National Audit Office

Report
by the Comptroller
and Auditor General

Home Office

Reducing modern slavery

HC 630 SESSION 2017–2019 15 DECEMBER 2017

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National Audit Office

Home Office

Reducing modern slavery

Report by the Comptroller and Auditor General

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Sir Amyas Morse KCB
Comptroller and Auditor General
National Audit Office

12 December 2017

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This report looks at the governance of the UK's response to modern slavery, the National Referral Mechanism (NRM), the support provided for potential victims and the ability of the police forces and the Crown Prosecution Service (CPS) to prosecute offenders.

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Key facts

2,527

referrals of potential adult victims of modern slavery to the National Referral Mechanism in 2016

46%

percentage of all referrals made in 2016 that had not received a conclusive grounds decision as at March 2017

80

defendants prosecuted under the Modern Slavery Act, for 155 offences in 2016

£890 million	the Home Office's 2013 estimate of the overall social and economic cost to the UK of human trafficking for sexual exploitation alone
51%	increase in adult referrals to the National Referral Mechanism between 2014 (1,669 referrals) and 2016 (2,527)
£53.2 million	value of the victim care contract with the Salvation Army for the five years to 2020
251 days	average length of time clients were supported by the Salvation Army in the year to June 2017, against a contract assumption of 79 days
159%	increase in modern slavery crimes recorded in England and Wales, from 870 in 2015-16 to 2,255 in 2016-17, probably due to the introduction of new crime counting rules requiring relevant National Referral Mechanism referrals to be recorded as a crime
More than 400	active investigations across England and Wales as at October 2017, 85% of which were led by the police

Summary

1 Modern slavery encompasses slavery, servitude, forced and compulsory labour and human trafficking. Traffickers, often part of organised crime groups, coerce, deceive and force individuals into activities against their will through abuse and inhumane treatment. Modern slavery victims are among the most vulnerable people in our society and can be hesitant to seek help due to fear of their traffickers. Although modern slavery is considered a 'hidden' crime, many victims can be working or otherwise visible in the community, in a range of places such as car washes, nail bars and construction sites.

2 In 2014, the Home Office estimated that there were between 10,000 and 13,000 potential victims of modern slavery in the UK in 2013. This figure includes victims that have been trafficked into the UK, British nationals and children. The UK was the eighth most common country of origin of adult identified potential victims in 2016. The most frequent types of exploitation recorded were labour exploitation, sexual exploitation and domestic servitude. **Figure 1** on pages 6 and 7 provides information on how victims are identified and how perpetrators are prosecuted.

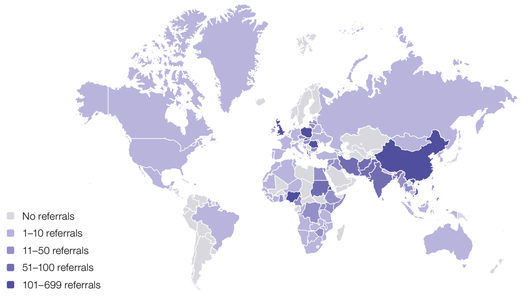
3 The Home Office is responsible for managing the UK's response to modern slavery and introduced the Modern Slavery Strategy in 2014, with the aim of significantly reducing the prevalence of modern slavery in the UK. This was followed by the Modern Slavery Act 2015, which introduced new measures to enable departments, law enforcement agencies and the judiciary to implement the strategy. The act included the appointment of the independent anti-slavery commissioner to encourage good practice in preventing, detecting, investigating and prosecuting modern slavery offences and in identifying victims. In 2016, the Prime Minister introduced a modern slavery taskforce to coordinate the response to modern slavery across government.

4 The Home Office funds and manages the process for identifying victims, known as the National Referral Mechanism (NRM). The NRM is administered by the National Crime Agency (NCA), which processes the identification of victims that are European Economic Area (EEA) nationals and refers nationals from outside the EEA and EEA nationals subject to immigration control to UK Visas and Immigration (UKVI). The NRM decision-making process applies to the whole of the UK.

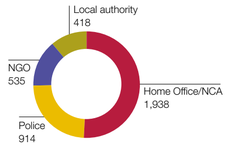
Figure 1
Identifying and prosecuting cases of modern slavery

This map provides information on how victims are identified and how perpetrators are prosecuted

Number of referrals by nationality in 2016



Number of referrals by first responder in 2016

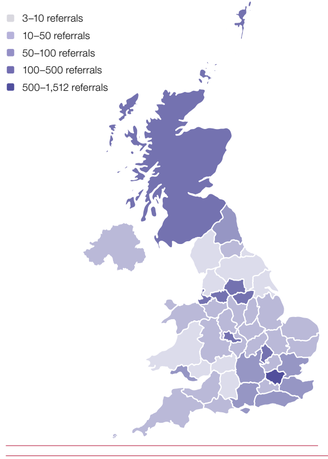


Only a designated first responder can refer a potential victim into the NRM.

The potential victim needs to agree to be referred (except for children).

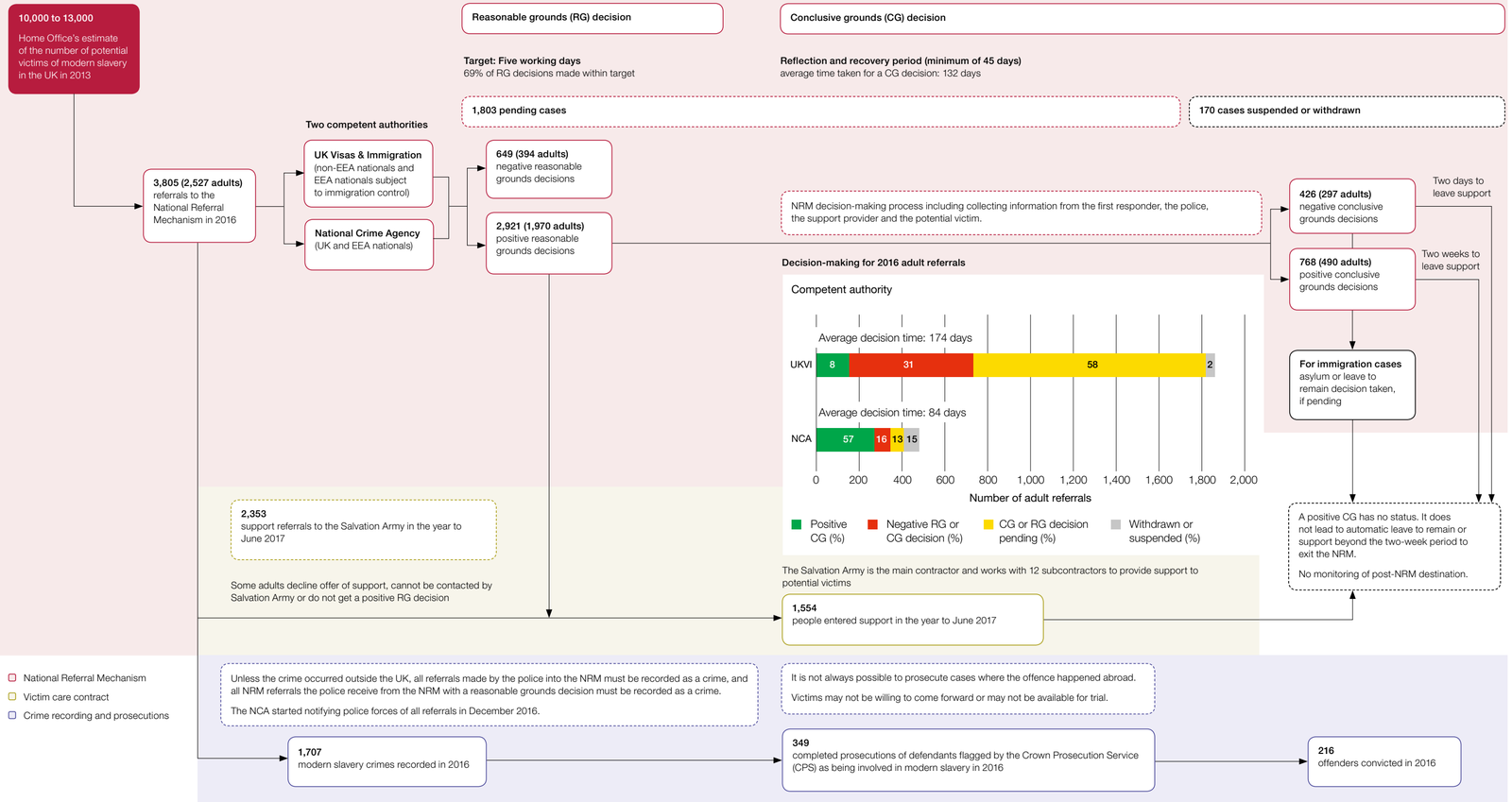
The first responder should fill in a duty to notify form (MS1) if the potential victim does not consent to being referred. There have been around 1,065 duty to notify forms in the year to June 2017.

Number of referrals by police force area in 2016



Number of referrals by exploitation type and gender in 2016

	Adult			Minor		Total		
Referrals in 2016	Male	Female	Trans gender	Male	Female	Male	Female	Trans gender
Labour exploitation	925	182	0	400	68	1,325	250	0
Sexual exploitation	58	888	5	41	321	99	1,209	5
Domestic servitude	67	259	0	36	67	103	326	0
Other/ unknown	72	71	0	265	80	337	151	0
Total	**1,122**	**1,400**	**5**	**742**	**536**	**1,864**	**1,936**	**5**



Notes

1 National Referral Mechanism referrals are UK-wide. The Salvation Army only supports adults who request support in England and Wales. Support for children is provided through local authorities' wider safeguarding processes, and is not shown in this figure. Prosecutions data relates to England and Wales.

2 Figures related to decision-making are as at 7 March 2017.

3 Figures related to decision-making do not reconcile to the published statistics because there are 11 cases that cannot be identified.

4 The figure includes a small number of outlying cases.

5 A small number of NRM decisions are also made by Immigration Enforcement.

6 Cases processed by multi-agency panels during the pilots and cases processed by UKVI staff seconded within NCA are not included in the decision-making graph (total of 190 cases excluded).

Source: National Audit Office analysis of Home Office, National Crime Agency, Crown Prosecution Service and The Salvation Army material

Scope of this report

5 This report examines the Home Office's progress in reducing modern slavery in England and Wales. We consider the Home Office's progress in implementing the Modern Slavery Strategy; whether it has set clear objectives; whether it is achieving those objectives; whether its overall management of the modern slavery system is effective; and future risks to the strategy's success.

6 The report covers:

- governance of the UK's response to modern slavery and whether it provides an effective platform to deliver the government's ambition (Part One);
- the National Referral Mechanism, and its effectiveness in identifying victims of modern slavery (Part Two);
- the support for potential victims and whether it adequately addresses the victims' needs (Part Three); and
- the performance of police forces and the Crown Prosecution Service (CPS) in prosecuting offenders (Part Four).

7 This report does not examine the Home Office's objectives and outcomes relating to children who are potential victims of modern slavery because support for children is provided through local authorities' wider safeguarding processes. All the figures quoted throughout the report refer to adults only, unless otherwise stated. The NRM decision-making and Home Office's wider governance arrangements apply to the whole of the UK but the data used throughout the report relate to England and Wales only. The report also does not cover any activities that the government undertakes in order to eradicate modern slavery internationally.

Key findings

On the governance of the UK's response to modern slavery

8 **The Home Office identified a problem and put in place a modern slavery strategy that aims to significantly reduce the prevalence of modern slavery.** The Modern Slavery Strategy sets out the government's aim to significantly reduce the prevalence of modern slavery in the UK and enhance the UK's international response, although international aspects of the strategy are not covered by our report. The 2015 Modern Slavery Act made provisions about slavery, servitude and forced or compulsory labour and about human trafficking, including provision for the protection of victims and for an independent anti-slavery commissioner. The Home Office analysed data on modern slavery to better understand the prevalence of modern slavery. It estimated in 2014 that there were between 10,000 and 13,000 potential victims of modern slavery in the UK in 2013 (paragraphs 1.2 and 1.3).

9 **The Modern Slavery Strategy does not set out clear activities for the Home Office or a means of monitoring progress.** The strategy's stated aim is to reduce significantly the prevalence of modern slavery in the UK, but the Home Office has not set out how such a reduction could be measured, or how it will take into account the impact of increased reporting as a result of raised awareness on the number of NRM referrals. In summer 2016 the Modern Slavery threat group put in place a law enforcement focused Modern Slavery Strategic Action Plan, which is coordinated and supported by the NCA. Since November 2016, the Cabinet Office has collated a performance report for the taskforce and its officials group which includes measures of victims identified, number of operations and rates of crime recording and prosecution, collected from relevant organisations. The Home Office has not set targets for the reported measures or defined what improved performance would look like. However, it is in the process of considering different performance framework options (paragraphs 1.4 to 1.6).

