to employee welfare.

We have implemented initiatives spanning both our People Strategy and broader business operations, including a vaccination programme, the introduction of a menopause policy, enhanced support for long-term sick employees, the launch of a pension salary sacrifice scheme, and a renewed focus on safety through the 'getting home safe' initiative led by our health and safety team.

The average number of working days lost due to sickness absence per employee, excluding COVID-19 sickness absence, was 10.9 days, an increase of 0.6 on 2023 data. Vacancies in site teams may have been a contributory factor in the increase, as a result of extra pressure on the staff in post..

The People Team works closely with employees and line managers across the organisation to address long term sickness absence. This sensitive area requires empathy and foresight to enhance employment prospects for employees who may be able to work under different conditions. Reasonable adjustments are made, including reduced hours, role changes and/or other support to help people return to work. As a result, the average long term sickness days have decreased dramatically from 20.7 days per month last year to 12.2 days per month this year.



We offer five courses on Oracle eLearn aimed at helping people build resilience and practice mindfulness. These courses also teach employees how to recognise when colleagues need support. We have trained a number of Mental Health First Aiders, our next steps include establishing a Champions network and launching an awareness campaign, supported by our newly-established communications function. As we move forward, we recognise the profound impact of organisational culture and individual behaviours on everyday employee wellbeing.

Talent management and succession

At GFSL, we are deeply committed to investing in the learning and development of our employees to support their professional growth and career advancement. As of March 2024, we are proud to have 69 apprentices contributing to our workforce, reflecting our dedication to nurturing talent from within. Our current apprentices have expanded beyond operational roles, such as electricians and plumbers, to also include Level 5 CIPD People Management, Level 2, 3 and 4 Facilities Management, and data technicians. Utilising 80% of our levy fund demonstrates our commitment to maximising opportunities for skills development and training.

We have invested in professional development across the business, ensuring all operational managers receive high quality leadership training. This investment equips our managers to overcome barriers and create a people-centric environment.

In May 2023, we introduced a structured onboarding journey, including a standardised one-day induction to GFSL. This induction provides new hires with a welcoming environment and a clear understanding of the organisation's mission, values and expectations. This initiative enhances the employee experience, accelerates integration, reduces compliance risks and improves retention.

Looking ahead, we plan to expand our training programmes to include corporate teams, ensuring all staff have access to impactful learning opportunities.

We have launched the L&D dashboard and career pathways on Oracle, providing employees with valuable resources to plan and track their development. We initiated two-day site manager meetings every quarter, fostering collaboration and knowledge-sharing among our leadership team. Additionally, our Regional People Partners deliver bespoke sessions to sites, covering employee relations topics to address specific needs and challenges.

As we continue to prioritise learning and development, we are excited to embark on future initiatives, including the MOJ Mentoring and Coaching scheme and our partnership with Henley Business School, further enhancing opportunities for professional growth and excellence at GFSL.

Board remuneration (audited)

Executive directors: April 2023 to March 2024

	Fees and salary (£'000)		Bonus payment (£'000)		Taxable benefit (£'000)		Pension contribution (£'000)		Total (£'000)	
	2023 -24	2022 -23	2023 -24	2022 -23	2023 -24	2022 -23	2023 -24	2022 -23	2023 -24	2022 -23
Neil Edmond	150-155	25-30	–	–	6.2	0.7	5-10	0-5	165-170	30-35
Stephanie Hill	135-140	125-130	10-15	0-5	19.0	14.7	5-10	5-10	170-175	145-150
Don Keigher	135-140	130-135	5-10	0-5	5.1	3.6	10-15	10-15	160-165	145-150
Jennie Oliver	105-110	100-105	10-15	–	5.9	3.5	5-10	5-10	125-130	110-115
Paul Ryder	–	5-10	–	–	–	–	–	0-5	–	5-10
Matthew Garner	–	85-90	–	–	–	0.8	–	–	–	85-90
Len Bridges	60-65	130-135	–	0-5	3.7	4.5	0-5	5-10	65-70	145-150

The amount disclosed is the total remuneration paid by GFSL to the individual when employed as a director in the period between 1 April 2023 and 31 March 2024. ‘Salary’ includes gross salary, recruitment and retention allowances, and any other allowance that is subject to UK taxation. Taxable benefits are the travel, accommodation and subsistence costs of the directors when travelling to either the MOJ headquarters building at 102 Petty France or GFSL’s office in Sheffield. Although the directors are home based, by the nature of their employment, those two locations are deemed to be permanent workplaces and the travel costs are therefore deemed to be ordinary commuting costs. The tax on the benefit is calculated and paid to HMRC under a PAYE Settlement Agreement. The difference in the value of the benefit relates to the difference in distance travelled and frequency of visits by the individuals.

