



Gangmasters Licensing Authority

Gangmasters Licensing Authority Annual Report and Accounts

1 April 2012 to 31 March 2013





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1 April 2012 to 31 March 2013

Presented to Parliament pursuant to section 23
of the Gangmasters (Licensing) Act 2004

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Mission Statement

At 1 April 2012 the Mission Statement was as follows:

The mission of the Gangmasters Licensing Authority (GLA) is to safeguard the welfare and interests of workers as defined by the Gangmasters (Licensing) Act 2004 (the Act), whilst ensuring labour providers operate within the law. The mission will be achieved by:

- operating a system to license labour providers, including a publicly accessible register;
- effective communication of the legal requirement for labour providers to become licensed, and to operate and remain within the formal economy;
- imposing the least possible burden on labour providers and labour users through efficient and effective processes and procedures;
- developing and promoting standards for best practice in the supply and use of temporary labour, in collaboration with stakeholders;
- checking licence holders for continued compliance with the licence conditions;
- taking enforcement action against those who operate illegally or who for other reasons are judged unfit to hold a licence;
- supporting enforcement of the law, by or in conjunction with the enforcement authorities of other government departments (OGDs), and others as appropriate through shared information and joint working;
- maintaining a continuous review of the activities of gangmasters and the effects of the Act and the Authority on them.

With effect from 1 April 2013, a revised and refreshed single aim of strategic priorities and objectives were agreed for the Authority which have been incorporated into the Strategy for Vulnerable and Exploited Workers 2013-16.

Foreword

History and Statutory Background

The GLA is a non-departmental public body (NDPB) formally established on 1 April 2005 following the implementation of the Act, the headquarters of the organisation are in Nottingham, United Kingdom. This is our eighth Annual Report and Accounts. This is therefore the seventh year of significant operational activity which has seen the Authority continue to protect the integrity of the licensing system, catching unlicensed gangmasters through strong and unflinching enforcement, and producing advice on how to maintain compliance across a range of areas of the Licensing Standards.

Basis of Accounts Preparation

These accounts have been prepared in the form directed by the Department for Environment Food and Rural Affairs (Defra), with the approval of HM Treasury in accordance with Section 23 of the Act.

The Financial Statements are prepared in accordance with regulation 13 (2) of the Gangmasters (Licensing) Authority Regulations 2005 and directions made thereunder by the Secretary of State, reporting the state of the GLA's affairs as at 31 March 2013 and of its deficit for the year.

Management

Effective regulation is based on intelligence led operations that target non compliant labour providers whilst leaving alone businesses who do conform to the required standards. Such an approach commands support from businesses in the regulated sectors as it promotes fair competition. The maintenance of a fair market continues to be an objective in the future.

In line with most public sector organisations the GLA has seen a further reduction in its level of funding during 2012-13. This has meant that reducing resources have had to be targeted even more effectively to ensure that objectives are met.

In dealing with the challenges faced as a result of lower funding levels the Authority has sought to retain the investment in front line services, predominantly enforcement officers, to seek to ensure that unscrupulous labour providers can no longer exploit vulnerable workers and defraud the Exchequer.

The Government, under the auspices of the Red Tape Challenge (RTC) has committed that regulation is delivered with a more focussed approach. The aim of lighter touch regulation is to ensure that compliant businesses are not overburdened by unnecessary administration. This initiative is fully supported by the Authority. In addition, the RTC seeks to concentrate resources on effective enforcement and the eradication of criminality. The Authority remains confident that the opportunities presented by the change in approach will see the GLA emerge stronger and able to regulate its sector even more effectively.

The Authority will reduce the administrative burden on compliant businesses whilst cracking down on rogue gangmasters who seek to gain competitive advantage at the expense of workers who are exploited financially, physically and emotionally.

External Partners

The complexity and serious nature of our enforcement activities means that more often than not the GLA works closely with other enforcement bodies. The Authority will continue to work with partner agencies to satisfy its objectives. 2012-13 has seen a significant increase in multi-agency operations in which the GLA has played a leading role. The GLA partners include: Her Majesty's Revenue and Customs, United Kingdom Border Agency, Serious and Organised Crime Agency, United Kingdom Human Trafficking Centre, all UK Police Forces and the Health and Safety Executive (HSE).

Disabled Persons

In line with good practice towards applications for employment, the Authority considers applications from disabled people on the basis of the qualifications and abilities of each individual. Should an employee become disabled during the course of employment, every practical effort would be made to allow him/her to continue in his/her employment.

Diversity and Equality

The Authority follows an equal opportunities policy for fair and open recruitment of permanent staff regardless of age, disability, sex or ethnic origin.

Employment and promotion is solely on merit. Precisely the same standards apply in the assessment of women and men regardless of marital status, domestic responsibilities, ethnic or national origin. Employees who work reduced hours are assessed on exactly the same basis as those working full-time.

Employee Involvement

The Authority recognises the very large part that its staff has to play in the development of the organisation, and encourages staff involvement in the day-to-day running of its activities. This is done via normal line management arrangements, including team meetings.

Supported by effective leadership, staff actively seek better ways to deliver the Authority's desired outcomes and develop, focus and utilise their skills to make maximum impact on the achievement of the Authority's priorities.

We have a positive and constructive relationship with our recognised trade union, Public and Commercial Services Union (PCS), and we value the contribution the trade union makes to the work of our organisation, in representing their members and maintaining a united culture within the GLA.

Complaints Procedure

The Authority has an established policy for dealing with complaints. All complaints are responded to in writing by the Authority and the ultimate responsibility lies with the Authority's Chair through the Chief Executive. If not satisfied, the complainant can then refer the matter to the Parliamentary and Health Service Ombudsman, who investigates complaints about maladministration or service failure on the part of the Authority.

Enquiries to the Ombudsman should be made via the complainant's local MP in writing within twelve months of the matters alleged in their complaint. The MP will then forward the complaint to the Ombudsman. In order to find out who your local MP is, please go to www.findyourmp.parliament.uk or contact the House of Commons Information Office on 020 7219 4272.

Freedom of Information Act

Under the Freedom of Information Act 2000, which came into force on 1st January 2005, anybody may request information from a public authority which has functions in England, Wales and/or Northern Ireland. The Act requires that all requests are in writing (this does include emails), stating clearly what information is required with the name of the applicant and an address for correspondence. The Authority provides guidance on how it handles Freedom of Information requests under S12 of its external communications policy.

Information Security

There have been no incidents of loss of personal data during the year (none 2011-12).

Pension Arrangements

Pension arrangements for the Authority are covered by the Superannuation Act 1972 and reflect benefits for members of the Principal Civil Service Pension Scheme (PCSPS). Further details can be found within the Remuneration Report (pages 15 to 19) and in note 3 (on pages 36 and 37).

Sickness Absence

During the year an absence level of 2.19% was recorded (1.25% 2011-12) which is well below the average for public sector organisations.

Payment Policy

The Authority has a payment policy for all goods, services, works and contracts. Where there is no contractual provision or accepted practice governing the time of payment, the Authority's aim is to pay within 10 days of receipt of the goods or service, or within 10 days of a valid invoice, whichever is the later. We have also undertaken under the Department for Business, Innovation and Skills' directive to pay invoices within 5 days wherever possible. This is in accordance with the Government's Best Payments Code, the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890), the parliamentary control of expenditure and the need to protect the Exchequer's interest. For 2012-13 the Authority achieved an average payment time of 4.56 days (7.10 days 2011-12).