10 **The Home Office does not know how much is spent on tackling modern slavery across government or how effective that expenditure is.** The Home Office's Modern Slavery Unit has a budget of £1.5 million for 2017-18, which mainly relates to staff costs. The Home Office does not calculate the total amount it spends on tackling modern slavery each year or collate budgets for spending across government on tackling modern slavery, and does not report financial measures to the taskforce. We calculated that known government expenditure dedicated to tackling modern slavery is in excess of £100 million. This figure covers expenditure across different time periods, however, and also excludes expenditure from other organisations who have significant roles in tackling modern slavery, such as the CPS and the NCA. While the Home Office has increased funding to reduce the backlog of cases in the NRM, it is not able to look consistently across government to prioritise where to invest resources to have greatest impact (paragraphs 1.7 and 1.8).

11 **Accountability for delivering the modern slavery strategy is unclear.** There is no all-encompassing governance structure, and tackling modern slavery was not set up as a coherent programme. A wide variety of public sector organisations deliver the Modern Slavery Strategy, alongside businesses and NGOs, and a number of governance boards with different oversight responsibilities. The Home Office has not mapped the roles and activities of all organisations that deliver the strategy, or the governance boards involved in their oversight. The NCA has mapped responsibilities across organisations involved in law enforcement, including identifying where organisations play a lead, supporting or coordinating role. The Cabinet Office established the taskforce to coordinate the response to modern slavery across government, supported by an officials group. However, stakeholders we interviewed told us that the governance structures are unclear (paragraphs 1.9 to 1.11).

12 Businesses have to report what they are doing to prevent human trafficking in their supply chains but the Home Office does not monitor compliance. Under the Modern Slavery Act 2015, the UK government introduced a requirement for businesses with a turnover of more than £36 million to produce an annual slavery and human trafficking statement. The Home Office produced guidance on what the statements should include, but it relies on NGOs and investors to encourage businesses to comply. While NGOs have compiled registries of statements and undertaken reviews, the Home Office does not produce a list of businesses that are expected to comply with the legislation and cannot say how many companies that should have produced a statement have done so. It has also acknowledged that the statements vary in quality. Statements therefore do not provide equal levels of assurance to those scrutinising them (paragraphs 1.13 to 1.14).

On the National Referral Mechanism

13 Referrals to the NRM have increased but the Home Office does not know if this is due to increased awareness or increased prevalence of modern slavery. The Home Office introduced the NRM in 2009 as a framework for identifying victims of human trafficking or modern slavery and ensuring they receive the appropriate support. There were 2,527 adult referrals in 2016, a 51% increase compared with 2014 when the strategy was introduced. The number of referrals has continued to increase in 2017, with 1,445 adult referrals between January and June 2017. The Home Office has not set any expectations on when it expects the number of referrals to decrease as a result of government's efforts to significantly reduce the prevalence of modern slavery (paragraphs 2.2 and 2.6).

14 The Home Office has been very slow to implement improvements to the NRM, despite recognising a series of problems in 2014. The NRM has been in place since 2009 and the Home Office has been slow to make improvements. The Home Office recognises that the NRM process is inefficient and in need of an overhaul. Its 2014 review of the NRM found that the support system needed to be redesigned, especially to clarify roles and responsibilities. The Home Office set up pilots of changes to the NRM in August 2015 and published its evaluation in October 2017. Despite the review taking place in 2014, so far the Home Office has made no changes to improve the NRM process (paragraphs 2.5 and 2.13 to 2.14).

15 The quality of data collected by the Home Office and NCA is variable, leading to an incomplete picture of the crime, the victims and the perpetrators. Our analysis of the NRM's data revealed multiple errors and duplicate entries making it difficult to use the data to understand the crime. The Home Office is aware of these problems and is currently digitising the system in order to improve the accuracy of the NRM data. The NRM process does not capture those potential victims who do not consent to be referred, resulting in a further gap in understanding of the crime. In November 2015, the Home Office introduced a duty for statutory agencies to notify the Secretary of State of any adult who they believe is a victim of modern slavery. This includes a separate notification form (MS1) where an adult does not consent to be entered into the NRM. However, the number of MS1 reports remains low (around 1,065 in the year to June 2017), suggesting that some potential victims are still not being identified. In order to improve understanding of modern slavery crime UK law enforcement established the Joint Slavery and Trafficking Analysis Centre (JSTAC) in 2017-18. The Home Office also published a typology of modern slavery offences and offenders in the UK in October 2017 (paragraphs 2.5 and 2.9 to 2.11).

16 NCA and UKVI are taking longer than they expect to make decisions, causing further distress and anxiety to the vulnerable people in the system. The Home Office has set no target for how long it should take for victims of modern slavery to come through the NRM, but it has set an expectation that a decision should be made as soon as possible following the 45-day recovery and reflection period potential victims are entitled to. For two-thirds of those referred in 2016-17, the government took longer than 90 days to make a conclusive grounds decision (these data include adult and children referrals). Many victims of modern slavery also make asylum claims. The Home Office cannot take a negative decision on an asylum claim while a person is being considered under the NRM. Delays in the NRM risk slowing down asylum claims. The potential victims we interviewed also told us that a key concern was the anxiety and uncertainty they face while waiting for a decision, especially in relation to their eligibility to remain in the UK (paragraphs 2.4 and 2.12 to 2.13).

17 The Home Office did not sufficiently understand the costs involved in providing care when it specified the contract for victim support services. In 2015, the Home Office awarded the Salvation Army the victim care contract to support potential victims of modern slavery. The early estimates of the five-year contract to 2020 ranged between £40 million and £43.2 million. In 2016, the Home Office reviewed these cost estimates and revised the figure to £53.2 million for the period 2015-16 to 2019-20. Despite this revision, the Home Office is still overspending against the contract and forecasts that it will cost around £90 million. The Home Office used a series of assumptions to estimate the value of the contract that have turned out to be wrong. For example, it assumed that the average time spent in receiving support is 79 days when the Salvation Army record that it is 251 days for those exiting the service in the year to June 2017 (paragraphs 3.3 and 3.7 to 3.9).

18 The Salvation Army and its subcontractors are not subject to independent inspections or standards of care. The Salvation Army performs annual audits of its victim support subcontractors against finances, information security and safeguarding. The Home Office told us that it operates on a 'trust basis' with the Salvation Army and does not actively check the performance information it receives. The Home Office has not put in place a robust inspection regime to check the quality of care and support provided in safe houses. The Home Office set a key performance indicator requiring safe houses to be inspected by the Care Quality Commission (CQC). But it was unaware that safe houses do not fall within the CQC's remit. In the absence of care standards and a robust inspection regime, the Home Office has no way of evaluating the quality of care provided (paragraphs 3.11 to 3.14).

19 The Home Office does not collect information on outcomes for victims once they leave support. There is no clear government provision of support for confirmed victims after they receive an NRM decision. A confirmation that someone has been a victim of modern slavery has no legal status in the UK and does not entitle the victim to support. Confirmed victims have two weeks to leave the Salvation Army support, and no specific support from that point. The Home Office has no assurance that victims are not trafficked again, potentially undermining the support given through the NRM (paragraph 3.6).

On prosecuting offenders

20 Police forces' approach to tackling modern slavery and the number of NRM referrals made varies significantly by region. While the Home Office expects the prevalence of modern slavery offences to vary by region, it accepts that the importance of tackling modern slavery has not been recognised equally by all forces. The three police forces with the highest number of adult referrals have made more than 900 referrals since the NRM began in 2009, while six police forces have referred fewer than 10 adult potential victims each in the same period. The ratio between the forces with the highest number of referrals and the lowest number of adult referrals is much higher than for other types of crime. Police forces we spoke to said they would welcome centralised national support. In October 2016, the Home Secretary announced £8.5 million of funding for the Police Transformation Fund to help law enforcement agencies tackle modern slavery, but we have seen limited progress in the first year of the programme (paragraphs 4.2 to 4.4).

21 There have been few prosecutions and convictions for modern slavery offences. In 2016, only 80 defendants were prosecuted under the Modern Slavery Act for 155 modern slavery offences, rising from 26 in the previous year for 27 offences. This legislation can only be used for crimes committed after the Act was introduced and as modern slavery cases take a long time to build (two to five years) it is difficult to benchmark. There has been increasing use of the Modern Slavery Act to prosecute defendants, although the overall volume of prosecutions related to modern slavery is relatively small. In 2016, there were 349 completed prosecutions of defendants flagged by the CPS as being involved in modern slavery, of which 62% resulted in conviction. Despite this conviction rate being in line with other hidden crimes, a small proportion of the crimes recorded by the police result in a charge. The average length of a custodial sentence for modern slavery between 2014 and 2016 was around four years. The Modern Slavery Act has set the maximum sentence to life in prison, but that sentence has not yet been used (paragraphs 4.8 to 4.11).

Conclusion on value for money

22 The Home Office has laid some important foundations for achieving its goal to significantly reduce modern slavery in the UK. Annual adult referrals of potential victims to the NRM have increased substantially between 2014, when the Modern Slavery Strategy was introduced, and 2016, showing that more potential victims are being identified. However, the Home Office has limited means of tracking its progress and there remains much more to do to ensure victims of modern slavery are identified, protected and supported effectively.

23 The Home Office has an incomplete picture of the crime, the victims and the perpetrators. Accountabilities within the strategy are unclear, oversight of victims' support is inadequate and few cases lead to prosecution or conviction. Until the government is able to establish effective oversight of the modern slavery system as a whole it will not be able to achieve its objective of significantly reducing the prevalence of modern slavery or demonstrate that it is achieving value for money for the resources it applies.

Recommendations

a To ensure that the system works effectively, the Home Office should:

- set up the Modern Slavery Strategy as a distinct programme with a senior responsible owner, target deliverables and a risk management framework;
- develop indicators, with targets, to allow it to measure the effectiveness of activities undertaken to tackle modern slavery on a regular basis;
- set out the responsibilities, in consultation with other departments and agencies involved, of all government organisations involved in tackling modern slavery, including oversight responsibilities for the system as a whole, and responsibilities within the NRM, as soon as the revised process is in place; and
- continue its work to try to gain a better understanding of the crime, the victims and the perpetrators.

b To improve victim services, the Home Office should:

- urgently put in place care standards and an inspection regime to ensure that the quality of all care reaches a minimum standard; and
- establish mechanisms for monitoring the outcomes for victims who exit the NRM to tackle the risk of victims being re-trafficked and to understand the support that identified victims require, to the extent that victims wish to engage after exiting the NRM.

c To address issues in the way it manages and administers the victim care contract the Home Office should review the contract to strengthen both performance management and commercial oversight.

d The Home Office together with local and central law enforcement organisations, should develop mechanisms for sharing good practice among police forces and prosecution services to address regional variations in approaches to tackling modern slavery.

Part One

The governance of the UK's response to modern slavery

1.1 This part of the report examines the governance and oversight that Home Office has put in place since 2014 in order to ensure that the Modern Slavery Strategy is delivered successfully. This part also assesses how much the Home Office knows about modern slavery.