All pension contributions relate to GFSL’s contribution into a defined contribution scheme with Royal London. All executive director contracts do not have an expiry date.

Paul Ryder left GFSL on 18 April 2022. The annualised amount of his salary for 2022 to 2023 was £150,000 to £155,000.

Matthew Garner was appointed as Interim Executive Director of GFSL from 9 May 2022. He then left GFSL on 30 September 2022. The amount shown is the fees paid to the agency for his services, which includes the agency’s commission and employer’s National Insurance as well as Mr Garner’s fees and other benefits.

Neil Edmond was appointed as Executive Director of GFSL from 23 January 2023. The annualised amount of his salary for 2022 to 2023 was £140,000 to £145,000.

Len Bridges left GFSL on 31 August 2023. The annualised amount of his salary for 2023 to 2024 was £130,000 to £135,000.

Non-executive directors' fees (audited)

Non-executive member	Expiry date of current contract	Fees 2023-24 £'000	Fees 2022-23 £'000
Colin Allars	31 March 2026	28	28
Maura Sullivan	31 March 2026	12	12
James Hayward	31 March 2026	14	32
Ian Deninson	23 May 2027	7	8
Naomi Mallick	18 September 2026	–	–

Naomi Mallick is the shareholder non-executive director, and is the Legal Director for MOJ, employed by the Government Legal Department. She is not remunerated separately by GFSL for her role as a director of GFSL.

Non-executive directors do not receive pension benefits or other benefits in kind. Their fees are their total remuneration.

Pension entitlements (audited)

Staff transferred to GFSL were participants in several pension schemes, including the Principal Civil Service Pension Scheme (PCSPS) where the individuals had previously been employees of HMPPS. GFSL set up a 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)

The banded remuneration of permanent employees (including performance pay and bonuses but excluding pension benefits) in GFSL ranged from £15,000-£20,000 to £150,000-£155,000 (2022 to 2023: £15,000-£20,000 to £140,000-£145,000).

Percentile salary and pay ratios (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

	Lower quartile 2023-24	Median 2023-24	Upper quartile 2023-24	Lower quartile 2022-23	Median 2022-23	Upper quartile 2022-23
Salary	£26,320	£31,441	£38,903	£24,977	£29,290	£36,509
Ratio	5.8:1	4.9:1	3.9:1	5.7:1	4.9:1	3.9:1
Total pay including bonuses	£26,615	£31,684	£39,413	£25,314	£29,689	£36,509
Ratio	5.7:1	4.8:1	3.9:1	5.6:1	4.8:1	3.9:1

The pay 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 (audited)

Highest paid director	Salaries and allowances 2023-24	Salaries and allowances 2022-23	Percentage change
Salary and allowances	£150,000 to £155,000	£140,000 to £145,000	7.0%
Performance pay and bonuses	Nil	Nil	Nil
Total pay including bonuses	£150,000 to £155,000	£140,000 to £145,000	7.0%

Average of other employees	Salaries and allowances 2023-24	Salaries and allowances 2022-23	Percentage change
Salary and allowances	£34,919	£32,980	5.9%
Performance pay and bonuses	£282	£223	26.5%
Total pay including bonuses	£35,201	£33,203	6.0%

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 costs (audited)

	Permanent staff 2023-24 £'000	Permanent staff 2022-23 £'000	Others 2023-24 £'000	Others 2022-23 £'000	Total 2023-24 £'000	Total 2022-23 £'000
Wages and salaries	48,193	43,500	10,351	10,197	58,544	53,697
Social security costs	5,015	4,728	–	–	5,015	4,728
Pension costs	2,640	2,833	–	–	2,640	2,833
Total	55,848	51,061	10,351	10,197	66,199	61,258

The increase in salary costs in 2023 to 2024 includes the non-consolidated one off cost of living payment of £1,500 per head which was paid to all GFSL employees in July 2023, in line with similar payments made across the Civil Service. The total cost to GFSL of that payment was £1,746,000 in salary costs and £241,000 in social security costs (employer's National Insurance contributions).