The Future

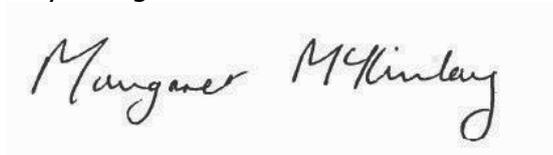
Overall 2012-13 has been a challenging year. The Authority has demonstrated its ability to regulate and provide enforcement in what has always been a difficult sector of UK industry. Going forward, the GLA will continue to protect the vulnerable and exploited workers in the regulated sectors. A new 3 year strategy has been agreed and is currently being disseminated both internally and externally. In summary, the strategy is detailed below:

- This strategy for 'Protecting vulnerable and exploited workers 2013-16' seeks to illustrate a clear framework by which the GLA will improve its performance, enhance confidence and satisfaction and most importantly create a platform where the exploitation of workers can be identified at an early stage and prevented.
- In so doing, the activity of the GLA will be harnessed through a simple delivery plan that is both transparent and open to scrutiny, will be continually reviewed, evaluated and assessed both internally and through the various governance structures and ultimately by the industry that the GLA regulates.
- This strategy, aim, priorities and objectives will be formally reviewed bi-annually by the GLA main board which is comprised of the main stakeholder groups including Government Departments, Labour Providers and Users, Trade Unions and other interested parties to ensure worker exploitation is being prevented, they are being protected and that unlicensed activity is being addressed and those operating within the regulations continue to be compliant. This will be achieved whilst easing the burden on the compliant and enabling national economic growth.

Red Tape Challenge

In a written statement to Parliament issued on 24 May 2012 Jim Paice, Minister of State for Agriculture and Food, set out the agenda for the future. In summary, the Government recognised the continuing need for the GLA to enforce protection for vulnerable workers in its sectors, but indicated that the GLA needed to become better at targeting non-compliant operators and reduce the burden on the compliant.

A public consultation exercise is currently underway, the results of which will be published as soon as they are available. The results will determine how arrangements for the operation of the GLA may change in the future.



Margaret McKinlay

Chair

23 May 2013



Paul Broadbent

Accounting Officer

23 May 2013

Directors' Report

On behalf of the directors, I am pleased to report that the majority of corporate objectives have been met during the year. A full explanation of the performance against objectives for 2012-13 and a statement of objectives for 2013-14 are published later in this report.

Once again during 2012-13 we have been faced with reductions in funding levels from our sponsor department. A significant amount of restructuring has already taken place and this process will continue throughout the life of this parliament as the government's deficit reduction plans have further impact.

There is a recognition within the Authority that although resources are targeted to ensure maximum effect that much more prioritisation must be undertaken during austere times. Difficult choices continue to be made which, inevitably, result in less important objectives being reassessed and prioritised. The Authority continues to manage the process of prioritisation diligently.

We continue to receive strong support from our sponsor department, Defra.

2012-13 has been a year of change for the GLA in a number of areas. The year started with Ian Livsey as Accounting Officer. Ian Livsey left the Authority on 31 October 2012 and I should like to take this opportunity to commend Ian for his achievements during his five year tenure. I took up my appointment on 7 January 2013 and in the time prior to this Ray Dawson, the Authority's Chief Operating Officer, acted as interim Chief Executive and Accounting Officer. I would like to formally thank Ray for his efforts prior to my arrival.

The financial statements and notes are set out in pages 28 to 46.

Explanation of Deficit 2012-13

Prior to every financial year the GLA agrees with Defra its budgeted position. In fact, these figures have been agreed in advance up to 2014-15 and as such the GLA is considered a going concern.

Budgeted funding for the GLA takes two forms. Grant-in-aid (GIA) to cover the costs of administering the licensing scheme and separate funding for enforcement operations.

The Statement of Comprehensive Net Expenditure for the year ended 31 March 2013 on page 28 shows a deficit of £581,000 (£450,000 2011-12).

For the purposes of the Statement of Comprehensive Net Expenditure, the GIA does not form part of the GLA's income and consequently appears in the accounts in the Cash Flow Statement on page 30. The table overleaf illustrates the budgeted total income (including GIA) which reflects a more accurate position of the Authority's performance against budget.

Income and Expenditure Analysis

	Note	2012-13 £000's	2011-12 £000's
Income budget for the year			
GIA	7	1,495	1,424
Enforcement	5	2,529	2,855
Other income	5	90	28
Total income		4,114	4,307
Expenditure for the year	2	(4,115)	(4,357)
Overspend against budget		(1)	(50)

The Authority's accounts are audited by the Comptroller and Auditor General.

As Accounting Officer, I am also able to confirm that:

- As far as I am aware, there is no relevant audit information which the Authority's auditor is unaware; and
- I have taken all necessary steps to make myself aware of any relevant audit information, and also to ensure that the Authority's auditor is aware of that information.
- There are no events after 31 March 2013 that would impact on these accounts.

Signed



Paul Broadbent
Accounting Officer
23 May 2013

Management Commentary

Performance Against Targets 2012-13

Some of the 2012-13 targets were amended following agreement of the GLA Board in October 2012.

Operations		
Objective	Target Achieved	Commentary
12 operations in the year aimed at organised crime groups, including tax evasion, trafficking, health and safety negligence and other serious crimes.	Yes	<p>14 joint operations conducted.</p> <p>During these investigations the GLA identified 1,373 workers who had been subjected to some form of exploitation.</p> <p>In addition, 1,015 days of holidays were withheld from workers.</p> <p>In total, a sum of £397,000 was identified as not paid to workers. Action is progressing to recover these funds where possible.</p>
6 convictions of serious criminality	Yes	<p>In total 27 cases were brought to court by the Crown Prosecution Service and guilty pleas were recorded in every case.</p> <p>Sentences ranged from absolute discharge to substantial fines and associated costs.</p>
Identify and eliminate non-compliance in those sectors and activities covered by the Authority, such as food processing, where exploitation of the most vulnerable workers is known to exist.	Yes	<p>During the year the GLA visited 182 businesses as a result of intelligence received. The range of businesses encompasses the full extent of the regulated sector.</p> <p>All non-compliance issues are referred to the Licensing Department for sanction. Where criminality is discovered files will often be submitted to the relevant prosecuting authority.</p>
80% of tasked intelligence driven operations result in identification of serious non-compliance or unlicensed activity.	No	<p>54% of tasked intelligence resulted in the identification of serious non compliance or unlicensed activity. The underperformance against target is due to the increased level of sophistication, complexity and innovation by unlicensed/criminal Gangmasters. To counter this, information exchange between key law enforcement agencies is being reviewed to maximise the sharing of timely and accurate intelligence.</p>

Written Ministerial Statement Implementation	
Target	Commentary
Introduce administrative fines and penalties for low-level and technical minor offences.	Awaiting the issue and completion of the Defra consultation exercise.
Introduce a measure similar to a Repayment Order to achieve rapid reimbursement to an exploited worker of wages or other payment which has been removed.	Awaiting the issue and completion of the Defra consultation exercise.
Reduce annual licence fees	Following the completion of the GLA consultation a review of fees may follow.
Extend the licensing period from twelve months to two years or more for highly compliant businesses.	Consultation completed, responses in favour of longer licences. Detailed processes to follow.
Review the general requirement for an application inspection and associated fee.	Consultation completed and recommendations presented to the GLA Board in April 2013. Further work is now being undertaken and these findings will be reported in July 2013.
Define and introduce 'earned recognition' as a means of awarding a licence to new applicants.	Consultation completed and recommendations were reviewed by the GLA Board in April 2013. Further work is now being undertaken and these findings will be reported in July 2013.
Implement an approach in respect of a labour user who uses an unlicensed gangmaster proportionate to the circumstances of the offence.	Awaiting the issue and completion of the Defra consultation exercise.
Amend the structure of the Board of the GLA and introduce a smaller Board to provide clear strategic leadership and direction to the GLA.	Awaiting the issue and completion of the Defra consultation exercise.