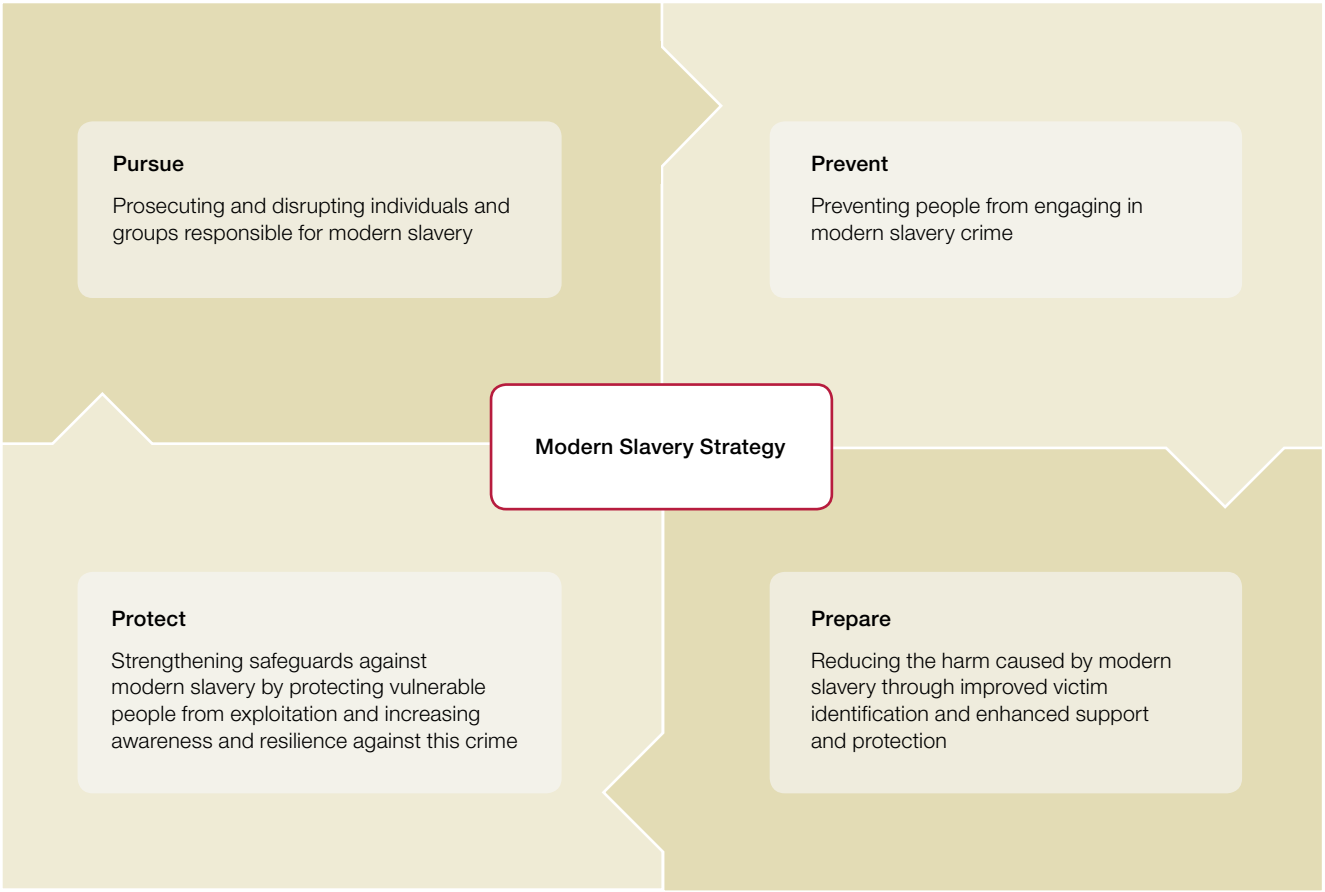
The Modern Slavery Strategy and Act

1.2 The Home Office published its Modern Slavery Strategy in November 2014. The strategy's aims are to significantly reduce the prevalence of modern slavery in the UK, and to enhance the UK's international response. The strategy is based on the '4 Ps' framework (Pursue, Prevent, Protect, Prepare, see **Figure 2** overleaf) that the Home Office previously used for its serious and organised crime and counter-terrorism strategies. The Modern Slavery Act came into force in March 2015. It makes provisions for slavery, servitude and forced or compulsory labour and for human trafficking, including provision for the protection of victims and for an independent anti-slavery commissioner. **Figure 3** on page 17 shows the key events and reviews relating to the government's response to tackling modern slavery. The strategy articulated the government's intentions to tackle modern slavery and set an ambitious goal, and the Modern Slavery Act introduced measures to enable the strategy to be implemented.

1.3 The Home Office's strategy included the first official estimate of the scale of modern slavery in the UK. In 2014 the Home Office's chief scientific adviser conducted the analysis to establish a better understanding of the scale of modern slavery in the UK. He estimated that there were between 10,000 and 13,000 potential victims of modern slavery in the UK in 2013. Limitations of this estimate include that the Home Office was unable to analyse the data it was based on by victim and crime feature and used assumptions about victims' behaviour that, while plausible, cannot be easily verified. The Home Office also acknowledges that the model cannot be repeated and therefore prevalence of modern slavery cannot serve as the measure of success for the strategy.

Figure 2
Summary of the Modern Slavery Strategy

The Modern Slavery Strategy is based on the '4 Ps' framework

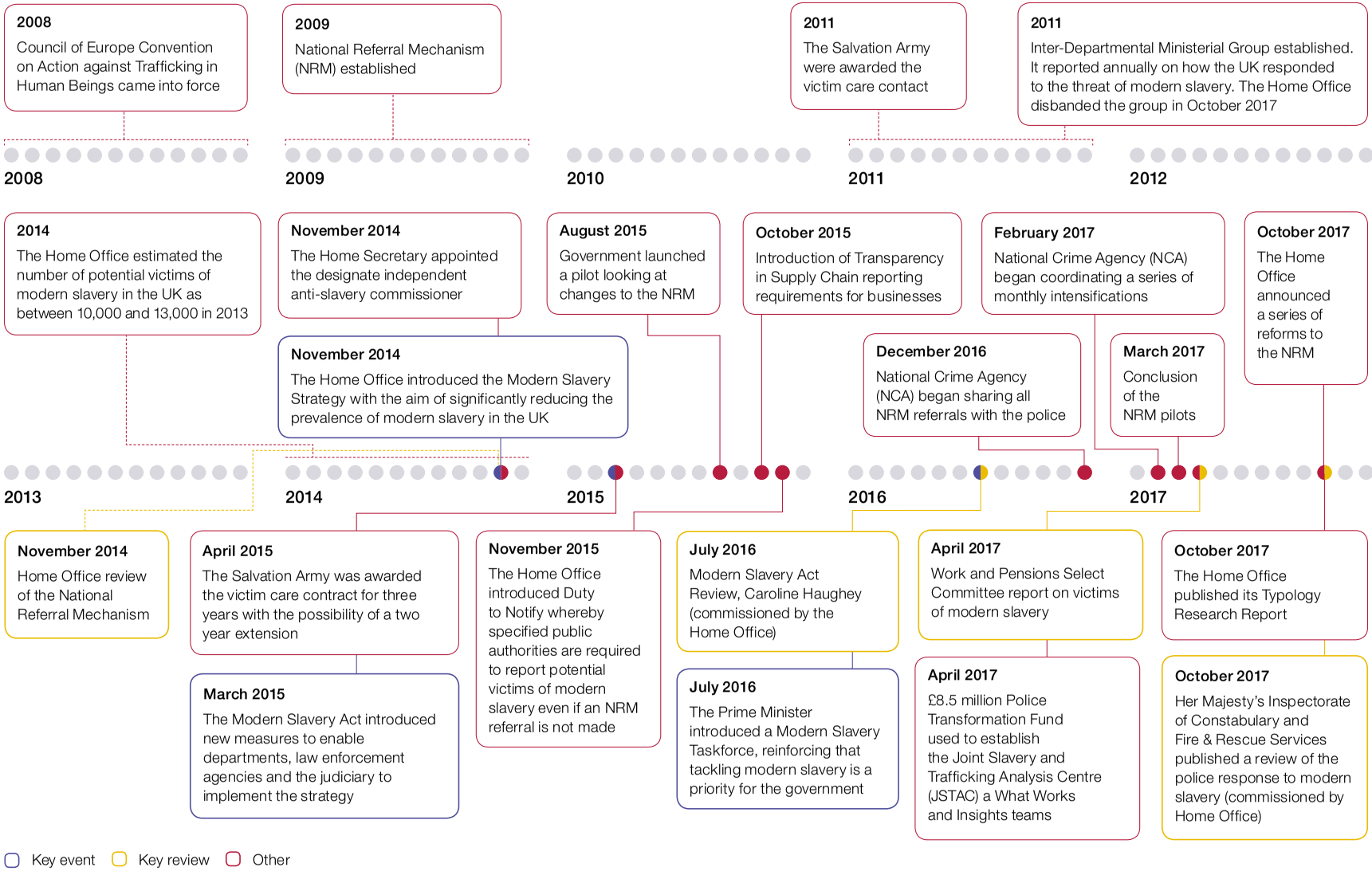


Source: Home Office, *Modern Slavery Strategy*, 2014

Figure 3

Timeline of key activities and reviews of modern slavery

The Home Office published its Modern Slavery Strategy in November 2014



Source: National Audit Office analysis

Measuring progress

1.4 The Modern Slavery Strategy does not have a measure of success for its objectives nor a definition of what success looks like. It states that its aim is to reduce significantly the prevalence of modern slavery in the UK. However, the Home Office has not set out how it could measure a reduction in prevalence, or how it will take account of the impact of increased reporting as a result of raised awareness on the number of NRM referrals, based on its understanding of other hidden crimes. The Home Office is now in the process of considering different performance framework options. There are arrangements in place for monitoring individual parts of the strategy. For instance, the National Crime Agency (NCA) threat group produces a detailed data dashboard covering the scale and nature of the threat of modern slavery. It includes victims identified, police recorded crime and prosecutions and convictions, but does not include targets. It has had a law enforcement-focused Modern Slavery Strategic Action Plan in place since summer 2016.

1.5 Since the Modern Slavery Taskforce and its officials group were established in November 2016, the Cabinet Office has collated data and progress reporting from the relevant departments to produce a performance report for the two groups. The report includes numerous measures. For example:

- potential victims identified;
- police recorded crimes;
- crimes resulting in charges/summons;
- operations;
- prosecutions and convictions; and
- slavery and trafficking prevention and risk orders.

While arrows report the direction of travel against these measures, there are no targets. The report does not include actions proposed or taken to mitigate any adverse change in direction of travel, so it does not allow the groups to measure performance effectively. The Home Office told us that it has deliberately not set targets for future delivery as it does not believe it is possible to do so until it has established a stable baseline. However, it has not addressed any limitations in the data, set targets for the direction of travel or identified any data sets that it considers reliable enough to set targets against.

1.6 The Home Office and other organisations track actions and commitments in delivering the strategy, but have not produced a delivery plan. Since 2015, the Home Office has monitored progress against a list of objectives, mapped against the four areas of the strategy. The Home Office has also tracked commitments made by various organisations involved in delivering the strategy. The Modern Slavery Taskforce and its officials group track actions agreed in their meetings. The Home Office does not monitor or have oversight of the risks to delivering the strategy across the bodies involved. Instead, it relies on individual organisations to monitor and manage these risks.

The cost of tackling modern slavery

1.7 The Home Office has not calculated the total amount it spends on tackling modern slavery each year or brought together all of the budgets for tackling modern slavery across government. This means that both the Home Office and the taskforce are unable to oversee total UK government spending on tackling modern slavery. Individual departments and organisations hold their own budgets for tackling modern slavery or include this work within other operational budgets. The known budgets directly dedicated to tackling modern slavery are shown in **Figure 4** overleaf, and total in excess of £100 million. This figure covers expenditure across different time periods, however, and also excludes expenditure from other organisations who have significant roles in tackling modern slavery such as the Crown Prosecution Service (CPS) and NCA. The Modern Slavery Unit, which coordinates delivery of the strategy in the Home Office, has a budget of £1.46 million in 2017-18, a 148% increase on expenditure of £589,000 in 2016-17. Most of this is staff costs. The Home Office estimated that the overall social and economic cost to the UK of human trafficking for sexual exploitation alone was £890 million in 2013.[1] It has not calculated the overall social and economic cost of modern slavery. We calculated that the loss of earnings alone in the UK will be between £63 million and £82 million.

1.8 Some organisations involved in delivering the strategy, including law enforcement, commented that the taskforce or the Home Office expect operational work to be carried out without sufficient funding or investment. UK Visas and Immigration (UKVI) received £508,000 in addition to its £1.4 million budget for staff in its NRM hub for 2017-18 from the Home Office crime, policing and fire group. It will use this to reduce the number of potential victims awaiting a decision by 1,205 outstanding cases by December 2018. While this example shows that the Home Office has been able to reprioritise resources, the Home Office and the taskforce are not able to look consistently across government to decide where best to invest funds. The Home Office does not include financial data in its performance monitoring or in the information it submits to the taskforce. The Home Office has no plans to include this in the future.

1 Mills, Skodbo and Blyth, Home Office, 'Understanding organised crime: estimating the scale and the social economic costs', *Research Report 73*, October 2013.