Average number of people employed (audited)

	Number 2023-24	Number 2022-23 (restated)
Permanently employed staff	1,299	1,302
Agency and temporary staff	308	313
Total	1,607	1,615

Gender split of employees

	Male 2023-24	Male 2022-23 (restated)	Female 2023-24	Female 2022-23 (restated)	Total 2023-24	Total 2022-23 (restated)
Directors	5	6	4	3	9	9
Other senior staff	11	11	6	6	17	17
Other employees	935	951	338	325	1,273	1,276
Total	951	968	348	334	1,299	1,302

The permanently employed staff numbers in 2022 to 2023 have been restated from 1,499 (as previously reported) to 1,302 as they had previously incorrectly included some staff who had left employment during the year. Consequently, the male and female employee split for 2022 to 2023 has also been restated, from 1,111 to 968 for males, and from 387 to 334 for females.

Spend on consultancy staff and contingent labour

	2023-24 £'000	2022-23 £'000
Fees paid to an agency for the services of Matthew Garner, Interim Chief Executive Officer	–	85
Agency escort costs	9,190	8,741
Sub-contracted labour costs	5,018	3,725
Other consultancy staff or contingent labour	1,161	1,371
Total	15,369	13,922

Off-payroll engagements

Highly paid off-payroll worker engagements as at 31 March 2024, earning £245 per day or greater	
Number of existing engagements as of 31 March 2024	11
Of which:	
Number that have existed for less than one year at time of reporting	5
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	1
Number that have existed for between three and four years at time of reporting	1
Number that have existed for four or more years at time of reporting	1
All highly paid off-payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater	
Number of new engagements, or those that reached six months in duration, between 1 April 2023 and 31 March 2024	12
Of which:	
Subject to off-payroll legislation and determined as in scope of IR35	12
Subject to off-payroll legislation and determined as out of scope of IR35	–
Number of engagements reassessed for compliance or assurance purposes during the year	–
Of which:	
Number of engagements that saw a change to IR35 status following review	–

Exit packages (audited)

There has been one exit package within the period under a non-compulsory departure.

By order of the board as at the date of the signature.

A handwritten signature in black ink, appearing to read 'Neil Edmond', written in a cursive style.

Neil Edmond
Accounting Officer
23rd October 2024

Section 3

Financial statements

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Statement of comprehensive net expenditure (SoCNE)

For the period ended 31 March 2024

	Note	2023-24 £'000	2022-23 £'000
Income	2	160,985	149,593
Expenditure			
Staff costs	3	(66,199)	(61,258)
Other operating costs	4	(93,898)	(87,334)
Non-cash items	5	(888)	(1,001)
Total expenditure		(160,985)	(149,593)
Net deficit before taxation		–	–
Taxation	6	–	–
Net deficit after taxation		–	–

Other comprehensive net expenditure

For the period ended 31 March 2024

	Note	2023-24 £'000	2022-23 £'000
Net deficit after taxation		–	–
Total comprehensive income and expenditure		–	–

The notes on pages 78 to 106 form part of these financial statements.

Statement of financial position

For the period ended 31 March 2024

	Note	2023-24 £'000	2022-23 £'000
Non-current assets			
Property, plant and equipment	7	308	–
Intangible assets	8	2,673	1,151
Total non-current assets		2,981	1,151
Current assets			
Inventories		1,201	1,489
Trade and other receivables	9	23,676	13,132
Cash and cash equivalents	10	10,110	25,555
Total current assets		34,987	40,176
Total assets		37,968	41,327
Current liabilities			
Trade and other payables	11	(17,534)	(21,598)
Provisions	12	(763)	(1,345)
Total current liabilities		(18,297)	(22,943)
Total current assets less total current liabilities		16,690	17,233
Total assets less current liabilities		19,671	18,384

Statement of financial position (continued)

For the period ended 31 March 2024

	Note	2023-24 £'000	2022-23 £'000
Non-current liabilities			
Trade and other payables	11	(2,101)	(911)
Provisions	12	(97)	–
Total non-current liabilities		(2,198)	(911)
Total assets less total liabilities		17,473	17,473
Taxpayers' equity			
Share capital	13	–	–
General fund		–	–
Capital contribution		17,473	17,473
Total taxpayers' equity		17,473	17,473

The notes on pages 78 to 106 form part of these financial statements.



Neil Edmond
Accounting Officer
23rd October 2024

Statement of changes in taxpayers' equity

For the period ended 31 March 2024

	Share capital £'000	Capital contribution £'000	General fund £'000	Total 2023-24 £'000	Total 2022-23 £'000
Balance at the beginning of the period	–	17,473	–	17,473	18,026
Net deficit for the year (SoCNE)	–	–	–	–	–
Capital contribution from MOJ	–	–	–	–	(553)
Balance at the end of the period	–	17,473	–	17,473	17,473

The notes on pages 78 to 106 form part of these financial statements.