Financial Performance		
Target	Target Achieved	Commentary
Reduction of at least 5% against the budgeted cost of processing a licence application or renewal.	Yes	After adjustment for additional funding from Defra, the net position revealed a reduction in unit cost of 11.6%.

People: Performance		
Objective	Target Achieved	Commentary
Motivate and retain staff to ensure they can contribute to the achievement of the business plan.	Yes	Sickness level: 2.19% Natural wastage: 4.5% Both figures are well below the national average for the public sector.

People: Engagement		
Objective	Target Achieved	Commentary
Have good employee relations with staff and the recognised trade union.	Yes	Internally the GLA operates a staff forum which enables staff to speak freely with management regarding any issues. Externally, the GLA continues to enjoy an excellent relationship with the PCS union and engages at least quarterly on issues of mutual concern.

IT Initiative		
Target	Target Achieved	Commentary
To improve the capability of the GLA IT infrastructure at optimum cost.	No	The proposed outcome has been redefined and delivery should be achieved in early 2013-14.

Office Relocation		
Target	Target Achieved	Commentary
To effectively relocate the GLA headquarters.	Yes	The GLA relocated to new premises in July 2012.

Authority's Aims, Priorities and Objectives 2013-16

A GLA Board meeting took place on 17 April 2013 where the principles of the Strategic Plan were agreed. Further work is progressing to refine the specific objectives for 2013-14 and once concluded these will be published on the Authority's website.

Simultaneously the Authority continues to work to set individual objectives so that staff members understand the context in which they will be expected to perform.

In the annual report for 2013-14 it is the intention to report against the final objectives as has been the case in previous years.

The GLA has a very clear aim:

'Working in partnership to protect vulnerable and exploited workers'

This aim will be achieved through the delivery of three straightforward priorities:

- Preventing worker exploitation
- Protecting vulnerable people
- Tackling unlicensed/criminal activity and ensuring those licensed operate within the law.

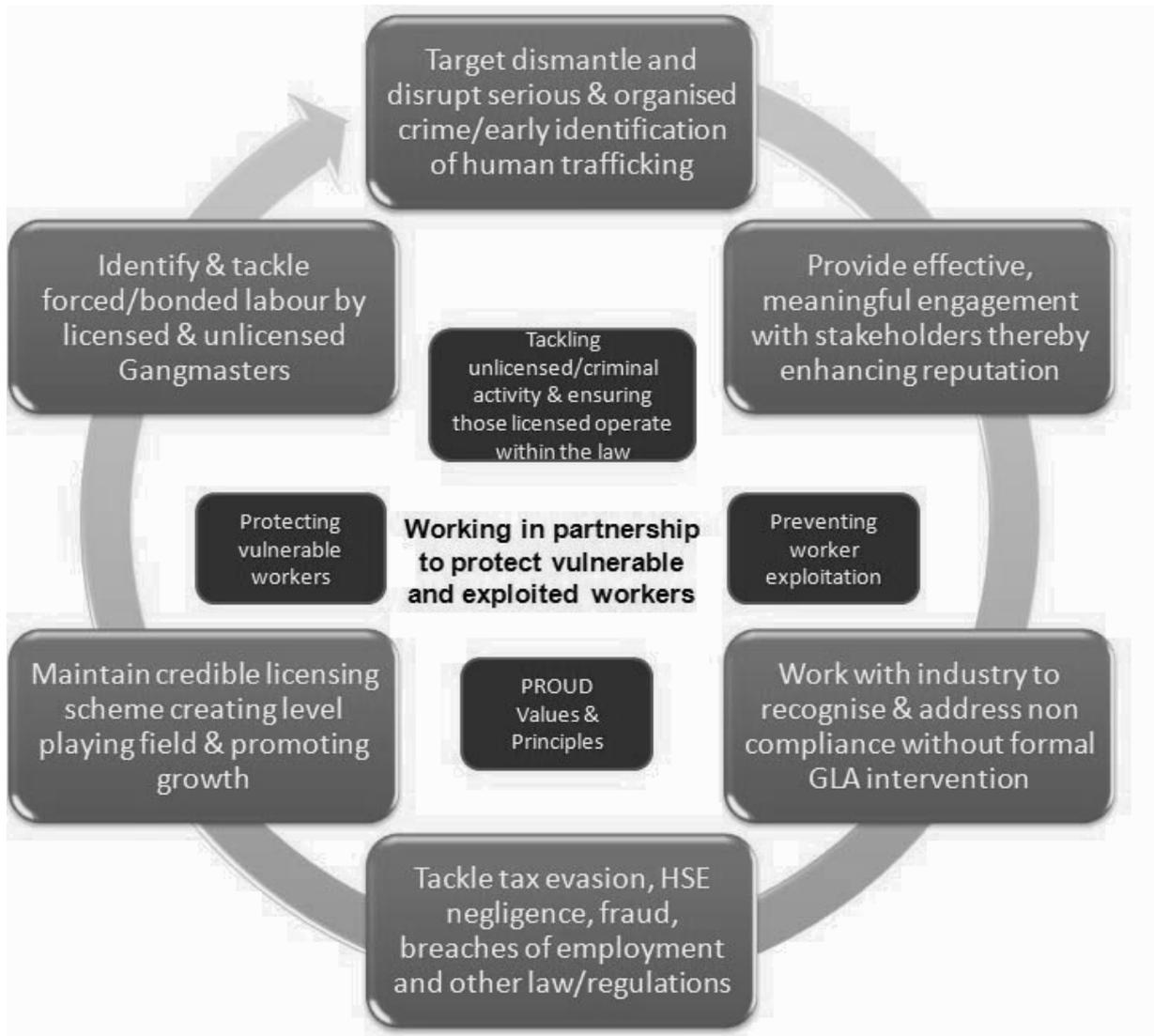
To effectively measure success in these vital areas of activity there are six strategic objectives that all staff will contribute to, be assessed against and which will be continuously reviewed and evaluated to ensure the overarching aim is met.

These objectives are:

- ❖ Target, dismantle and disrupt serious and organised crime/early identification of human trafficking.
- ❖ Provide effective, meaningful engagement with stakeholders thereby enhancing reputation.
- ❖ Work with industry to recognise and address non-compliance without formal GLA intervention.
- ❖ Tackle tax evasion, HSE negligence, fraud, breaches of employment and other law/regulations.
- ❖ Maintain credible licensing scheme creating level playing field and promoting growth.
- ❖ Identify and tackle forced/bonded labour by licensed and unlicensed gangmasters.

See Figure 1 overleaf.

Figure 1: Authority's Aims, Priorities and Objectives 2013-16



Remuneration Report

Executive Management Board

The composition of the EMB in the reporting period was as follows:

Ian Livsey	Chief Executive (from 1 April 2012 to 31 October 2012)
Paul Broadbent	Chief Executive (from 7 January 2013)
Ray Dawson	Chief Operating Officer
Darryl Dixon	Director of Strategy
Nicola Ray	Director of Projects

Contract Information

Policy on the Remuneration of Senior Managers

The initial salary packages for all senior managers were set by Defra using a benchmarking process to define comparable packages for the area and the specialist skills required and are in line with Civil Service guidelines. All positions were advertised nationally. Salary information is recorded in the table on page 16.