Figure 4
Modern slavery budgets

The Home Office has not brought together all of the budgets for tackling modern slavery across government

Funding	Period	£ million
Victim care contract with the Salvation Army funded by Home Office and Ministry of Justice.	2015-16 to 2019-20	53.2
Home Office's official development assistance budget to tackle modern slavery with countries from which the UK sees a large number of victims.	2016-17 to 2020-21	33.5
European Union Asylum, Migration and Integration Fund funding for Adult Asylum Seeker Victims of Modern Slavery Care and Coordination Services.	October 2017 to September 2020	15.0
Funding to support the Gangmasters and Labour Abuse Authority (GLAA), to tackle labour exploitation including modern slavery across the economy.	2017-18	2.0
Police Transformation Fund to help law enforcement agencies tackle modern slavery.	2016-17 to 2018-19	8.5
Home Office's Modern Slavery Unit budget.	2017-18	1.5
UK Visas and Immigration's national referral processing hub budget.	2017-18	1.4

Notes

1 The budgets shown do not include all budgets spent by government tackling modern slavery, for example the budgets spent by the NCA, CPS, police forces, intelligence agencies. The Home Office does not monitor these budgets.

2 The NCA can use all of its capabilities in the work it undertakes on tackling modern slavery, drawn from across the agency. The NCA's total budget in 2016-17 was £464 million. This is allocated flexibly, according to need and operational activity.

3 Some of these budgets include funding for tackling modern slavery outside the UK.

4 We have only included known budgets of more than £1 million.

Source: Home Office and National Crime Agency

Governance

1.9 There are a wide variety of public sector organisations that deliver the Home Office's Modern Slavery Strategy, alongside businesses and non-governmental organisations (NGOs) (**Figure 5** on pages 22 and 23). We have previously found that governance arrangements within the Home Office for foreign national offenders were over-complicated and that there was a risk of overlaps and uncoordinated working in Home Office's approach to reforming the UK border and immigration system because of the number of management boards and committees.[2,3] The Home Office has not mapped the roles and activities of all organisations that deliver the strategy, or the governance boards involved in their oversight. The governance structure is unclear and has too many layers of responsibility. A range of stakeholders involved in delivering the strategy who we interviewed said that the governance structures are unclear. The NCA has mapped responsibilities across organisations involved in law enforcement, including identifying where organisations play a lead, supporting or coordinating role. The multi-agency law enforcement Modern Slavery threat group reviews activity undertaken by all law enforcement agencies to tackle modern slavery. Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services' inspection published in October 2017 found that while a new impetus, including revised accountability and governance structures, is evident across the NCA, police forces and other interested parties continued to report a lack of clarity about the NCA's precise role in relation to tackling modern slavery.[4] Our 2016 report on accountability across government identifies four essential features of any effective system.[5] **Figure 6** on page 24 measures the governance of the system for tackling modern slavery against these four features.

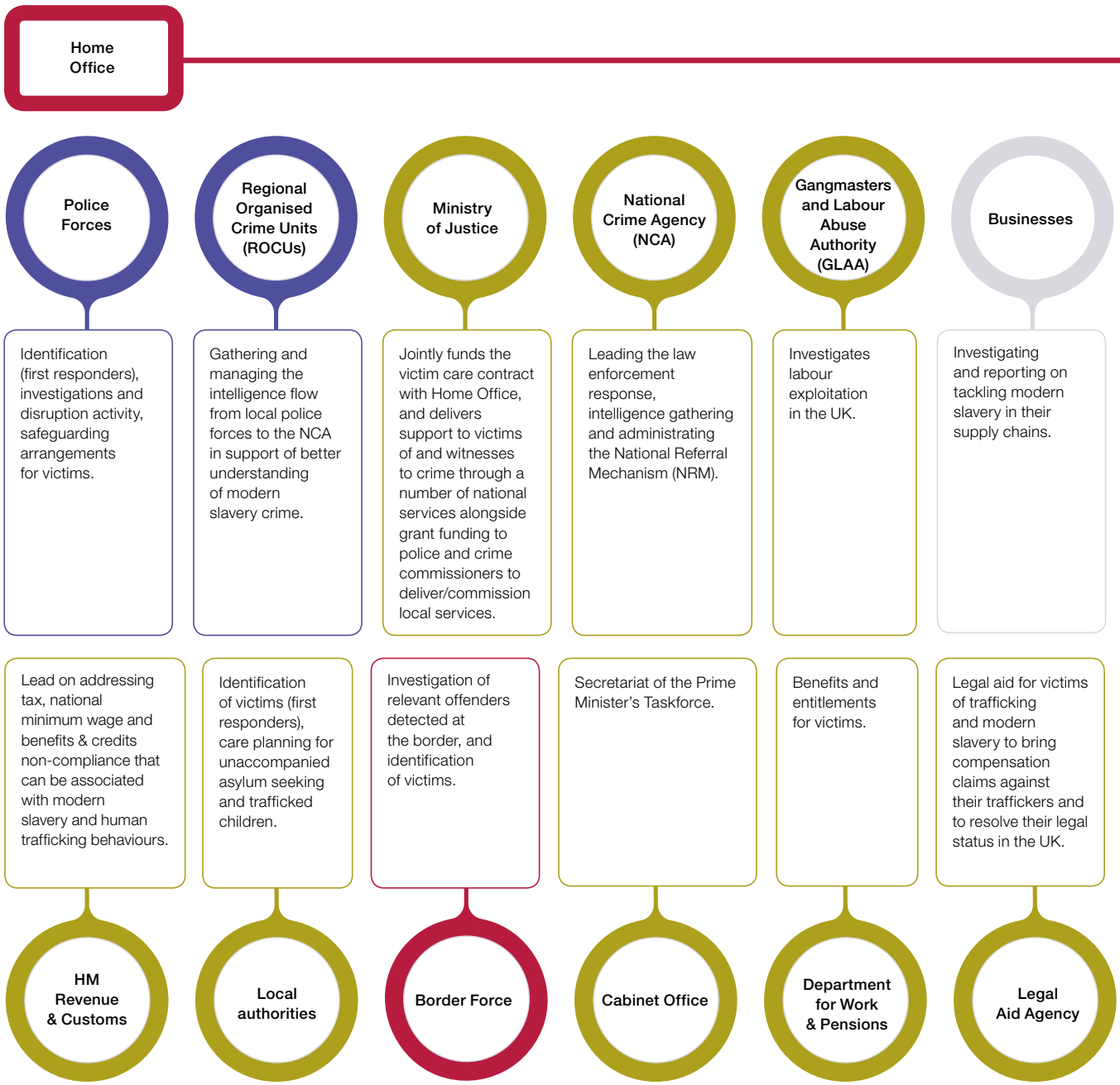
1.10 In July 2016 the Prime Minister announced a taskforce to coordinate the government's response to modern slavery across the government. The taskforce is supported by an officials group. As at October 2017, the ministerial group has met three times and the officials group has met five times. The taskforce receives performance information compiled by Cabinet Office, along with operational updates from enforcement agencies and other major streams of work, such as the Police Transformation Fund.

2 Comptroller and Auditor General, *Managing and removing foreign national offenders*, Session 2014-15, HC 441, National Audit Office, October 2014.
3 Comptroller and Auditor General, *Reforming the UK border and immigration system*, Session 2014-15, HC 445, National Audit Office, July 2014.
4 Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, *Stolen freedom: the policing response to modern slavery and human trafficking*, October 2017.
5 Comptroller and Auditor General, *Accountability to Parliament for taxpayers' money*, Session 2015-16, HC 849, National Audit Office, February 2016.

Figure 5

Bodies and governance boards involved in the delivery of the Modern Slavery Strategy

There are a large number of bodies involved in delivering the strategy but the Home Office has not set out the accountabilities between the organisations and does not monitor risks to delivery of the strategy across all organisations involved



Note

1 The Home Office disbanded the IDMG in October 2017 following a review which found it was duplicating the functions of the taskforce.

Source: National Audit Office analysis of Home Office materials

Policy lead on tackling modern slavery

Non-governmental organisations

Support services to victims, advocacy, research and awareness raising.

National Policing Lead for Modern Slavery

Develop a national action plan to help police forces work together.

Foreign and Commonwealth Office (FCO)

International liaison for international work.

Immigration Enforcement

Investigate and disrupt organised crime groups involved in modern slavery crime.

UKVI

NRM decisions on referrals of non-European Economic Area nationals and EEA nationals subject to immigration control.

Crown Prosecution Service (CPS)

Prosecution of offenders and recovery of assets.

Modern slavery governance boards

Cabinet Office boards

Prime Minister's Taskforce (established July 2016)

Taskforce chaired by the Prime Minister to coordinate policy and operational response.

Prime Minister's Taskforce Officials Group

A body to progress actions, set taskforce agenda items and the forward work plan, track developments and capacity and capability.

Law enforcement boards

Strategic Governance Group (established March 2017)

Multi-agency group which oversees the law enforcement response.

Modern Slavery Threat Group

Senior operational leaders of law enforcement agencies with a focus on delivery under the responsibility of NCA.

Modern Slavery Delivery Group

Sits beneath the Modern Slavery threat group.

Home Office boards

Inter-Departmental Ministerial Group (IDMG) on Modern Slavery[1]

Oversees and coordinates anti-modern slavery effort across the UK. Responsible for producing an annual review of the Modern Slavery Strategy.

Modern Slavery Strategy and Implementation Group (MSSIG)

Supports the implementation of the Government's modern slavery agenda through collaboration between government, NGOs and business, and to provide strategic advice.

Figure 6
The four essentials of accountability

There is no all-encompassing governance structure

1 **A clear expression of spending commitments and objectives**

- The strategy sets a clear expression of the government's commitment and states the aim is to "reduce significantly the prevalence of modern slavery in the UK". However, it does not include specific measurable objectives or timescales.
- The Home Office established the need for the programme.
- The Home Office estimated the number of potential victims.
- The Home Office has not calculated the total amount it spends on tackling modern slavery each year, or the total amount spent by other bodies in the system.
- The Home Office estimated that the overall social and economic cost to the UK of human trafficking for sexual exploitation alone was £890 million in 2013. It has not calculated the overall social and economic cost of modern slavery.

2 **A mechanism or forum to hold to account**

- The Prime Minister's Taskforce (and officials group) includes representatives from across government involved in tackling modern slavery and requires reporting of progress of key initiatives and data.
- There are a number of other forums and governance groups across government but the Home Office has not mapped how these relate to each other.
- The Home Office and other organisations track actions and commitments in delivering the strategy. Organisations have their own accountability structures in place but further clarity could be achieved by putting some central assurance processes in place.

3 **Clear roles and someone to hold to account**

- The National Crime Agency (NCA) has mapped the roles of organisations involved in law enforcement.
- The Home Office has not documented the roles of individual organisations involved in tackling modern slavery or the accountability mechanisms in place.
- The Home Office has not set out requirements for organisations involved in delivering its strategy to be held to account for their spending on tackling modern slavery.

4 **Robust performance and cost data**

- The Prime Minister's Taskforce, Home Office and NCA have identified intelligence gaps and are seeking to address these, for example establishment of the Joint Slavery and Trafficking Analysis Centre (JSTAC).
- The Home Office does not monitor risks to delivering the strategy across the bodies involved.
- Performance measures are reported to the Prime Minister's taskforce, but they do not include financial data.

Source: National Audit Office analysis based on the framework set out in Comptroller and Auditor General, *Accountability to Parliament for taxpayers' money*, Session 2015-16, HC 849, National Audit Office, February 2016

1.11 The taskforce has identified shortcomings in the evidence base for tackling modern slavery and has set actions to address some of these. For example, the taskforce found that more should be done to fill intelligence gaps on both victims and criminal perpetrators, for instance by collecting existing intelligence held by agencies such as Border Force and putting in place data-sharing arrangements with the health sector. It set an action for the national security adviser to draw up a plan with departments and the intelligence agencies to address intelligence gaps and develop greater intelligence gathering at the NCA. Some stakeholders we spoke to recognised that the taskforce has resulted in increased activity and a greater focus on modern slavery.

1.12 The Modern Slavery Act 2015 established the role of the independent anti-slavery commissioner. The commissioner has a UK-wide remit to encourage good practice in preventing, detecting, investigating and prosecuting modern slavery offences and in identifying victims. The commissioner also sits on the taskforce. Some organisations that we interviewed challenged the commissioner's independence. However, we compared his role with that of other independent commissioners and concluded that, as his finances, staff appointments and reports are all managed independently and his work is directly scrutinised by Parliament, the role is sufficiently independent. In our interview with the commissioner, he told us that he sees his role as part of the wider system to tackle modern slavery but also as an advocate for the victims; his reports draw conclusions and make recommendations towards achieving the best system that will serve the victims rather than being bound by practical and budget constraints.

Transparency in supply chains

1.13 The UK government was among the first in the world to introduce legislation to increase transparency in supply chains. Under the Modern Slavery Act 2015, the UK government introduced a requirement for businesses with a turnover of more than £36 million to produce a statement on slavery and human trafficking each year. The statement sets out the steps the organisations have taken to ensure that modern slavery is not taking place in their business or supply chain, including if the organisation has taken no steps. The requirement was introduced on a phased basis to businesses, depending on their financial year-end, from October 2015.