Capital contribution consists of the initial start-up funding provided by MOJ.

The general fund is nil brought forward and carried forward as a consequence of GFSL's funding arrangements. GFSL has one customer, HMPPS, who funds all of GFSL's expenditure. GFSL therefore recognises income to match its expenditure, and breaks even every year.

Statement of cash flows

For the period ended 31 March 2024

	Note	2023-24 £'000	2022-23 £'000
Cash flows from operating activities			
(Deficit) for the year		–	–
Non-cash charges	5	888	1,001
(Increase)/decrease in trade and other receivables	9	(10,544)	13,607
(Increase)/decrease in inventories		288	(158)
Increase/(decrease) in trade and other payables	11	(4,985)	(1,770)
Utilisation of provisions	12	(264)	(255)
Net cash inflows/(outflows) from operating activities		(14,617)	12,425
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(127)	–
Purchase of intangible assets	8	(211)	–
Net cash inflows/(outflows) from investing activities		(338)	–
Cash flows from financing activities			
Capital contribution from MOJ		–	(553)
Lease payments	11	(490)	–
Net cash inflows/(outflows) from financing		(490)	(553)
Net increase/(decrease) in cash		(15,445)	11,872
Cash and cash equivalents at the beginning of the period	10	25,555	13,683
Cash and cash equivalents at the end of the period	10	10,110	25,555

The notes on pages 78 to 106 form part of these financial statements.

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) 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 which has been 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 International Accounting Standard (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

The directors have a reasonable expectation that the company has adequate resources to continue to operate at least until September 2026.

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 with our sponsor department, MOJ, to provide services to HMPPS. GFSL has delegated funding and equal expected revenue via a budget delegation letter from the MOJ Chief Property Officer. Any transfer of services currently provided by GFSL to new suppliers, as an outcome of the Property Transformation Programme, is not expected to take place before the autumn of 2026.

GFSL has received confirmation from MOJ that they intend to continue to use GFSL to provide facilities management services in line with existing arrangements at least until September 2026, and that they do not anticipate significant changes in the value of services consumed by MOJ or to GFSL's budget.

- 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.
- 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

Changes in accounting policies

There have been no changes in accounting policies for the year ended 31 March 2024.

New or amended standards adopted

IFRS 17 Insurance Contracts is applicable for reporting periods beginning from 1 January 2023. It 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 contracts as an insurer and is not affected by the new standard.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2023 and not early adopted

IFRS 18 Presentation and Disclosure in Financial Statements was published in April 2024 and is applicable for reporting periods beginning from 1 January 2027. Its adoption in the UK is subject to endorsement by the UK Endorsement Board. GFSL has not adopted IFRS 18 in these financial statements.

Changes in presentation and reclassifications

There have been no changes in presentation or reclassifications.

1.5 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 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.

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

From then on, assets are 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 the shorter of its useful economic life and the period to 31 March 2026. This is because, as a consequence of the Property Transformation Programme, we expect that GFSL's accounts for periods ending from 31 March 2026 onwards will be prepared on the break up basis. 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.

GFSL does not currently own any fully depreciated useful assets.

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.

1.6 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.

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 the shorter of its useful economic life and the period to 31 March 2026. This is because, as a consequence of the Property Transformation Programme, we expect that GFSL's accounts for periods ending from 31 March 2026 onwards will be prepared on the break up basis. 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 license period.

GFSL's capitalisation threshold for software projects is £100,000.

1.7 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 are described as 'right-of-use' assets and are presented under property, plant and equipment.

Initial recognition

At the start of a lease, 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 start 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 is 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 stops being 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. 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 is 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 is 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.

As a consequence of the Property Transformation Programme, we expect that any leases whose terms subject to break clauses stretch beyond 31 March 2026 will become onerous leases at that date.

1.8 Inventories

Inventories comprise higher valued consumable stores. Current replacement cost is not considered materially different from replacement cost due to the short period these items are held for 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 property, plant and 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 property, plant and equipment.

1.9 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

Principal Civil Service Pension Scheme

Some employees who were HMPPS employees before transferring to Carillion under the Transfer of Undertakings (Protection of Employment) 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 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

Since 2018, GFSL employees have been enrolled into a defined contribution pension scheme administered by Royal London. GFSL recognises contributions to the scheme 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 the Transfer of Undertakings (Protection of Employment) 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.