The Chair of the Authority is employed on a contract basis. During the financial year, the Chair, Margaret McKinlay, received total remuneration of £27,000 (£23,000 2011-12). These costs are included in the staff costs total of £2,767,000 (£2,969,000 2011-12) in note 3 on page 36 and 37 to the financial statements. Payments of £1,000 (£5,000 2011-12) have also been made to the Chair in regard to travel and subsistence.

The Chief Executive, Paul Broadbent, is employed on a three year contract which commenced on 7 January 2013.

Board Members

No board member who served during the year received any remuneration. Normal business related travel and subsistence was reimbursed in line with the Authority's policy. This amounted to £6,000 in 2012-13 (£4,000 2011-12).

Policy on the Duration of Contracts and Notice Periods

All senior managers' contracts within the organisation contain a three month notice period which is an appropriate time to allow for a handover period.

Policy on Performance Related Pay

All Authority staff members, other than casual staff, may qualify for performance related pay (PRP) in addition to basic salaries. The remuneration for senior managers is set by the Remuneration Committee consisting of EMB and the Chair (where appropriate) which also considers recommendations from all employees regarding bonuses. Bonuses will be awarded subject to individuals meeting agreed objectives in line with the Authority's corporate objectives. All individual performance objectives are determined by a departmental analysis of the Authority's corporate objectives.

Salary Information (Subject to Audit)

Remuneration

Payments for PRP amounting to £5,547 (£22,562 2011-12) have been paid to senior managers during 2012-13.

The Chief Executive's PRP is determined by existing arrangements for senior civil servants and is again dependent upon meeting agreed personal objectives.

Senior Manager	Title	2012-13 Salary (in bands of £5,000)	2012-13 Performance Related Bonus (in bands of £5,000)	2012-13 Severance Payment (in bands of £5,000)	2011-12 Salary (in bands of £5,000)	2011-12 Performance Related Bonus (in bands of £5,000)	2011-12 Severance Payment (in bands of £5,000)
Ian Livsey (Left 31 October 2012)	Chief Executive	45-50 (80-85 FTE)	-	40-45	80-85	5-10	-
Paul Broadbent (Joined 7 January 2013)	Chief Executive	20-25 (80-85 FTE)	-	-	-	-	-
Ray Dawson	Chief Operating Officer	75-80	-	-	75-80	5-10	-
Darryl Dixon	Director of Strategy	60-65	5-10	-	60-65	5-10	-
Nicola Ray	Director of Projects	35-40	-	-	35-40	0-5	-

Other than noted above no other benefits in kind or compensation were paid to senior managers.

The Authority does not offer any remuneration package which is not in the form of cash.

The GLA is required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the financial year 2012-13 was £80-85K (£90-95K 2011-12). This was 2.36 times (2.88 2011-12) the median remuneration of the workforce, which was £31,835 (£31,303 2011-12).

No employees received remuneration in excess of the highest paid director (none 2011-12).

The remuneration is based on annualised salary including non-consolidated PRP, benefits-in-kind and severance payments. The Full Time Equivalent (FTE) is used in the case of part time staff. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Pension Information

Civil Service Pensions

Pension benefits are provided through the Civil Service Pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with Pensions increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are salary related and range between 1.5% and 3.9% of pensionable earnings for classic and 3.5% and 5.9% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2013. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with the Pensions increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>

Real Increase in Cash Equivalent Transfer Values (CETV)

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Cash Equivalent Transfer Values

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values)(Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

CETV Information (Subject to Audit)

2012-13

Senior Manager	Increase in pension (Bands of £2,500)	Real increase/ (decrease) in lump sum at age 60 (Bands of £2,500)	Value of accrued pension (Bands of £5,000)	Related lump sum at age 60 (Bands of £5,000)	Cash equivalent transfer value (TV) at 1 April (£1,000)	Cash equivalent transfer value (TV) at 31 March (£1,000)	Real increase in cash equivalent TV in year (£1,000)	Employers contribution to Partnership pension
Ian Livsey	0-2.5	N/A	10-15	N/A	120	141	14	N/A
Paul Broadbent	0-2.5	N/A	0-5	N/A	5	4	4	N/A
Ray Dawson	0-2.5	N/A	25-30	N/A	436	491	28	N/A
Darryl Dixon	0-2.5	0-2.5	20-25	65-70	394	415	(1)	N/A
Nicola Ray	0-2.5	0-2.5	15-20	30-35	235	266	17	N/A

2011-12

Senior Manager	Increase in pension (Bands of £2,500)	Real increase/ (decrease) in lump sum at age 60 (Bands of £2,500)	Value of accrued pension (Bands of £5,000)	Related lump sum at age 60 (Bands of £5,000)	Cash equivalent transfer value (TV) at 1 April (£1,000)	Cash equivalent transfer value (TV) at 31 March (£1,000)	Real increase in cash equivalent TV in year (£1,000)	Employers contribution to Partnership pension
Ian Livsey	2.5-5	N/A	10-15	N/A	90	124	24	N/A
Ray Dawson	0-2.5	N/A	20-25	N/A	393	436	8	N/A
Darryl Dixon	0-2.5	0-2.5	20-25	65-70	363	394	(1)	N/A
Nicola Ray	0-2.5	0-2.5	15-20	25-30	214	235	2	N/A

Declarations of Interest

Senior Manager

Margaret McKinlay, Chair

Declaration of Interest

Directorships:
Wispway Properties Limited

Governor:
Westminster Kingsway College

Chair:
Patient Participation Group for Victoria Medical
Centre, London

Trusteeships:
Friends of the Connection
London Chorus

Ian Livsey, Chief Executive (from 1 April 2012
to 31 October 2012)

Chair:
SummitSkills
JTL

Paul Broadbent, Chief Executive (from 7
January 2013)

Chair:
South Yorkshire Network, Crimestoppers Charity
(from 1 April 2013)
Government Agencies Intelligence Network
(from 1 May 2013)

Ray Dawson, Chief Operating Officer

None

Darryl Dixon, Director of Strategy

None

Nicola Ray, Director of Projects

None

Signed on behalf of the Authority



Paul Broadbent

Accounting Officer

23 May 2013

Statement of Accounting Officer's Responsibilities

Under the Act, the Secretary of State has directed the GLA to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Authority and of its net expenditure, statement of financial position, cash flows and changes in tax payers' equity for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Financial Reporting Manual (FRM) and in particular to:

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the FRM have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the accounts on a going concern basis.

Ian Livsey served as Accounting Officer from 1 November 2007 until 31 October 2012. Ray Dawson was appointed interim Accounting Officer from 1 December 2012 until 6 January 2013. Paul Broadbent took up the position on 7 January 2013. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the GLA's assets, are set out in the Accounting Officer's Memorandum issued by HM Treasury and published in Managing Public Money.

Governance Statement

Framework

The GLA's activities are controlled and monitored by the Authority's Board whose members are appointed by the Secretary of State. The Board consists of the Chair, Margaret McKinlay, nineteen members nominated by fifteen organisations, currently with three vacancies. In addition there are nine ex-officio members, currently with two vacancies and one official observer. Meetings are also attended by the Authority's Executive.

Board members have been nominated from organisations across the associated sectors regulated by the GLA, both industry and government bodies, to represent the full range of views. Their responsibility is to ensure the Authority fulfils its roles and complies with the Gangmasters (Licensing Authority) Regulations 2005.

A full list of members, the organisations they represent and their individual attendance records at Board meetings is detailed below. A public register of interests for Board members is held, and this may be accessed via the Authority's website www.gla.defra.gov.uk. Meetings are held on a quarterly basis and are open to the public.