1.14 The Home Office issued statutory guidance to businesses on what to include in their statements. It relies on third-sector organisations and investors to encourage businesses to comply. NGOs have produced reviews of statements and two currently compile the statements on their websites. Our review of the FTSE100 companies in July 2017 found that 20% of these companies either had not produced a statement or had a statement that did not comply with the Home Office's guidance. The Chartered Institute of Procurement and Supply found that one in three businesses covered by the Modern Slavery Act have not produced a statement.[6] As at October 2017, the Modern Slavery Registry held around 3,100 statements of the 9,000–11,000 the Home Office estimates are required.[7] NGOs and businesses told us that there remain challenges in encouraging businesses to comply with the requirements. These include that:

- the Home Office does not produce an annual list of businesses expected to comply with the legislation, creating a barrier to transparent reporting; and
- the Home Office has the power to apply for an injunction if companies do not produce a statement or comply with its guidance, but so far it has not enforced a penalty regime for these companies.

The Home Office's statutory guidance set out its expectation that businesses will build on their actions to prevent modern slavery in their supply chain each year. The Home Office has acknowledged that to date the quality of statements has been variable. Statements therefore do not provide equal levels of assurance to those scrutinising them. The Home Office is looking at ways to encourage collaboration and share best practice, such as through a business forum. NGOs and businesses have also produced guidance and training to share best practice.

6 The Chartered Institute of Procurement and Supply's survey of 1,288 supply chain professionals found that 34% had not produced a Modern Slavery Statement. The survey included 506 businesses that the Act applies to.

7 Business and Human Rights Resource Centre, Modern Slavery Registry, 2017. Available at: www.modernslaveryregistry.org/ accessed on 5 October 2017.

Part Two

The National Referral Mechanism

2.1 In this part of the report we review the National Referral Mechanism (NRM) and its suitability as the mechanism for identifying and understanding potential victims of modern slavery. We examine:

- the technical aspect of the NRM in so far as it enables the Home Office to collect data and understand the crime and the victims; and
- the process of the NRM as a means of identifying victims.

Overview of the National Referral Mechanism

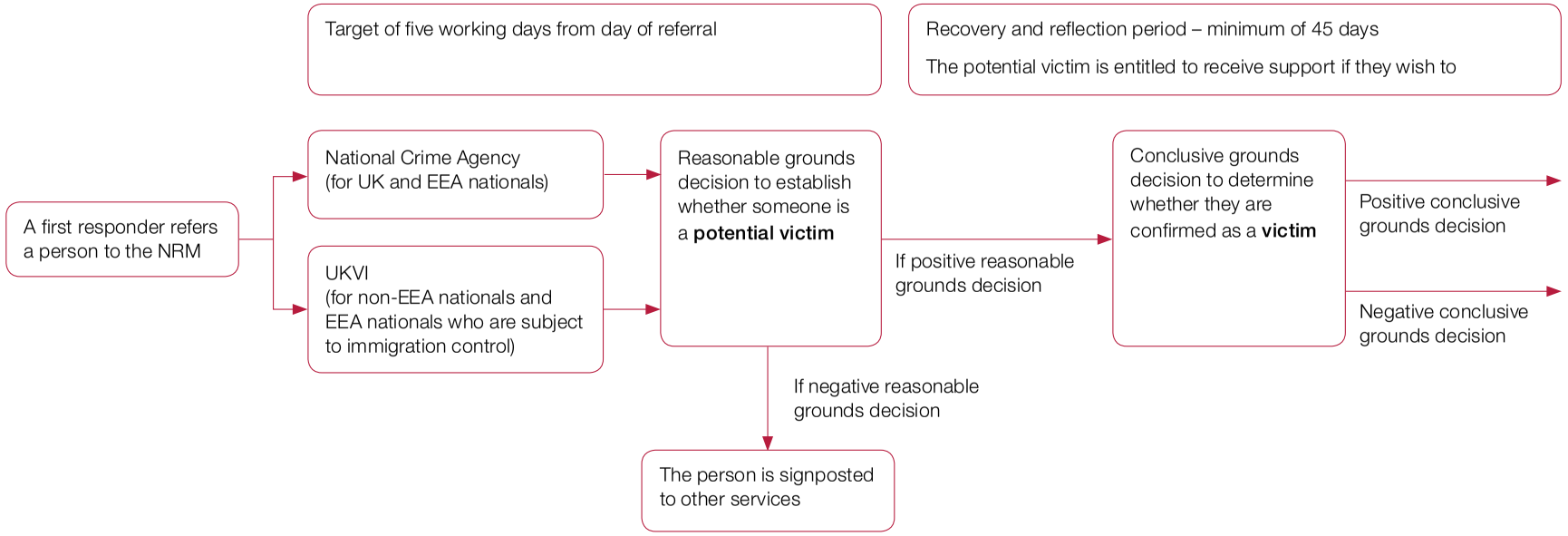
2.2 The NRM is the framework for identifying victims of human trafficking or modern slavery and ensuring they receive the appropriate support. The Home Office introduced the NRM in 2009 to meet the UK's obligations under the Council of Europe Convention on Action against Trafficking in Human Beings. From July 2015, the Home Office extended the support offered through the NRM to all victims of modern slavery in England and Wales, following the implementation of the Modern Slavery Act 2015. The National Crime Agency (NCA) administers the NRM on behalf of the Home Office. **Figure 7** overleaf shows the NRM process. The decision-making part of the NRM applies to the whole of the UK.

2.3 Potential victims are initially referred to the NRM by an authorised agency, known as a first responder. Authorised agencies include police forces, the NCA, UK Border Force, UK Visas and Immigration (UKVI), Immigration Enforcement, the Gangmasters and Labour Abuse Authority (GLAA), local authorities and approved non-governmental organisations (NGOs). Victims must be referred to one of the UK's two competent authorities (NCA and UKVI).[8] All referrals to the NRM will first be received by the NCA, which takes decisions on all cases involving a UK or European Economic Area (EEA) national. When the NCA receives a referral relating to an EEA national who is subject to immigration control or a non-EEA national, the NCA will refer the case to UKVI, which will make the decisions.

8 A small number of NRM decisions are also made by Immigration Enforcement.

Figure 7
National Referral Mechanism (NRM) process for adults

The NRM is the framework for identifying victims of human trafficking or modern slavery and offering appropriate support



Note

1 A small number of NRM decisions are also made by Immigration Enforcement.

Source: National Audit Office analysis of Home Office and National Crime Agency materials

2.4 Potential victims who are referred to the NRM will get a first decision on whether they are considered to be a potential victim of slavery (reasonable grounds decision) within five working days. Where the reasonable grounds decision is positive, they are then granted a minimum 45-day reflection and recovery period. During that time, the competent authority will gather information to enable it to make a conclusive grounds decision on whether the referred person is a victim of modern slavery or human trafficking. The expectation is that the conclusive grounds decision will be made as soon as possible after day 45 of the recovery and reflection period, but 45 days is not a target.

Understanding the crime

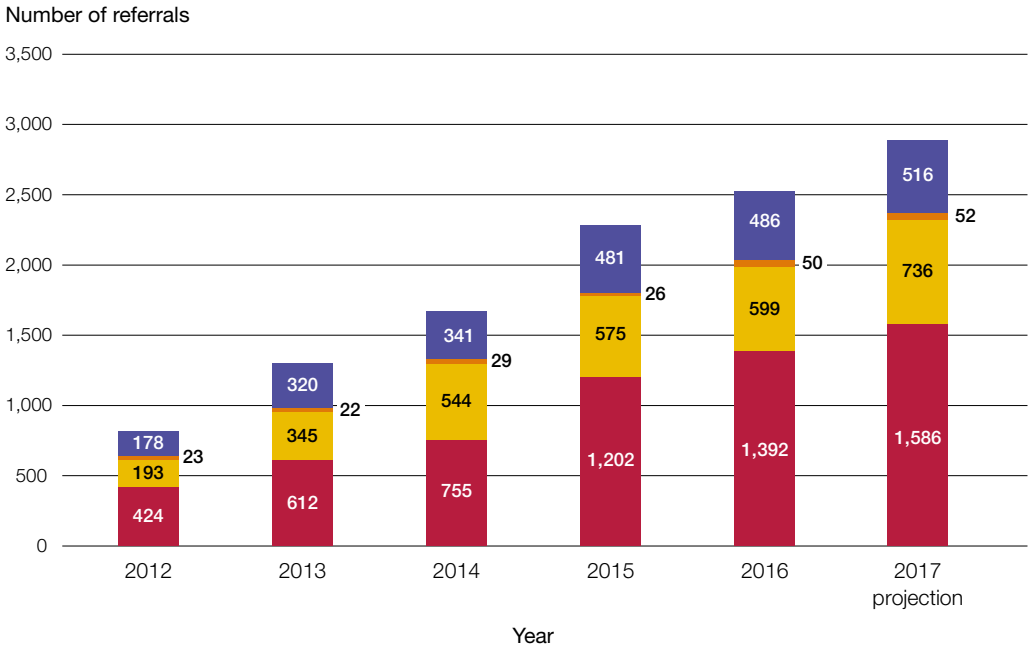
2.5 Our review of the NRM concluded that it is not effective as a data collection tool. Our analysis of the NRM's data revealed multiple errors and duplicate entries. The Home Office and the NCA are aware of the issues and in October 2017 the Home Office announced a series of reforms to the NRM, including rolling out a new digital system to support the process, which it intends will make it easier for those on the frontline to refer victims for support and enable data to be captured and analysed. An independent multi-agency panel will also be established to review negative conclusive grounds decisions. However, given that the NRM was first introduced in 2009, the NCA and Home Office have been slow to update and improve the system, which has prevented them from using the data to better understand the crime and inform interventions.

2.6 The number of referrals of potential adult victims has grown substantially since 2009. **Figure 8** overleaf shows the breakdown of adult referrals by first responder categories. There were 2,527 adult referrals in 2016, a 51% increase compared with 2014 when the strategy was introduced. The number of referrals has continued to increase in 2017, with 1,445 adult referrals between January and June 2017. The NCA expects the trend to continue. The Home Office does not know how much of this increase was driven by increased awareness, and impact of its strategy, and how much was driven by increased prevalence of the crime. It is likely that a proportion of the increase is driven by increased awareness as a result of the government's strategy. The Home Office has also not set any expectations on when it expects the number of referrals to decrease as a result of government's efforts to significantly reduce the prevalence of modern slavery. More than half of adult potential victims (1,387 in 2016) are referred by the Home Office, usually as part of an asylum claim (UKVI made 1,044 adult referrals in 2016). Police forces referred 599 adult potential victims in 2016. Local authorities only referred 50 adult potential victims.

Figure 8

National Referral Mechanism adult referrals, 2012 to 2017 by first responder

The number of referrals has increased year on year since 2012



Notes

1 Figures before 2012 are not available on an annual basis.

2 Figures for 2013 are taken from individual quarterly reports and do not match the total reported in the annual report.

3 Figures for 2017 are a projection based on the first two quarters of 2017.

Source: National Referral Mechanism statistics

2.7 The NRM data identify some characteristics of victims. For example, around 100 different nationalities were referred to the NRM in 2016. The most common nationalities for adult referrals were Albania, Vietnam, China, Nigeria and Romania. Adults from these countries represented almost 50% of all adult referrals since 2009. The UK was the eighth most common nationality for adult referrals in 2016, and potential victims from the UK are the most likely to receive a positive conclusive grounds decision (88% of the cases that have received a conclusive grounds decision). Other EEA nationals were also more likely to be recognised as confirmed victims of modern slavery compared with non-EEA nationals, For example, only 31% of all adult Albanian cases entering the system between 2009 and 2016 have received a positive conclusive grounds decision as at March 2017.

2.8 The NRM records four types of exploitation: labour exploitation, sexual exploitation, domestic servitude and organ harvesting. Out of 2,527 adult referrals in 2016, 1,107 (44%) were for labour exploitation, 951 (38%) were for sexual exploitation and 326 (13%) were for domestic servitude. There was only one case of organ harvesting. The exploitation type was unknown or not recorded for 142 (6%) adult referrals. Adult referrals for labour exploitation were more likely to receive a positive conclusive grounds decision (61%) than referrals for sexual exploitation (42%) or for domestic servitude (39%). **Figure 9** overleaf presents the NRM's data on who the victims were and the outcomes of their referrals.