1.10 Turnover

GFSL turnover is stated net of value added tax (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. Variable income is recognised in line with the degree of completion of the related project or repairs.

Deferred income

An MOJ grant was provided in 2018 to 2019 to cover exceptional expenditure for setting up the company. This was deferred and has continued to be released during 2022 to 2023 and 2023 to 2024 when GFSL incurs costs that the funding is intended to cover.

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.

1.11 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.

GFSL has not provided for a bad debt provision or credit loss at 31 March 2024. 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.

1.12 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.

1.13 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.

1.14 Taxation

VAT

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.

1.15 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 derecognised 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 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 2023 to 2024 (2022 to 2023: 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.

1.16 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 are 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.

2. Operating income

For the period ended 31 March 2024

	2023-24 £'000	2022-23 £'000
Income		
Core income	92,415	84,555
Variable services income	68,269	64,839
Total before release of deferred income	160,684	149,394
Release of deferred income	301	199
Total income	160,985	149,593

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.

A £4 million grant was received from MOJ to fund the exceptional costs relating to the set-up of GFSL. It was deferred and is being released to income in accordance with International Accounting Standard 20; Accounting for Government Grants and Disclosure.

3. Staff costs

For the period ended 31 March 2024

	Permanently employed £'000	Others £'000	Total 2023-24 £'000	Total 2022-23 £'000
Wages and salaries	48,193	10,351	58,544	53,697
Social security costs	5,015	–	5,015	4,728
Pension costs	2,640	–	2,640	2,833
Total ordinary staff costs	55,848	10,351	66,199	61,258

	2023-24			2022-23		
	Core £'000	Variable £'000	Total £'000	Core £'000	Variable £'000	Total £'000
Wages and salaries	48,719	9,825	58,544	44,905	8,792	53,697
Social security costs	5,015	–	5,015	4,728	–	4,728
Pension costs	2,640	–	2,640	2,833	–	2,833
Total staff costs	56,374	9,825	66,199	52,466	8,792	61,258

The increase in salary costs in 2023 to 2024 includes the non-consolidated one off cost of living payment of £1,500 per head which was paid to all GFSL employees in July 2023, in line with similar payments made across the Civil Service. The total cost to GFSL of that payment was £1,746,000 in salary costs and £241,000 in social security costs (employer's National Insurance contributions).

Details of the directors' salaries and the average number of people employed are provided within the staff and remuneration report on pages 55 to 70. Further information on the staff numbers and costs can be found on pages 65 to 69 in the staff and remuneration report.

Other staff costs of £10,351,000 consists mainly of escorts engaged through agencies supporting trades people on site.

Pension costs consist of £1,511,000 employer contributions to the Royal London defined contribution scheme, and £1,129,000 to various Principal Civil Service Pension Schemes.

4. Other operating costs

For the period ended 31 March 2024

	2023-24			2022-23		
	Core £'000	Variable £'000	Total £'000	Core £'000	Variable £'000	Total £'000
Direct costs of service						
Other direct costs*	23,659	34,589	58,248	22,088	31,500	53,588
Materials costs	5,203	23,855	29,058	5,416	24,547	29,963
Total direct costs of service	28,862	58,444	87,306	27,504	56,047	83,551
Other employment costs						
Vehicle costs	285	–	285	310	–	310
Travel and subsistence	764	–	764	730	–	730
IT and telecommunications	896	–	896	733	–	733
Uniforms and personal protective equipment	277	–	277	228	–	228
Training costs	944	–	944	684	–	684
Other staff-related costs	656	–	656	598	–	598
Total other employment costs	3,822	–	3,822	3,283	–	3,283

* Other direct costs of service include subcontracted planned and reactive maintenance, labour only subcontractors, project costs and hire of equipment.

4. Other operating costs (continued)

For the period ended 31 March 2024

	2023-24			2022-23		
	Core £'000	Variable £'000	Total £'000	Core £'000	Variable £'000	Total £'000
Headquarters and other overhead costs						
Accommodation, maintenance and utilities	69	–	69	22	–	22
Auditor's remuneration and expenses	99	–	99	94	–	94
Other overhead costs	648	–	648	176	–	176
Professional fees*	222	–	222	208	–	208
Total headquarters and other overhead costs	1,038	–	1,038	500	–	500
Total ordinary operating costs	33,722	58,444	92,166	31,287	56,047	87,334
Exceptional costs	1,732	–	1,732	–	–	–
Total other operating costs	35,454	58,444	93,898	31,287	56,047	87,334

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

The exceptional cost of £1,732,000 was the settlement of overclaimed tax relief on employee pension contributions arising since 2018, as described in note 20.