Representative Members

Organisation	Representative	Attendance (Maximum 4)
Association of Chief Police Officers (Mr Chesterman resigned in April 2012)	Simon Chesterman – vacancy	1
The Association of Labour Providers	David Camp	4
	Joanne Young	4
British Retail Consortium	Catherine Pazderka	4
Fresh Produce Consortium	Nigel Jenney	3
Food and Drink Federation	Angela Coleshill	3
Local Authorities Coordinators of Regulatory Services	Paul Bettison	4
National Association of Citizens Advice Bureau	Jane Mordue	3
National Farmers Union	Sharon Cross	2
	Hayley Campbell-Gibbons	2
National Farmers Union Scotland	Graham Bruce	4
Police Superintendents Association	Russell Hardy	2
The Recruitment and Employment Confederation	Marshall Evans	4
Sea Fish Industry Authority	Ivan Bartolo	4
Shellfish Association of Great Britain	Gillian Mills	4
Trade Union Congress	Hannah Reed	4
(John Gorle resigned in February 2013)	John Gorle - vacancy	2
Unite	Steve Kemp	2
(Catherine Speight resigned in January 2013)	Catherine Speight - vacancy	2

Ex-Officio Members

Representatives of:

The Secretary of State for Home Affairs	Jeremy Oppenheim
Department for Business, Innovation and Skills	Gaynor Ithell
The Secretary of State for Work and Pensions	Stuart Whitney
The Director General of the Health and Safety Executive	David Coackley
The Scottish Ministers	Gordon Jackson
The Welsh Assembly for Wales	To be confirmed
The Secretary of State for Environment, Food and Rural Affairs	Susanna May
The Commissioners of Inland Revenue and the Commissioners of Customs and Excise jointly	Lynn Carroll/Chris Patrick
The Minister for Agriculture and Rural Development for Northern Ireland	To be confirmed

Official Observer

Ethical Trading Initiative	Peter McAllister
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Work is currently ongoing to fill the vacant positions.

The Board has a number of sub committees that conducts business on its behalf. The Audit and Risk Committee (ARC) considers risk management, corporate governance, internal and external audit provision and the compilation of the Authority's Annual Report and Accounts.

During the year the Board set up the Finance and General Purposes Committee (F&GP). The F&GP was formed to consider the budgetary control aspects of the Authority's business, its financial performance and to supervise the compilation of the Authority's Corporate and Business Plans.

The Labour Provider/Labour User Group is chaired by the Authority's Chair and reviews the operation of the GLA within the regulated sector from a stakeholder perspective. The Committee seeks to enhance co-operation between the Authority and stakeholders, identifying joint areas of interest and the adoption of new policies and strategies. Reports are submitted to quarterly board meetings.

The composition of the main sub committees was as follows:

ARC

	Attendance (Maximum 3)
Jane Mordue (Chair)	3
Nigel Jenney	2
Paul Bettison	2
Joanne Young	1

Ms Young was appointed to the ARC on 10 January 2013.

F&GP**Attendance (Maximum 2)**

Angela Coleshill (Chair)
Marshall Evans
Hannah Reed
Hayley Campbell-Gibbons

2
2
2
1

As an assessment of the Board's performance the Chair conducts an annual appraisal of each Board member with a view to enhancing the individual and collective performance of all Board members. These assessments identified the requirement for an induction programme for newly appointed members which is now in place.

Future governance arrangements for the GLA will be the subject of a public consultation being run by Defra in the spring.

Operationally the Authority's objectives are delivered by the directors and senior managers. On a monthly basis the Authority records its performance against agreed objectives. Quarterly performance data is submitted to the F&GP who review and report to the Board.

Based on assurances that I have received from our Internal Auditors I am confident that the Authority is compliant with the Corporate Governance Code with no material exceptions.

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Authority's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. I have confirmed with senior colleagues that appropriate controls were in place prior to my arrival and as a result I have taken this as suitable assurance.

In preparing my annual Governance Statement for 2012-13 I have incorporated the advice and guidance from HM Treasury DAO(GEN)02/12, the new Managing Public Money annex 3.1 and have applied the principles set out in the Corporate Governance Code so far as they are applicable to the GLA.

The system of internal control in use has been subject to regular review by the executive team. In addition the ARC reviews risks both for business, fraud and pensions. I am required to allow the ARC to have complete access to any information to enable them to report to the Authority's Board.

The Authority is sponsored by Defra and I am obliged to report regularly to satisfy the department of the regulatory and propriety of expenditure relating to enforcement, the responsibility for which has been delegated directly to the Authority by the Secretary of State.

In addition I ensure that the Defra Permanent Secretary, the principal Accounting Officer for the department, is aware of the main risks managed by the Authority through regular reporting to our sponsor team.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable but not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Authority policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2013 and up to the date of approval of the Annual Report and Accounts. This accords with HM Treasury guidance.

Capacity to Handle Risk

The Authority continues to evaluate on a regular basis the management of risk within the organisation. It remains our intention to operate boldly but not recklessly in pursuit of the mission statement. We will not avoid taking difficult decisions to ensure that vulnerable workers are treated with the respect that they deserve.

Business, fraud and pension risks are identified and reviewed monthly by EMB. In my capacity as Chief Executive I will agree which individual senior manager will assume lead responsibility for each risk along with an assessment of its potential impact and effective countermeasure. The risk registers are presented to the quarterly ARC with comment and proposed action.

During the year the main risks have been:

- Uncertainty over the Authority's future in advance of completion of the RTC project
- Staff retention due to uncertainties over the future
- Relocation of the Authority's headquarters

The Authority strives to facilitate the development and application of self-assessment techniques and ensures, wherever possible, that all critical changes to methodologies are subjected to risk analysis. Staff are trained in risk management which has become embedded in the activity of the Authority.

The Authority is responsible for managing a diverse range of risks and is committed to engaging effectively with its customers and stakeholders to ensure that their views are known and taken into account in the decision making process.

Due to the nature of the Authority's business and its determination to enforce the rights of exploited workers, it is almost inevitable that revocations of existing licences will be the subject of appeal. This is probably the largest single risk facing the Authority and I take a keen personal interest in this area. The Authority's record in defending appeals has been excellent in the current year with a 100% success rate of appeals that have reached decision by the Appointed Person (100% for 2011-12). During the year under review the Authority had a significant success when an appeal against revocation was rejected by the Appointed Person. The case concerned a highly controversial Travel and Subsistence Scheme and re-enforced the GLA's resolve to take a firm stance in this area.

However, the nature of the revocation and appeals process means there is an inherent risk that decisions could adversely impact on the Authority.

The security of assets and information has been given greater focus over recent years. Cabinet Office guidance has been implemented under the leadership of the Chief Operating Officer.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Authority who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

The ARC, on behalf of the Authority's Board, has been diligent in reviewing the effectiveness of the system of internal control. Our external auditors have, to date, issued management letters which, quite rightly, identify minor areas of concern and all such issues have been addressed quickly and in detail.

The internal auditors are currently undertaking the audit for the fourth year of a four year programme. We continue to address issues raised by internal audit as they arise. During 2012-13, at the Accounting Officer's request, the internal auditors continued to consider operational issues rather than purely accounting processes, for example, studies of procedures concerning operational management and the retention of documents have been undertaken. In addition the internal auditors have also reviewed our arrangements for corporate governance and the achievement of our corporate and business plan objectives.