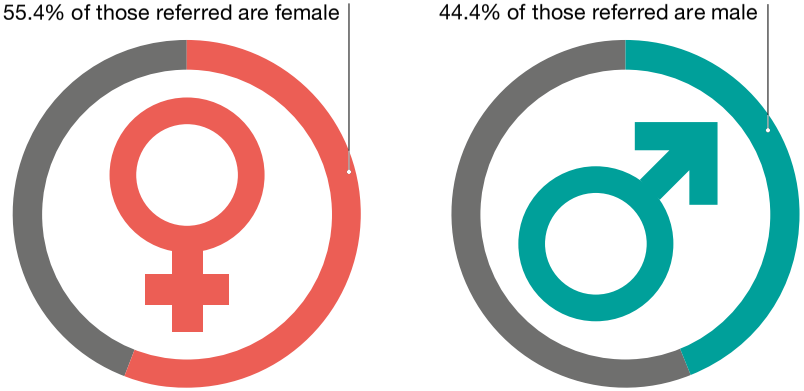
2.9 The Home Office and the NCA recognise that there are gaps in their understanding of modern slavery in the UK. The data collected during the NRM process are not used effectively to understand the victims. There are also limitations to using the data to understand the crime itself. Home Office reviews in 2014 and 2016 found a range of problems with the NRM's data, including forms often not being completed properly by first responders, missing information and no regional aggregation of data.

2.10 Since November 2015, statutory agencies have had a duty to notify the Secretary of State of any individual encountered in England and Wales who they believe to be a suspected victim of slavery or human trafficking. This can be by completing an NRM form or, where an adult victim in England and Wales does not consent to be entered into the NRM, a Notification of Potential Victim of Modern Slavery form (MS1). The number of MS1 reports remains low (around 1,065 in the year to June 2017), suggesting a lack of awareness of the duty. The Home Office has not yet used the data to build a more comprehensive picture of the nature and scale of modern slavery.

2.11 The Home Office and the NCA are now working to build a better understanding of modern slavery victims and offenders. Modern slavery has been a priority for intelligence gathering since November 2016. In 2017-18, UK law enforcement established the Joint Slavery and Trafficking Analysis Centre (JSTAC), a multi-agency strategic intelligence centre. JSTAC is embedded in the NCA and is funded through the Police Transformation Fund (see Part Four). Its remit is to deliver high-quality intelligence and an improved assessment of the modern slavery threat. The Home Office's modern slavery research team published a typology of modern slavery offences and offenders in the UK in October 2017. The typology has identified 17 types of modern slavery offences. Addressing gaps in the government's understanding of modern slavery is a priority for the Prime Minister's taskforce. It is extremely important that the Home Office and its partners improve their understanding of the crime if they are to successfully pursue their strategy. Progress in understanding the crime has been slow, but the work produced so far by JSTAC has started building a better understanding of the crime.

Figure 9

The adult potential victims referred to the National Referral Mechanism in 2016



Adults referred for labour exploitation are more likely to receive a positive conclusive grounds decision (61%) than for sexual exploitation (42%) or domestic servitude (39%).

Male potential victims are more likely to receive a positive conclusive decision (57% compared with 42% of female potential victims).

Although most referrals are made from the London region, this is also the region with the lowest rate of positive conclusive decisions (only 38% of referrals lead to a positive conclusive decision).

The regions with the highest rates of positive conclusive decisions are the South West (69%) and West Midlands (67%).

UK nationals most likely to get positive conclusive decisions (88%).

Non-EEA nationals less likely: eg Albania, Nigeria and Vietnam are the top three countries in terms of referrals since 2009 but only 31%, 32% and 27% respectively received a positive conclusive grounds decision.

Exploitation type	Number of referrals in 2016	Percentage of overall referrals (%)
Labour exploitation	1,107	44
Sexual exploitation	951	38
Domestic servitude	326	13
Organ harvesting	1	0
Unknown	142	6

Country of origin	Number of referrals in 2016	Percentage of overall referrals (%)
Albania	472	19
Vietnam	292	12
China	219	9
Nigeria	200	8
Romania	175	7
Poland	155	6
India	90	4
UK	71	3

Notes

1 Data relate to adult potential victims referred to the NRM from across the UK.

2 Data on decision outcomes are not included in the published statistics. The figures presented in this figure are from National Audit Office analysis of the raw data and do not fully reconcile to the published statistics due to 11 cases which cannot be identified.

3 Conclusive grounds decision data only include those who have received a decision on their victim status (negative reasonable grounds decision and negative or positive conclusive grounds decision). All decision data calculated using data since 2009. Figures related to decision making are as at 7 March 2017.

Source: National Referral Mechanism statistics and National Audit Office analysis of National Referral Mechanism data

The NRM as a process for identifying victims

2.12 Very few cases reach a conclusive grounds decision within 45 days. Of those referred in 2016-17, the government provided a conclusive grounds decision within 45 days to only 6% of the victims who received a decision. This rises to 33% for a decision within 90 days. Of potential victims referred to the NRM in 2016, 46% did not receive a conclusive grounds decision by March 2017.[9] The competent authorities took an average of 134 days to make a conclusive grounds decision for adult cases referred in 2016 (excluding cases that were awaiting a decision). However, this differs significantly between the two competent authorities because of the complexities involved in investigating crimes abroad. As at August 2017, UKVI has 3,310 work-in-progress cases awaiting a decision, of which 2,293 were referred to it before April 2017.

2.13 The NRM process is inefficient and potential victims are caught up in the system waiting for a decision for a long time. For two-thirds of those referred in 2016-17, the government took longer than 90 days to make a conclusive grounds decision.[10] Many victims of modern slavery also make asylum claims. The Home Office cannot take a negative decision on an asylum claim while a person is being considered under the NRM. Delays in the NRM risk slowing down asylum claims. We interviewed 15 potential victims who were awaiting a decision. They said that a key concern was the anxiety and uncertainty they face while waiting for a decision, especially in relation to their eligibility to remain in the UK.

2.14 The Home Office recognises that the NRM process is inefficient and in need of an overhaul. It commissioned a review of the NRM and published its findings in November 2014, concluding that the support system needed to be redesigned, especially to clarify roles and responsibilities. The recommendations included: streamlining the referral process by removing the reasonable grounds decision; establishing new multi-disciplinary panels headed by an independent chair to end the roles of UKVI and the NCA as the sole decision-makers; and creating a single case management unit within the Home Office to replace the case management units currently in the NCA and UKVI. NRM pilots were set up in August 2015 in two areas (West Yorkshire and South West). The pilots originally planned to conclude in July 2016 but were extended for a further eight months until March 2017 to gather more evidence. In October 2017 the Home Office published its evaluation of the pilots. Although the review took place in 2014, the Home Office has not yet implemented any changes to improve the NRM process.

9 These data include adult and children referrals.
10 These data include children and adult referrals.

Part Three

Support for potential victims

3.1 This part of the report examines the effectiveness of the care and the safeguarding provided by the Home Office to potential victims and the ability of the Home Office to manage the victim care contract with the Salvation Army.

Care provision

3.2 The Home Office and the Ministry of Justice jointly fund a support service for potential victims of modern slavery and human trafficking in England and Wales. However, only the Home Office is responsible for overseeing the service. If potential victims are referred to the National Referral Mechanism (NRM), they can receive support for the 45-day reflection and recovery period and then for as long as it takes to reach a conclusive grounds decision.[11] In the year to June 2017, clients leaving the service had been supported for an average of 251 days. This varied considerably between clients in safe house accommodation (136 days) and clients receiving outreach support only (312 days).

3.3 In 2015, the Home Office ran a competitive procurement process and awarded the Salvation Army the contract to deliver the victim care element of the NRM process. The support contract only covers England and Wales. The Salvation Army is the prime contractor and works with 12 subcontractors across England and Wales to administer the care services required by the contract.

3.4 The number of potential victims that require support from the Salvation Army has increased every year since the contract was first awarded. In the year to June 2017, a total of 2,589 people received support from the Salvation Army. Of these, 1,554 entered the service in the year to June 2017 and the rest were already in the service at the start of the year. This represents an increase of 11% on the number of people who entered the service in the year to June 2016. At the end of the year to June 2017 only 21% of clients were accommodated in safe houses. Most clients (79%) received only outreach support.[12] Some potential victims may decline the offer of support or the Salvation Army may be unable to contact them.

11 Potential victims can request support after they receive a positive reasonable grounds decision, or at the point of referral to the NRM if they are destitute.

12 Potential victims also claiming asylum are usually accommodated in National Asylum Support Service (Asylum Support) accommodation instead of safe houses.

3.5 The support offered to clients covers accommodation and a range of outreach services, including subsistence, emergency medical treatment, translation and interpretation services, advocacy for specialist services (for example, counselling and English classes), assistance at appropriate stages of criminal proceedings against offenders and access to education for dependent children. **Figure 10** on pages 36 and 37 shows the support offered to potential victims during the NRM process. In addition to these contractual services, some of the Salvation Army's subcontractors and the potential victims we interviewed told us they offered and received extra support that was funded outside the victim care contract. This support can include gym passes, yoga classes or partnership programmes with other charities, for example the Day 46 employability programme delivered by the Sophie Hayes Foundation. Part of the extra support provided is funded by the Salvation Army Victim Care Fund.[13] The potential victims we interviewed told us that the care they receive is very important in helping them recover but also pointed out that some services such as English courses are often full, with long waiting lists.

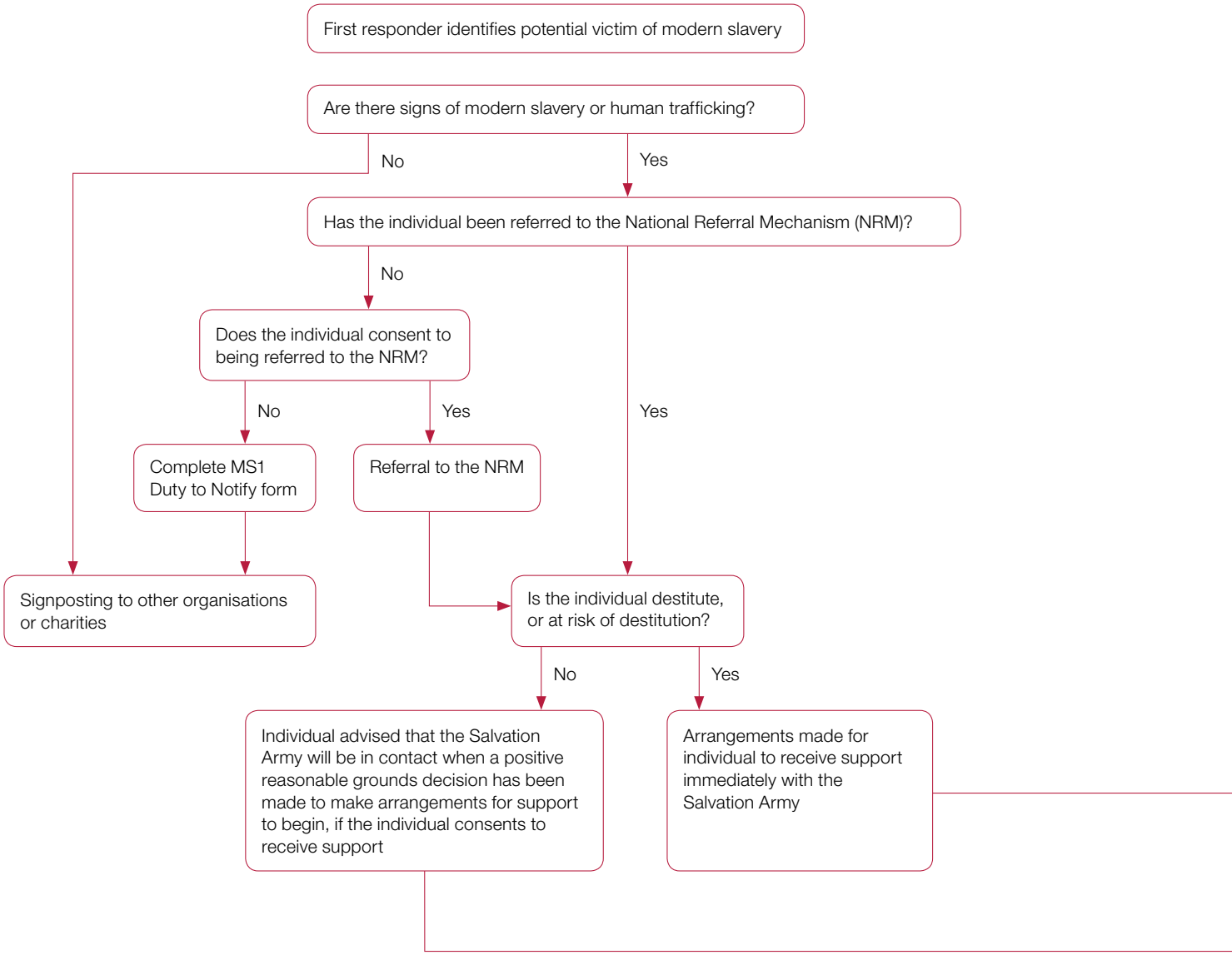
3.6 A positive conclusive grounds decision has no legal status in the UK. It does not necessarily grant the person leave to remain or allow for any further support. The confirmed victims have two weeks to leave Salvation Army support, compared with two days for those who receive a negative conclusive grounds decision. In October 2017 the Home Office announced that the two weeks' support will be increased to 45 days. Confirmed victims are not eligible for care under the Care Act unless they are considered vulnerable for other reasons. The Home Office does not collect any data on victims after they exit the NRM and so has no assurance that victims are not being trafficked again, potentially undermining the support given through the NRM for any victims that end up being re-trafficked. In its 2017 annual report the Salvation Army has reported on some additional measures, such as clients' destination after they leave support and client feedback on the support services, but the information is not benchmarked.