5. Non-cash expenditure

For the period ended 31 March 2024

	2023-24 £'000	2022-23 £'000
Depreciation – property, plant and equipment	86	157
Amortisation – intangible assets	1,023	427
Provision for liabilities		
Provided in year	333	1,005
Provisions written back	(554)	(588)
Total non-cash expenditure	888	1,001

All non-cash expenditure relates to the core service.

6. Taxation

For the period ended 31 March 2024

Current taxation	2023-24 £'000	2022-23 £'000
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 (25%)	–	–
Income and expenditure not subject to corporation tax	–	–
Total taxation charge	–	–

GFSL 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 any corporation tax liability.

7. Property, plant and equipment

For the period ended 31 March 2024

	2023-24			2022-23		
	IT £'000	Building £'000	Total £'000	IT £'000	Building £'000	Total £'000
Cost brought forward at the beginning of the period	–	–	–	291	401	692
Additions	100	294	394	–	–	–
Disposals	–	–	–	(291)	(401)	(692)
Total cost carried forward at the end of the period	100	294	394	–	–	–
Depreciation brought forward at the beginning of the period	–	–	–	291	244	535
Charge in year	24	62	86	–	157	157
Disposals	–	–	–	(291)	(401)	(692)
Total depreciation carried forward at the end of the period	24	62	86	–	–	–
Net book value at the beginning of the period	–	–	–	–	157	157
Net book value at the end of the period	76	232	308	–	–	–

The previous building lease expired on 28 February 2023 at which time a rolling month-to-month contract was entered into. The building was vacated on 31 August 2023.

The 2023 to 2024 additions include a new building lease and the capitalised costs of the office relocation. The new building lease was entered into on 20 September 2023.

The buildings addition of £294,000 includes a new right of use asset for £267,000. This is a non cash purchase and therefore the cash movement taken across to the Statement of cash flows is £127,000.

8. Intangible assets

For the period ended 31 March 2024

Software and development	2023-24 £'000	2022-23 £'000
Cost brought forward at the beginning of the period	2,794	2,794
Additions	2,545	–
Disposals	(808)	–
Total cost carried forward at the end of the period	4,531	2,794
Amortisation brought forward at the beginning of the period	1,643	1,216
Charge in year	1,023	427
Disposals	(808)	–
Total amortisation carried forward at the end of the period	1,858	1,643
Net book value at the beginning of the period	1,151	1,578
Net book value at the end of the period	2,673	1,151

The software and development addition of £2,545,000 includes a new right of use asset for £2,335,000. This is a non cash purchase and therefore the cash movement taken across to the Statement of cash flows is £211,000.

9. Trade and other receivables

For the period ended 31 March 2024

Amounts falling due within one year	2023-24 £'000	2022-23 £'000
Prepayments	591	268
Other receivables	180	71
Accrued income*	22,905	12,793
Total trade and other receivables	23,676	13,132

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

10. Cash and cash equivalents

For the period ended 31 March 2024

	2023-24 £'000	2022-23 £'000
Opening balance	25,555	13,683
Net cash inflow/(outflow)	(15,445)	11,872
Balance at the end of the period	10,110	25,555

GFSL banks with the Government Banking Service.

11. Trade payables and other liabilities

For the period ended 31 March 2024

Amounts falling due within one year	2023-24 £'000	2022-23 £'000
Trade payables	(6,013)	(6,141)
Accruals	(2,226)	(2,703)
Goods received not invoiced	(5,335)	(7,398)
Taxation and social security	(2,673)	(4,704)
IFRS 16 liabilities	(527)	(47)
Deferred income*	(404)	(199)
Other payables	(356)	(406)
Total current payables	(17,534)	(21,598)
Amounts falling due after more than one year	2023-24 £'000	2022-23 £'000
Deferred income*	(404)	(911)
IFRS 16 liabilities	(1,697)	–
Total non-current payables	(2,101)	(911)
Total trade payables and other liabilities	(19,635)	(22,509)

* Deferred income is the value remaining from the £4 million government grant received from MOJ in 2018 to 2019 to cover the cost of depreciation and amortisation of capital costs.

£404,000 will be released over the next 12 months and the remaining amount of £404,000 will be released during 2025 to 2026, which will fully utilise the grant.