During 2012-13 the GLA has continued to work within the financial controls set by the coalition government. This has seen budgets reduced from previous levels and the management team, under the Accounting Officer's direction, has critically reviewed budgets with the objective of, wherever possible, protecting front line operational services. These reviews have led to a further reduction of spend on support functions without seriously impacting on our ability to protect vulnerable workers in the regulated sector. It remains a concern that these savings, whilst fundamental to achieving financial balance, may have an adverse impact on our ability to control risk. This situation will continue to pose challenges as we move into 2013-14.

As a result of the comprehensive review of the system of internal control, I conclude that there are no significant control issues where corrective action has not been taken.



Paul Broadbent
Accounting Officer
23 May 2013

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of Gangmasters Licensing Authority for the year ended 31 March 2013 under the Gangmasters (Licensing) Act 2004. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective Responsibilities of Accounting Officer and Auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Gangmasters (Licensing) Act 2004. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Gangmasters Licensing Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Gangmasters Licensing Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient 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.

Opinion on Regularity

In my opinion, in all material respects 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.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Gangmasters Licensing Authority's affairs as at 31 March 2013 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Gangmasters Licensing Act 2004 and Secretary of State directions issued thereunder.

Opinion on Other Matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Gangmasters (Licensing) Act 2004; and
- the information given in the Foreword, the Director's Report and the Management Commentary within the Annual Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which I Report by Exception

I have nothing to report in respect of the following matters which I 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 part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

4 June 2013

Financial Statements

All figures disclosed within the Financial Statements have been rounded to the nearest £1,000.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2013

	Note	2012-13 £000's	2011-12 £000's
Expenditure			
Staff Costs	3	(2,767)	(2,969)
Travel and Subsistence		(146)	(216)
Information Technology		(260)	(228)
Marketing		(7)	(9)
Consultancy		-	(1)
Other	4	(935)	(934)
Total expenditure		(4,115)	(4,357)
Income			
Enforcement	5	2,529	2,855
Licence Fees	6	706	706
Application Inspections		209	318
Other	5	90	28
Total income		3,534	3,907
Net Expenditure		(581)	(450)
Total Comprehensive Expenditure for the year ended 31 March 2013		(581)	(450)

The notes on pages 32 to 46 form an integral part of the accounts.

Statement of Financial Position as at 31 March 2013

	Note	31 March 2013 £000's	31 March 2012 £000's
Non-current assets:			
Property, plant and equipment	8	81	148
Intangible assets	9	743	867
Total non-current assets		824	1,015
Current assets:			
Trade and other receivables	10	79	116
Cash and cash equivalents	11	980	568
Total current assets		1,059	684
Total assets		1,883	1,699
Current liabilities			
Trade and other payables	12	(911)	(704)
Finance Lease	12	(16)	(31)
Total current liabilities		(927)	(735)
Total assets less current liabilities		956	964
Non-current liabilities			
Finance lease	12	(57)	(144)
Total non-current liabilities		(57)	(144)
Total liabilities		(984)	(879)
Assets less liabilities		899	820
Reserves			
General reserve		618	577
Revaluation reserve		281	243
Total reserves		899	820

Signed on behalf of the Authority



Paul Broadbent
Accounting Officer
23 May 2013

The notes on pages 32 to 46 form an integral part of the accounts.

Statement of Cash Flows for the year ended 31 March 2013

	Note	2012-13 £000's	2011-12 £000's
Cash flows from operating activities:			
Net Expenditure after cost of capital and interest		(581)	(450)
Adjustments for non-cash transactions:			
Depreciation	4	22	45
Amortisation	4	163	164
Adjustment to the Service Concession Arrangement (SCA)	4	(40)	7
Finance costs	4	9	24
Credit write back	4	(27)	(53)
Decrease/(Increase) in trade and other receivables	10	37	(62)
Increase/(Decrease) in trade and other payables	12	207	(50)
<i>Less movements in payables relating to items not passing through the statement of comprehensive net expenditure</i>			
Payments to the Consolidated Fund which are outside the scope of the Authority's activities		(873)	(1,042)
Net cash outflow from operating activities		(1,083)	(1,417)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(10)
Purchase of intangible assets		-	(6)
Net cash outflow from investing activities		-	(16)
Cash flows from financing activities			
Revenue - Grant-in-aid		1,495	1,424
Total Financing		1,495	1,424
Net increase/(decrease) in cash and cash equivalents in the period		412	(9)
Cash and cash equivalents at the beginning of the period		568	577
Cash and cash equivalents at the end of the period		980	568

The notes on pages 32 to 46 form an integral part of the accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2013

	General Reserve £000's	Revaluation Reserve £000's	Total Reserves £000's
Balance at 31 March 2011	645	219	864
Changes in taxpayers' equity for 2011-12			
Net gain on revaluation of intangible assets	-	24	24
Deficit for the period	(450)	-	(450)
Total recognised Income and Expense for 2011-12	195	243	438
Financing	1,424	-	1,424
Payment to consolidated fund	(1,042)	-	(1,042)
Balance at 31 March 2012	577	243	820
Changes in taxpayers' equity for 2012-13			
Net gain on revaluation of intangible assets	-	38	38
Deficit for the period	(581)	-	(581)
Total recognised Income and Expense for 2012-13	(4)	281	277
Financing	1,495	-	1,495
Payment to consolidated fund	(873)	-	(873)
Balance at 31 March 2013	618	281	899

The notes on pages 32 to 46 form an integral part of the accounts.

Notes to the Departmental Accounts

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2012-13 FReM issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the GLA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the GLA for the reportable activity are described below. They have been applied consistently.

Accounting Convention

These financial statements are prepared under the historical cost convention, modified by the revaluation of non-current assets, and, where material, current asset investments and stocks to fair value as determined by the relevant accounting standard.

Pensions

Past and present employees are covered by the provisions of the PCSPS. Full details can be found on pages 17 and 18 of the Remuneration report.

Impending Application of Newly Issued Accounting Standards not yet Effective

There are no impending reporting standards that will impact the GLA.

Going Concern

The Statement of Comprehensive Net Expenditure for the year shows a deficit of £581,000 and the Statement of Financial Position shows total reserves of £899,000. Following the SR10 the GLA has received confirmation of proposed funding levels until 2014-15, therefore there is no reason to believe Defra's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Segmental Reporting

A segment is a distinguishable component of the business that is engaged in providing products or services, which is subject to risks and rewards that are different from other segments, and which are reviewed regularly by senior management. The Authority has two separately identifiable business objectives which are reported under this heading, these being licensing activities and enforcement activities. Under the adoption of IFRS 8 and International Accounting Standards 14 (IAS), it has been necessary to add to the existing full cost recovery analysis.

Grant in Aid

GIA utilised for both revenue and capital expenditure is regarded as a finance flow used to support the statutory and other objectives of the Authority and is credited to the general reserve in the year to which it relates on a receipts basis.

Income Recognition

Income has been recognised on an accruals basis with licence fee income scheduled monthly over the annual life cycle according to the date on which the licence was issued.

Income received for both licence fees and application fees are exempt from VAT and are set in accordance with HM Treasury *Fees and Charges Guide*.

Financial Assets and Liabilities

The Authority classifies its non-derivative financial asset as loans and receivables. Financial assets and liabilities are recognised at fair value, loans and receivables are then held at amortised cost (the transaction price plus any directly attributable transaction costs).

Derivative Financial Instruments and Hedging

The Authority does not enter into contracts that use derivative instruments such as interest rate swaps or any other hedging facilities. The Authority seeks to eliminate or minimise its exposure to interest rate and exchange rate risk by not making investments and does not have any contracts denominated in foreign currencies. Trade receivables and payables are not interest bearing and are stated at their amortised cost, which is usually their invoiced amount. Cash at bank and in hand comprises cash in hand and current balances with banks, which are subject to insignificant changes in value. Liquidity risk is managed through the management of GIA funding through Defra.