13 The Fund has operated since 2011 and was created to fund the varying needs of Salvation Army modern slavery victim clients that are not covered by the government contract.

Figure 10

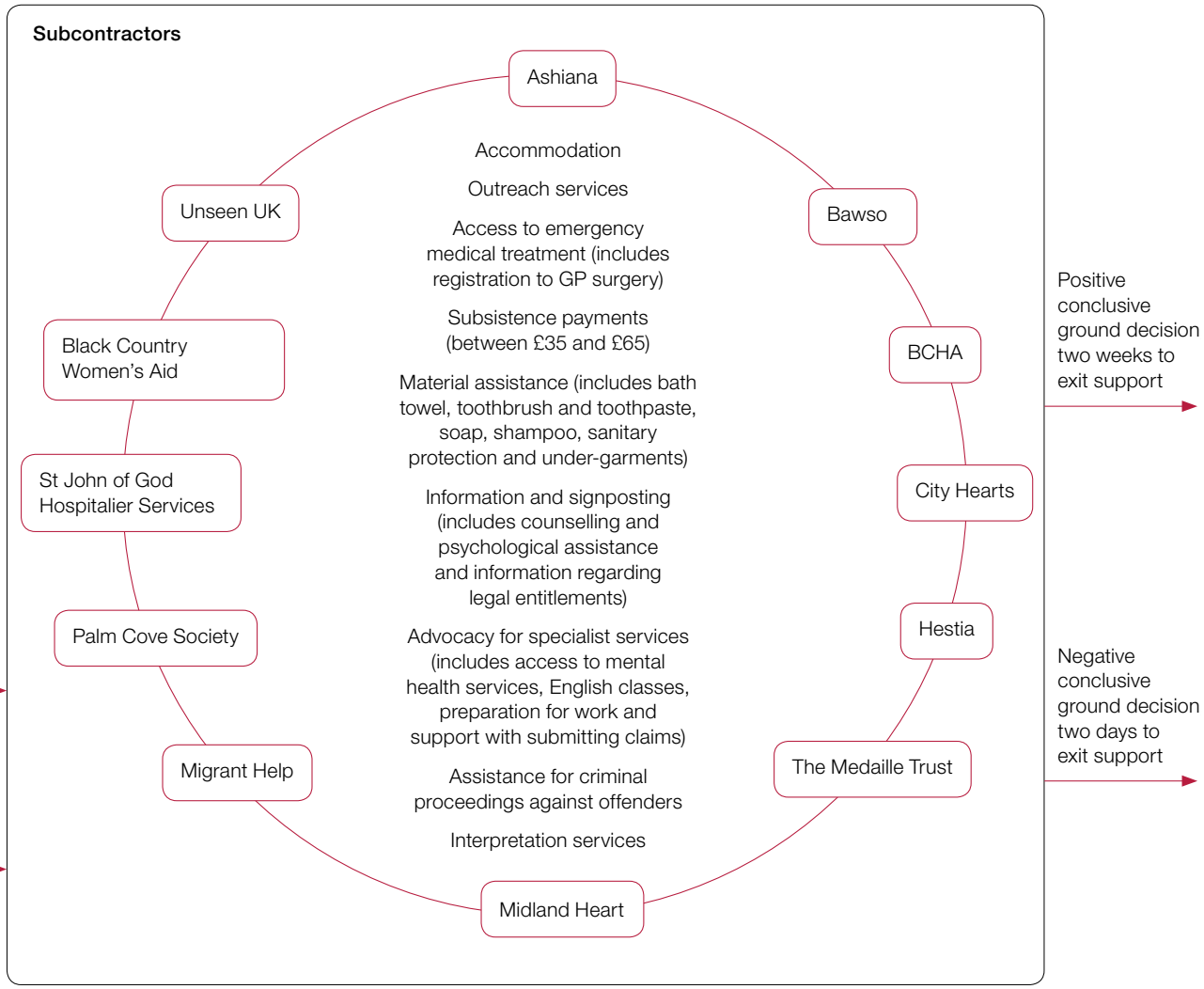
Support provided to adult potential victims of modern slavery through the victim care contract

Potential victims can receive support during their reflection and recovery period, for a minimum of 45 days



Source: National Audit Office analysis of Home Office and Salvation Army materials

The Salvation Army won the victim care contract in 2015 and works with 12 subcontractors to support victims during the NRM decision process



Care contract

3.7 The Home Office does not have effective oversight of the victim care contract. The Salvation Army has been running the victim care contract since 2011. It won the victim care contract again in April 2015. The contract has been awarded for three years, with the possibility of a two-year extension. The Ministry of Justice jointly funds the contract with the Home Office.

3.8 The Home Office has limited ability to forecast the total cost of all adult victims in the NRM and, of those, how many will consent to receive support. The early estimates for the five-year contract underestimated the costs; these ranged between £40 million and £43.2 million. The Home Office reassessed its cost estimates as part of the Spending Review 2016 and revised the provision, allocating £53.2 million for 2015-16 to 2019-20. However, despite the revision, the contract is still overspending and the Home Office forecasts that it will cost around £90 million.

3.9 The Salvation Army and its subcontractors received £14 million for services provided and management of the contract in 2016-17, when the Home Office had budgeted only £9.6 million for the same period. The contract is demand-led, so the Salvation Army is reimbursed for the services it provides and the overspend falls to the Home Office. The overspend is largely due to the assumptions that the Home Office used to inform the contract budget. For example, it assumed that on average clients would be supported for 79 days. Instead, the average length of support is increasing and is now more than three times the original estimate (251 days).

3.10 The Salvation Army runs the contract on a fixed pricing schedule. Since the contract began there has been an increase in the number of potential victims receiving outreach support. Despite this increase, the cost for certain components of support is actually below the fixed price paid by the Home Office, most notably subsistence. This is because the majority of outreach clients are asylum seekers, some of whom are entitled to a rate of subsistence that is lower than the subsistence rate agreed between the Salvation Army and the Home Office. As a result, the contract has generated a surplus of £1 million in 2016-17. The Salvation Army has ring-fenced all income received above expenditure and has agreed with the Home Office to invest the additional income in a range of victim care initiatives. In our interviews with three of the five subcontractors, we learned that they are struggling to deliver the care due to the rising costs of running their accommodation, and are having to subsidise running the safe houses from their own income.

3.11 The Home Office has a light-touch approach to managing the victim care contract. The Home Office told us it operates on a trust basis with the Salvation Army and does not actively check the information on performance that it receives. The contract requires the Salvation Army to report on 12 key performance indicators (KPIs) when there is a breach. The Home Office is not currently using two of these indicators. One KPI requires the Salvation Army to follow up with the competent authorities on a conclusive grounds decision within 45 days. The Home Office has instructed the Salvation Army to stop reporting against this KPI, due to delays in NRM decision-making, meaning that decisions are not being taken after 45 days. The contract included a key performance indicator requiring safe houses to be inspected by the Care Quality Commission (CQC). This KPI was not valid as safe houses do not ordinarily fall within the CQC's remit. They would only do so where they were actually providing the specific regulated activities that would require them to register with CQC, such as healthcare services. Safe houses generally perform either a signposting role to such services or facilitate access by enabling the services to come into the facility. While the Home Office's commercial team were aware that the KPI requiring CQC inspections was not valid, the team at the Home Office who manage the contract were unaware of this.

Care quality

3.12 The Home Office has not put in place a robust inspection regime to check the quality of care and support provided in safe houses. We have seen no evidence that safe houses are independently inspected, although the subcontractors we interviewed told us that the Home Office occasionally conducts visits. The Home Office confirmed that it performs spot checks, but told us that this is an informal process and it does not record the findings of its inspections. The Salvation Army performs annual audits of its victim support subcontractors against finances, information security and safeguarding.

3.13 In the absence of registration with the CQC, the Home Office has not put in place any agreed minimum standards for subcontractors. The Salvation Army and some of the subcontractors and non-governmental organisations we interviewed told us they would welcome standards set by the Home Office. They are concerned that there are no minimum standards for subcontractors, which can result in varying quality of provision. The Salvation Army has encouraged its subcontractors to use the Human Trafficking Foundation Care Standards, which provide guiding principles and practical recommendations.[14] The independent anti-slavery commissioner has endorsed the standards, but the Home Office has not made it mandatory for subcontractors to comply with them.

14 Human Trafficking Foundation, Trafficking Survivor Care Standards, July 2014. Available at: www.humantraffickingfoundation.org/

3.14 Potential victims are at risk of receiving poor care while they are staying in safe houses. We visited three safe houses that are run by some of the Salvation Army's subcontractors. The 15 potential victims of modern slavery we interviewed were positive about the support and care they were receiving while they were waiting for a conclusive grounds decision. The potential victims told us that they particularly appreciated the feeling of safety and the emotional support provided by their caseworkers, as well as the access to English lessons and healthcare. However, they also told us that the care they had received from other subcontractors while in the NRM had varied in quality.

3.15 In 2016, the Home Office created a peer group to draft statutory guidance on identifying and supporting victims. However, the charities from the Stakeholder Forum that were involved in the peer group told us that the Home Office had since paused the process. The Home Office confirmed that it had decided to put the drafting of statutory guidance on hold until the reform of the NRM was finalised.

3.16 In the absence of care standards and a robust inspection regime, the Home Office has no way of evaluating the quality of care provided by the subcontractors. The Home Office's Portfolio and Investment Committee reviewed the victim support services contract in 2014 and concluded that it could not reliably calculate the benefits gained from the contract. We have seen no evidence that the Home Office has taken steps to improve the way it assesses and reports on the effectiveness of the support provided to potential victims.

3.17 In October 2017 the Home Office announced reforms to the NRM. These include, increasing the minimum period of 'move on' support for victims from 14 to 45 days; introducing six months of 'drop in' services developed in partnership with the Salvation Army for victims leaving the NRM; and working with local authorities to develop best practice for victims to transition into a community and access local services. The government also committed to set out in regulation the support that victims are entitled to and to adopt the Human Trafficking Foundation's Care Standards as a minimum standard of victim support.

Part Four

Prosecuting offenders

4.1 This part examines the activities undertaken by, and the performance of, the local police forces and the Crown Prosecution Service (CPS) in investigating and prosecuting modern slavery crimes. The crime, prosecutions and convictions data quoted below covers England and Wales only.

Police referrals and crime recording

4.2 Police forces across England and Wales are taking their own approach to tackling modern slavery, and are achieving variable results. This includes training their officers on how to identify victims and collect evidence for prosecution. The three police forces with the highest number of adult referrals have made more than 900 referrals since the National Referral Mechanism (NRM) began in 2009, while six police forces have referred fewer than 10 adult potential victims each in the same period. **Figure 11** overleaf details the adult referrals made by different police forces in 2016. The ratio between the forces with the highest number of referrals and the lowest number of referrals is much higher than for other types of crime. While the Home Office expects the prevalence of modern slavery offences to vary by region, it also acknowledges that the importance of tackling modern slavery has not been grasped equally by all forces.

4.3 We interviewed the Metropolitan Police and the Greater Manchester Police forces. Both forces have set up dedicated units to tackle modern slavery. They report a high number of referrals and investigations, but their approaches and training available for front-line staff vary. They also told us that investigating modern slavery cases is particularly difficult because of lack of evidence and the difficulties involved in getting foreign nationals involved in the prosecution process. Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) found in its inspection published in October 2017 that while it encountered pockets of good practice, these were the exception rather than the rule. It found significant failings in the ability of the police to identify victims of modern slavery and human trafficking, or to take appropriate steps in relation to those who were, or should have been, identified as victims.[15]

15 Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, *Stolen freedom: the policing response to modern slavery and human trafficking*, October 2017.