The increase in IFRS liabilities includes a non cash element caused by a new building lease and a new software lease. See notes 7 and 8 for further details. As a result the decrease in trade and other payables taken across to the Statement of cash flows is (£5,475,000). Part of this relates to lease payments so (£490,000) is shown as financing activities in the Statement of cash flows. See note 15 for more details.

12. Provisions for liabilities and charges

For the period ended March 2024

Claim provision	Personal injury/ employment tribunal claims 2023-24 £'000	Historical disputed purchase ledger invoices 2023-24 £'000	Total 2023-24 £'000	Total 2022-23 £'000
Balance at the start of the period	(1,305)	(40)	(1,345)	(1,183)
Provisions in the period	(333)	–	(333)	(1,005)
Provisions written back	554	–	554	588
Provisions utilised in the period	224	40	264	255
Balance at the end of the period	(860)	–	(860)	(1,345)
Analysis of expected timings of cashflow				
Not later than one year	(763)	–	(763)	(1,345)
Later than one year and not later than five years	(97)	–	(97)	–
Later than five years	–	–	–	–
Total	(860)	–	(860)	(1,345)

The £860,000 provision relates to GFSL'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 2024.

GFSL anticipates that all claims will be concluded by 31 March 2026.

The analysis of expected timings of cash flow was not available when the 2022-23 accounts were prepared and the total was not material, so the balance sheet as at 31 March 2023 treated all provisions as due within one year.

13. Share capital

For the year ended 31 March 2024

	Nominal	2023-24 £	2022-23 £
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 2024. All the shares are held by the Secretary of State for Justice.

14. Financial instruments

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

GFSL 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.

GFSL 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. GFSL is considered to have no material credit, liquidity, interest rate or market risk. All cash holdings are lodged in a Government Banking Service entity.

15. IFRS 16 disclosures

As of 31 March 2024, GFSL has two leases which have been classified under IFRS 16. In September 2023 a new lease for office space in Sheffield was entered into which expires in September 2028, and has a break clause in September 2026. Due to the Property Transformation Programme, it has been assumed that the break clause will be activated. In May 2023, a new lease for our Oracle Enterprise Resource Planning system was entered into which will expire in June 2028. The interest expense on lease liabilities has been charged to the Statement of comprehensive net expenditure within 'other operating costs'.

	Class of underlying asset					
	Building 2023-24 £'000	IT 2023-24 £'000	Total 2023-24 £'000	Building 2022-23 £'000	IT 2022-23 £'000	Total 2022-23 £'000
Brought forward amount of right-of-use assets	–	42	42	157	269	426
Additions to right-of-use assets	267	2,335	2,602	–	–	–
Depreciation charge for right-of-use assets	(56)	(707)	(763)	(157)	(227)	(384)
Carrying amount of right-of-use assets	211	1,670	1,881	–	42	42
Interest expense on lease liabilities	5	61	66	2	5	7
Cash outflows for leases	67	423	490	167	188	355

	Class of underlying asset					
	Building 2023-24 £'000	IT 2023-24 £'000	Total 2023-24 £'000	Building 2022-23 £'000	IT 2022-23 £'000	Total 2022-23 £'000
A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented below						
Amounts falling due						
Less than one year	95	501	596	–	47	47
One to five years	119	1,630	1,749	–	–	–
More than five years	–	–	–	–	–	–
Less interest element	(9)	(112)	(121)	–	–	–
Balance as at 31 March 2024	205	2,019	2,224	–	47	47
Lease liabilities presented in the statement of financial position						
Current	89	438	527	–	47	47
Non-current	116	1,581	1,697	–	–	–
Total lease liabilities	205	2,019	2,224	–	47	47

GFSL also has one photocopier which is classified as a low value lease and is 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 £160,706,000 (£149,593,000 in 2022 to 2023) relates to charges to HMPPS for work undertaken in the period.

GFSL has a credit of £17,000 presented within staff costs for an employee seconded to MOJ core (credit of £74,000 in 2022 to 2023).

Staff costs also include a further £65,000 (£157,000 in 2022 to 2023) from HMPPS which relates to the National Offender Management Service Programme, and £1,000 (£58,000 in 2022 to 2023) from MOJ core which relates to the 2023 to 2024 casework costs.

Other operating costs include £13,000 (£16,000 in 2022 to 2023) which relates to phone call costs and line rental, £12,000 (£19,000 in 2022 to 2023) from MOJ core which relates to administration and printing for the annual report, £225,000 (£0 in 2022 to 2023) which relates to HRTC services, £28,000 (£0 in 2022 to 2023) which relates to our Sheffield office relocation, and £160,000 (£0 in 2022 to 2023) which relates to IT costs.