Property, Plant and Equipment

Plant and equipment is held at depreciated historic cost which is a representation of fair value. As these assets have a short useful economic life (UEL) and low values, this method represents fair value under IAS 16. The UEL and residual value is assessed on an annual basis in line with the impairment review.

The Authority is a NDPB of Defra. Defra has entered into a contract with IBM for the supply of Information Technology (IT) services. The contract is for a term of eight years from February 2010. The contract falls within the scope of IFRIC 12 and is disclosed within the Accounts as a service concession arrangement. A lease liability has been included to reflect the capital value of payments to IBM to lease IT infrastructure assets throughout the duration of the eight year contract. A matching asset has been raised to reflect the benefit that the Department will derive from having access to IBM's IT infrastructure assets. Depreciation has been applied on a straight line basis consistent with the Department's depreciation policy. These IT infrastructure assets, which consist of laptops, servers and hardware, are classed as one tangible service concession asset under property, plant and equipment.

Depreciation

Depreciation is provided against tangible fixed assets on a straight-line basis at rates calculated to write off the cost over the expected UEL of the asset at the following annual rates:

Fixtures and Fittings	1-5 Years
Plant and Machinery	1-5 Years
Information Technology	2-10 Years

Amortisation

Amortisation is provided against intangible fixed assets on a straight-line basis at rates calculated to write off the cost over the expected UEL of the asset at the following annual rate:

Software Licence	2-5 Years
Information Technology	2-10 Years

Intangible Assets

In line with IAS 38, where an active market comparable price exists, intangible assets are valued at the depreciated replacement cost re-valued by the average earnings index, less accumulated depreciation and impairment. Impairment reviews will be carried out at the balance sheet date on an annual basis.

Employee Benefits

Under IAS 19 employee benefit costs must be recognised in the period in which it was earned. Therefore, the Authority accrues all allowable untaken leave due at the balance sheet date utilising the measurement method of the average daily rate per employee.

Pension Costs

The pension arrangements for the Authority are covered by the Superannuation Act 1972 and reflects benefits for members of the PCSPS. The Act provides for defined pension benefits to be met from the consolidated fund and no liability rests with the Authority.

Past and present employees of the Authority are covered by the provisions of the PCSPS. The Scheme is a defined benefit scheme and liability rests with the scheme and not the Authority. Benefits are paid from the Civil Superannuation Vote to which the Authority makes contributions calculated to cover accruing pension entitlement for staff employed. Statements of account for the Scheme are provided by the Cabinet Office Civil Superannuation Resource Account. The PCSPS pension scheme undergoes a reassessment of the contribution rates by the Government Actuary at four-yearly intervals. In respect of defined contribution schemes, the Department recognises the contributions payable for the year. See also note 3 on page 36.

Value Added Tax

The GLA is not registered for VAT. VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets.

2. Statement of Operating Costs by Operating Segment

In line with HM Treasury's *Fees and Charges Guide 1992*, the Authority is required to operate on a full cost recovery basis. The financial objective set for the Authority is that full cost recovery will be achieved on a year on year basis.

Note, this information is provided for fees and charges purposes.

	2012-13 £000's			2011-12 £000's		
	Licensing	Enforcement	Total	Licensing	Enforcement	Total
Gross Expenditure	(1,221)	(2,894)	(4,115)	(1,253)	(3,104)	(4,357)
Income	1,005	2,529	3,534	1,052	2,855	3,907
Net (Expenditure)/Income	(216)	(365)	(581)	(201)	(249)	(450)

For the purposes of full cost recovery, expenditure has been analysed by function, as well as category, as below. All costs are allocated on the basis of management's best estimate of the apportionment of costs between enforcement and licensing activities.

Function	2012-13 £000's			2011-12 £000's		
	Licensing	Enforcement	Total	Licensing	Enforcement	Total
Staff Costs	512	2,255	2,767	551	2,418	2,969
Travel and Subsistence	21	125	146	27	189	216
Information Technology	150	110	260	154	74	228
Marketing	2	5	7	5	4	9
Consultancy	-	-	-	-	1	1
Other	536	399	935	516	418	934
Total	1,221	2,894	4,115	1,253	3,104	4,357

Within the Statement of Comprehensive Net Expenditure, the full cost of occupation is reflected in relation to buildings that are either owned or leased by Defra or specialised properties held on the Agency's Statement of Financial Position. The costs are proportionate to occupation and include rates, utilities, management overheads, facilities management and associated capital charges.

3. Staff Costs

	2012-13 £000's			2011-12 £000's		
	Licensing	Enforcement	Total	Licensing	Enforcement	Total
Staff salaries including performance related pay	406	1,773	2,179	440	1,931	2,371
Employee Benefits as per IAS 19	2	11	13	(3)	(11)	(14)
Social security costs	32	145	177	37	161	198
Pension service costs	72	326	398	77	337	414
Total	512	2,255	2,767	551	2,418	2,969

All costs are allocated on the basis of management's best estimate of the apportionment of costs between enforcement and licensing.

The Chair, Margaret McKinlay, received total remuneration of £27,000 (£23,000 2011-12). Full details of the senior staff costs are provided within the Remuneration Report on pages 15 to 19.

Temporary administration staff at a cost of £18,000 (£16,000 2011-12) is included within the licensing staff costs, and £2,000 (£1,000 2011-12) is included within the enforcement staff costs. However, this did not increase the average number employed.

5 employees were employed on a short term basis for 2012-13 (24 employees 2011-12).

A total of £70,000 (£70,000 2011-12) was paid for PRP during the year, £30,000 for licensing staff (£25,000 2011-12) and £40,000 for enforcement staff (£45,000 2011-12). All payments for 2012-13 have been accrued, consistent with previous years.

Pension Costs

The PCSPS is an unfunded multi-employer defined benefit scheme but the Authority is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2011. Details of the latest actuarial valuation can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

To 31 March 2013, employer's contributions of £398,000 were payable to the PCSPS (£414,000 2011-12) at one of four rates in the range of 16.7 to 24.3 percent of pensionable pay (as per the rates in 2012-13), based on revalorised salary bands on the advice of the scheme actuary.

The contribution rates are set to meet the cost of the benefits accruing during 2012-13 to be paid when the member retires, and not the benefits during this period to existing pensioners.

Employees can opt to open a partnership pension account or a stakeholder pension with an employer contribution. Employer's contributions of £19,000 (£21,000 2011-12) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer's contributions are age-related and range from 3 to 12.5 percent of pensionable pay. Employers also match employee contributions up to 3 percent of pensionable pay. In addition, employer contributions of £1,000 (£1,000 2011-12), 0.8 percent of pensionable pay, were payable to the PCSPS in order to cover the cost of future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were nil (nil 2011-12). Contributions prepaid at that date were nil (nil 2011-12).

Average number of employees	2012-13	2011-12
Licensing	19	21
Enforcement	47	51
Total	66	72

Reporting of Civil Services and Other Compensation Schemes Exit Packages 2012-13

There were no exits during 2012-13, please see table below for exits in 2011-12.

Reporting of Civil Service and other compensation schemes - exit packages 2011-12

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	2	2
£10,000 - £25,000	-	2	2
£25,000 - £50,000	-	-	-
£50,000 - £100,000	-	-	-
£100,000- £150,000	-	-	-
£150,000- £200,000	-	-	-
Total number of exit packages by type	-	4	4
Total resource cost/£000's		60	

Redundancy and other departure costs have been paid in accordance with the provisions of the PCSPS, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the PCSPS.