Figure 11

Police forces in England and Wales with the highest and lowest number of National Referral Mechanism (NRM) adult referrals in 2016

Police forces have not equally grasped the importance of tackling modern slavery

Referring police force	Number of referrals recorded in 2016	Percentage of police referrals in 2016 (%)
West Midlands	92	17
Metropolitan Police	69	12
Greater Manchester	39	7
Northumbria	37	7
Thames Valley	29	5
West Yorkshire	29	5
Cleveland	2	0
Dyfed-Powys	2	0
Hampshire	2	0
London, City of	2	0
Dorset	1	0
Lincolnshire	1	0
Suffolk	1	0
Durham	0	0

Source: National Crime Agency, *National Referral Mechanism Statistics – End of year summary 2016*, April 2017

4.4 In October 2016, the Home Secretary announced £8.5 million of funding for the Police Transformation Fund to help law enforcement agencies to tackle modern slavery. The funding, allocated until 2018-19, is to be used to improve the country's enforcement response to modern slavery by providing better intelligence and analysis to enable a better understanding of the crime, and an improved operational response throughout the investigative process. The transformation fund is a programme of 11 interlinked projects. The majority of these are police-related activities:

- a national policing insight team that will develop information on disruption and performance;
- a regional analytical function and tactical coordination and support officer function to support investigations;
- a joint police and immigration enforcement NRM triage function;
- activities to improve evidence and guidance on investigations; and
- a national training coordination function.

These units became operational from April 2017. The Home Office has not set out the progress it expects from the programme each year. As a result, at this stage, it has rolled out a tool to all forces to enable it to gather information centrally about police operational activity. However, the programme is almost a year into a three-year funding cycle and the front-line police activity has not progressed as well as we would expect. HMICFRS noted that the Police Transformation Programme will end in March 2019 and that the police service needs to put sustainable plans into action in order to improve its response to tackling modern slavery.[16]

4.5 National Crime Recording Standards state that in most cases a crime must be recorded if a victim, or a person reasonably assumed to be acting on behalf of the victim, believes that a crime has occurred. However, in 2015-16, 870 modern slavery crimes were recorded by the police in England and Wales, compared with 3,146 referrals to the NRM during the same period. This suggests there is a mismatch between the two processes. Analysis carried out by the independent anti-slavery commissioner's office indicates that 28% of referrals to the NRM in 2015-16 may have resulted in a modern slavery crime being recorded by police in England and Wales and HMICFRS's findings support concerns about under-recording of modern slavery crime.[17,18]

16 See footnote 15.
17 IASC Annual Report 2015-16, 2016.
18 See footnote 15.

4.6 As of December 2016, the National Crime Agency (NCA) must refer all NRM cases to the police, which has driven the number of modern slavery crimes recorded upwards. Overall, the new requirement to notify police forces of every new NRM referral has probably led to the sharp increase in the number of crimes recorded (a 159% increase in England and Wales from 870 in 2015-16 to 2,255 in 2016-17). Police forces have raised concerns about workload since the new NCA obligation took effect, in particular about two issues:

- the area of referral is the police force that the victim was found, which is often different from where the crime took place; and
- modern slavery cases are very complex and investigation is very resource-intensive.

4.7 Since February 2017, the NCA has run 'intensifications', where law enforcement agencies focus on a specific theme or nationality for tackling modern slavery. Intensifications involve multi-agency activity and communications campaigns to raise public awareness and increase activity. As at October 2017, across England and Wales, there were more than 400 active investigations, 85% of which were led by the police. It is difficult to say whether increased operational activity has resulted in an increase in prosecutions and convictions. This is because the police collect limited data and because of the time lapse between the activities and the prosecutions. At the time HMICFRS was writing its report there had been four weeks of operational activity. Seventy-seven arrests were made during this period, five subsequent referrals to the NRM, and 14 duty-to-notify submissions made to the Home Office across the operations.[19]

Modern slavery convictions

4.8 Prosecution rates of modern slavery crimes are still very low. In 2016, only 80 defendants were prosecuted under the Modern Slavery Act for 155 modern slavery offences, rising from 26 in the previous year for 27 offences. This legislation can only be used for crimes committed after the Act was introduced and as modern slavery cases take a long time to be built (two to five years) it is difficult to benchmark. It is likely to be at least one year until the increased focus of law enforcement is reflected in a higher number of prosecutions.

19 Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, *Stolen freedom: the policing response to modern slavery and human trafficking*, October 2017. Data provided by the NCA to HMICFRS.

4.9 CPS management information shows the number of defendants who were flagged as being involved in modern slavery, regardless of whether the eventual prosecution was for modern slavery or another offence. In total, there were 349 completed prosecutions of defendants flagged as being involved in modern slavery in 2016, of which 62% resulted in conviction. The conviction rate is comparable to the levels of other 'hidden crimes' (for example, domestic violence). A small proportion of the crimes recorded by the police result in a charge. Only 6% of the crimes recorded in the year to end of March 2017 were summonsed or charged. Police forces are recording an increase in cases where no suspect has been identified (in 31% of the crimes in the same period). A large proportion of crimes are also being recorded as having evidential difficulties (27%). However, 13% more crimes are being charged or summonsed in the same period compared with the previous year. The CPS and the police are currently investigating the reasons why cases referred to the CPS are not meeting the evidential threshold for charge and prosecution.

4.10 We interviewed three of the 14 CPS complex case units. They all told us that the act is clear and gives sufficient guidance and powers to prosecute the crimes. The CPS has issued its own guidance on what constitutes modern slavery and the rights of victims. However, it also told us that police forces' investigations and case-building is variable. There are significant complexities involved in achieving a successful prosecution. These include identifying the perpetrator, acquiring sufficient evidence in the investigation, and victims agreeing to act as witnesses and then being available for the trial.

4.11 The first conviction under the Modern Slavery Act was in November 2016. The average length of a custodial sentence for modern slavery convictions is short and has not changed much in the past few years. Between 2014 and 2016, the average sentence was around four years' imprisonment. The Modern Slavery Act has set the maximum sentence to life in prison but that sentence has yet to be used. In May 2017, the Solicitor General referred a case to the Court of Appeal as unduly lenient. The Court of Appeal increased the sentence for the case from four years' to seven years' imprisonment, noting that the maximum sentence under the Modern Slavery Act is life imprisonment.

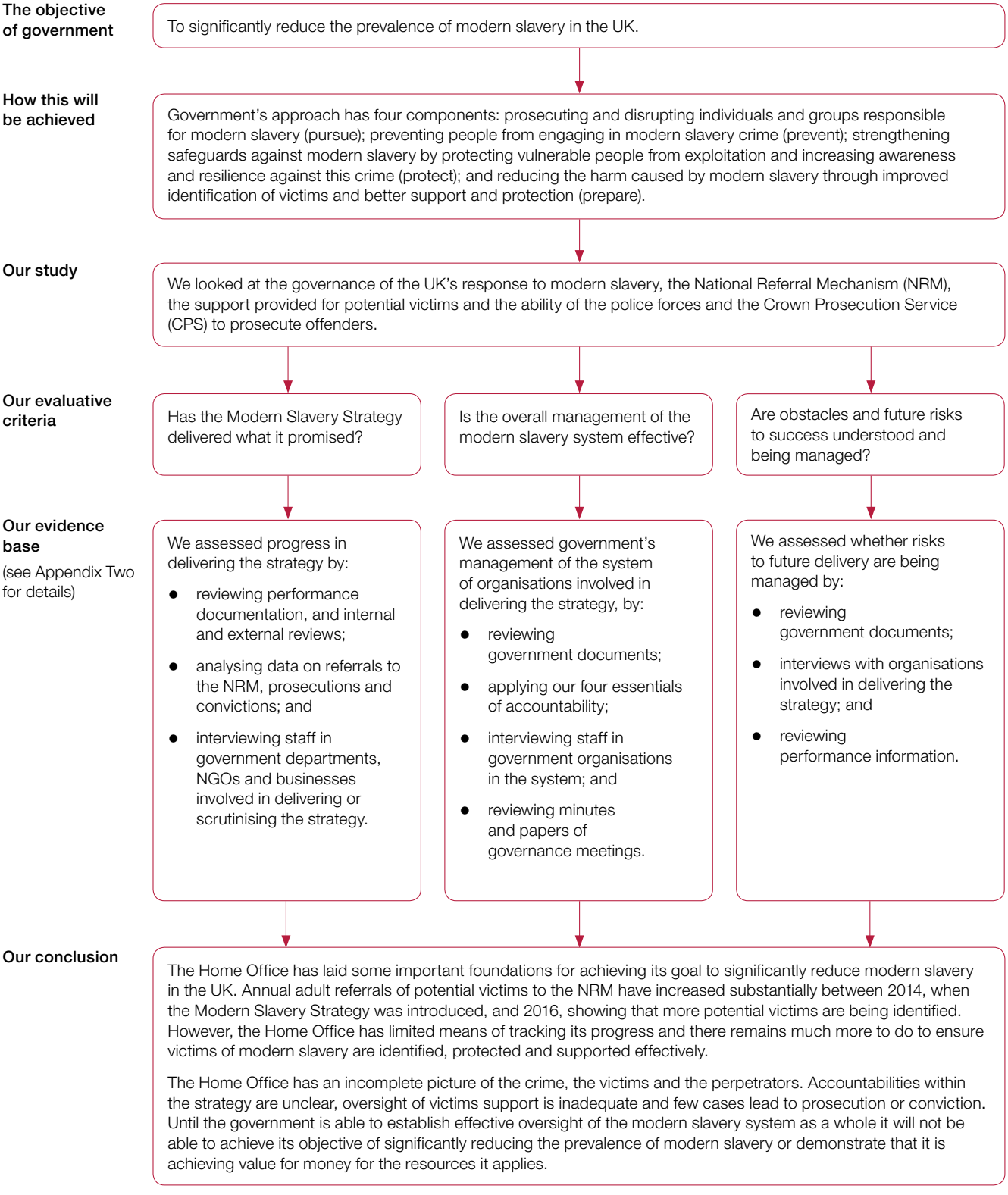
Appendix One

Our audit approach

1 We reached our conclusions on whether the government's approach to tackling modern slavery delivers value for money after analysing evidence collected between February and October 2017.

Our audit approach is outlined in **Appendix One**.

Figure 12
Our audit approach



Appendix Two

Our evidence base

1 We assessed whether the Modern Slavery Strategy has delivered what it promised.

- We reviewed the Modern Slavery Strategy, the reports submitted to the Prime Minister's taskforce and reviews by government and non-governmental organisations.
- We analysed data from the NRM on the number and types of referrals received, who had made the referrals, and who the victims are.
- We assessed the quality of the data collected in the NRM.
- We undertook a walk-through of the NRM process at the National Crime Agency (NCA) and UK Visas and Immigration (UKVI).
- We analysed data on prosecutions and convictions.
- We conducted interviews with:
    - 11 central government bodies, including departments;
    - 14 non-governmental organisations;
    - three safe houses, where we interviewed 15 potential victims of modern slavery, as well as staff;
    - five people who were receiving post NRM support from an NGO;
    - four businesses;
    - two police forces;
    - two local government organisations;
    - two organisations representing businesses; and
    - five other organisations.

2 We estimated the amount of lost earnings by victims in the UK. For this work we used the Home Office's 2014 estimate of the number of potential victims of modern slavery in 2013 at 10,000–13,000 (see paragraph 1.3). Our analysis was based on the following assumptions:

- the number of victims has remained unchanged since 2013;
- geographical distribution of referred victims is representative of the population, and has remained unchanged since 2013;
- age distribution of referred victims is representative of the population, is independent of UK/overseas, and has remained unchanged since 2013; and
- that all victims would otherwise be working at minimum wage and the hours worked would be in line with the average UK weekly hours worked.

3 We assessed whether the overall management of the modern slavery system is effective.

- We conducted and analysed the interviews mentioned above.
- We reviewed performance reports, and internal and external reviews and minutes of governance boards.
- We used our four essentials of accountability to assess accountability in the modern slavery system.

4 We assessed whether obstacles and future risks to success are understood and being managed.

- We reviewed documents on risk.
- We reviewed the Modern Slavery Strategy, the reports that are submitted to the Prime Minister's Taskforce and reviews by government and NGOs.
- We conducted interviews with the Home Office, the NCA, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, the independent anti-slavery commissioner and a range of stakeholders.

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