At the balance sheet date, GFSL had a balance of £5,000 owing to HMPPS presented within trade and other payables (£2,000 in 2022 to 2023 owing to HMPPS), and a balance of £1,000 (£0 in 2022 to 2023) owing to MOJ core. Also presented within trade and other payables are accruals of £80,000 for MOJ core relating to IT software costs (£0 in 2022 to 2023), and £6,000 for MOJ core relating to phone costs (£6,000 in 2022 to 2023).

At the balance sheet date, GFSL had an accrued income balance of £22,905,000 (£12,793,000 in 2022 to 2023) 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 2024

	2023-24 £'000	2022-23 £'000
Financial commitments (excluding capital commitments)	284	273
Property, plant and equipment	–	–
Intangible assets	–	–
Contracted capital commitments at the end of the period	–	–

18. Contingent assets

As of 31 March 2024, GFSL has no contingent assets to declare (£0 in 2022 to 2023).

19. Contingent liabilities

As of 31 March 2024, GFSL has no contingent liabilities to declare (£500,000 in 2022 to 2023).

The £500,000 contingent liability declared in 2022 to 2023 related to a historic purchase invoice dispute with a supplier. This was settled at a total cost to GFSL of £180,000 during 2023 to 2024 and is classified as a special payment in note 20.

20. Losses and special payments

The statement of comprehensive income includes the following losses and special payments.

(a) Losses statement	Number of cases 2023-24	Total 2023-24 £'000	Total 2022-23 £'000
Other	5	5	–
Ex gratia	15	7	7
Pension Tax Relief Settlement	1	1,732	–
Total losses	21	1,744	7

In 2023 to 2024, there was one loss over £300,000, as follows.

In December 2023, we discovered an error in the configuration of our payroll, which meant that tax relief on employee pension contributions had been overclaimed since 2018. The error was corrected with effect from January 2024, and the overclaimed tax relief was repaid to HMRC in March 2024 via a voluntary disclosure. The total paid was £1,732,000 comprising tax of £1,597,000 and interest of £135,000. There was no penalty.

(b) Special payments	Number of cases 2023-24	Total 2023-24 £'000	Total 2022-23 £'000
Personal injury claims	14	201	170
Employment tribunal claims	5	101	17
Historic Purchase Invoice Settlement	1	180	–
Other	3	1	–
Total losses	23	483	187

There were no special payments over £300,000.

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 4

Independent Auditor's report

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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 2024 under the Companies Act 2006.

The financial statements comprise the comprise GFSL’s:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers’ Equity for the year then ended; and
- the related notes 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 2024 and its result for the year then ended; and
- have been properly prepared in accordance with the UK adopted International Accounting Standards; and
- 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 opinion

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). 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 am independent of the 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 the 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 the 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 the 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.

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 part of the Staff and remuneration (contained within section 2: Accountability report) to be audited has 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 information given in the Strategic Report and the Directors’ Report (contained within section 2: Accountability report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors’ Report have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the 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.

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 Staff and Remuneration Report to be 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
- I have not received all of the information and explanations I require for my audit;
- the Governance Statement does not reflect compliance with HM Treasury’s guidance.

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors’ and Accounting Officer’s responsibilities, they are responsible for:

- maintaining proper accounting records;
- providing the Comptroller and Auditor General (C&AG) with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within GFSL from whom the auditor determines it necessary to obtain audit evidence.

- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- preparing the Annual Report, which includes the Staff and Remuneration Report in accordance with the Companies Act 2006; and
- 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 have 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 (UK) (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, I:

- considered the nature of the sector, control environment and operational performance including the design of GFSL’s accounting policies.
- inquired of management, GIAA’s head of internal audit for GFSL and those charged with governance, including obtaining and reviewing supporting documentation relating to GFSL’s policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the GFSL’s controls relating to GFSL’s compliance with the Companies Act 2006 and Managing Public Money.
- inquired of management, GIAA’s head of internal audit for GFSL and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team 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: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of GFSL’s framework of authority and other legal and regulatory frameworks in which GFSL operates. I focused 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, and employment law.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management, the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on 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; and
- testing the completeness and appropriate recognition of non-payroll expenditure.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members 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 sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income 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.

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 I identify during my audit.

Greg Wilson (Senior Statutory Auditor)
30th October 2024

For and on behalf of the
Comptroller and Auditor General (Statutory Auditor)

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