4. Other Expenditure

	2012-13			2011-12		
	Licensing	Enforcement	Total	Licensing	Enforcement	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Depreciation	7	15	22	17	28	45
Amortisation	163	-	163	164	-	164
Adjustment to the SCA	(14)	(27)	(41)	2	5	7
IBM Finance Costs	3	6	9	8	16	24
IBM Credit write back	(9)	(17)	(26)	(19)	(34)	(53)
Legal Costs – Appeals Licensing	261	-	261	193	-	193
Recruitment	30	3	33	-	-	-
Rent	39	39	78	28	28	56
Training	5	24	29	7	17	24
Auditors Remunerations - External	8	19	27	14	14	28
- Internal	3	7	10	8	8	16
Telephone	8	67	75	8	69	77
Interpreters	-	33	33	-	28	28
Stationery/Postage	7	8	15	10	10	20
Board Expenses	3	3	6	2	2	4
Legal Support Enforcement	-	80	80	-	100	100
Restructuring Costs	-	-	-	55	8	63
Other	22	139	161	19	119	138
Total	536	399	935	516	418	934

The remuneration to the National Audit Office (NAO) in respect of external audit work carried out was £27,000 (£28,000 2011-12). This work was undertaken by Deloitte on behalf of the NAO.

5. Enforcement Income

	2012-13	2011-12
	£000's	£000's
Enforcement Income for operating activities within Great Britain	2,429	2,754
Additional Enforcement Income from DARDNI for Regional Food activity	100	101
Total	2,529	2,855

The Authority has a SLA with Defra in order to provide enforcement services within Great Britain. This income is applied for and received on a monthly basis.

The Authority has also issued invoices to the Department of Agriculture and Rural Development (DARDNI) for enforcement activities carried out within Northern Ireland.

In addition a further £90,000 (£28,000 2011-12) was received which was income derived from successful applications to the Asset Recovery Incentive Scheme.

6. Licence Fees

Annual Turnover	Fee Band	Annual Licence Fee		Application Inspection Fee		Renewal Fee	
		2012-13 £000's	2011-12 £000's	2012-13 £000's	2011-12 £000's	2012-13 £000's	2011-12 £000's
£10m+	A	5.5	5.5	2.9	2.9	2.6	2.6
£5-10m	B	4.4	4.4	2.4	2.4	2.0	2.0
£1-5m	C	3.4	3.4	2.2	2.2	1.2	1.2
<£1m	D	2.3	2.3	1.9	1.9	0.4	0.4

Under the Act, the Authority is required to establish a UK wide licensing scheme and create a Public Register for gangmasters who are operating in agriculture, horticulture and shellfish gathering and associated processing and packaging industries. Exclusions to this are set out in the Gangmasters (Exclusions) Regulations 2006.

The number of licences issued was as follows:

As at 31 March 2013	Licences Issued	Licence Applications Cancelled	Licence Applications Refused	Licences Revoked	Recognised £000's
Horticulture, Agriculture and Forestry	1,247	184	22	17	706
Shellfish	-	-	-	-	-
Total	1,247	184	22	17	706

As at 31 March 2012	Licences Issued	Licence Applications Cancelled	Licence Applications Refused	Licences Revoked	Recognised £000's
Horticulture, Agriculture and Forestry	1,251	187	31	32	706
Shellfish	-	-	-	-	-
Total	1,251	187	31	32	706

7. Financing

	2012-13 £000's	2011-12 £000's
Revenue – GIA	1,495	1,424

8. Property, Plant and Equipment 2012-13

	Plant and Machinery			Information Technology			Fixtures and Fittings			Authority
	Lic £'000s	Enf £'000s	Total £'000s	Lic £000's	Enf £000's	Total £000's	Lic £000's	Enf £000's	Total £000's	Total £000's
At 1 April 2012	-	7	7	139	211	350	3	-	3	360
Additions	-	-	-	-	-	-	-	-	-	-
Adjustment to the SCA	-	-	-	(16)	(29)	(45)	-	-	-	(45)
At 31 March 2013	-	7	7	123	182	305	3	-	3	315
Depreciation										
At 1 April 2012	-	1	1	88	120	208	3	-	3	212
Charge for the period	-	1	1	8	13	21	-	-	-	22
At 31 March 2013	-	2	2	96	133	229	3	-	3	234
Net book value:										
At 31 March 2013	-	5	5	27	49	76	-	-	-	81
At 31 March 2012	-	6	6	51	91	142	-	-	-	148

Asset Financing

Owned:

Net Book Value as at 31 March 2013	-	5	5	2	-	2	-	-	-	7
Net Book Value as at 31 March 2012	-	6	6	3	-	3	-	-	-	9

Leased:

Net Book Value as at 31 March 2013	-	-	-	26	48	74	-	-	-	74
Net Book Value as at 31 March 2012	-	-	-	48	91	139	-	-	-	139

Defra has a contract with IBM for the provision of IT services and infrastructure assets. This contract was reframed on 1 February 2010. The contract involves the IT contractor (IBM) supplying an end-to-end outsourced IT service to Defra and its Network Bodies, including the provision of the physical IT equipment.

During the life of the contract, Defra has the right to use assets owned by IBM and IBM are obliged to provide a consistent level of performance as set out in the contract. This includes underlying IT product developments commissioned by the Department.

The contract prices are subject to an annual incremental increase, applied from 1 April. This increase is based on the Consumer Price Index as at the end of January in the previous financial year.

There is flexibility in terms of termination providing the option to end the service or key aspects thereof. The financial penalty for termination is on a sliding scale depending on several factors, including time left on the contract. There are no beneficial entitlements at the end of the contract, although the Department has the option to purchase specified assets at net book value on exiting the contract. This gives the Department control of the assets during the life of the contract.

Details of how the contract is accounted for can be found in the Statement of Accounting Policies on page 33.

Property, Plant and Equipment 2011-12

	Plant and Machinery			Information Technology			Fixtures and Fittings			Authority
	Lic £'000s	Enf £'000s	Total £'000s	Lic £000's	Enf £000's	Total £000's	Lic £000's	Enf £000's	Total £000's	Total £000's
At 1 April 2011	-	-	-	205	339	544	3	-	3	547
Additions	-	7	7	3	-	3	-	-	-	10
Adjustment to the SCA	-	-	-	(69)	(128)	(197)	-	-	-	(197)
At 31 March 2012	-	7	7	139	211	350	3	-	3	360
Depreciation										
At 1 April 2011	-	-	-	72	92	164	3	-	3	167
Charge for the period	-	1	1	16	28	44	-	-	-	45
At 31 March 2012	-	1	1	88	120	208	3	-	3	212
Net book value:										
At 31 March 2012	-	6	6	51	91	142	-	-	-	148
At 31 March 2011	-	-	-	133	247	380	-	-	-	380

Asset Financing**Owned:**

Net Book Value as at 31 March 2012	-	6	6	3	-	3	-	-	-	9
Net Book Value as at 31 March 2011	-	-	-	-	-	-	-	-	-	-

Leased:

Net Book Value as at 31 March 2012	-	-	-	48	91	139	-	-	-	139
Net Book Value as at 31 March 2011	-	-	-	133	247	380	-	-	-	380

9. Intangible Assets

2012-13	Software Licence		Total £000's
	Licensing £000's	Enforcement £000's	
At 1 April 2012	1,896	72	1,968
Addition	-	-	-
Revaluation	88	3	91
At 31 March 2013	1,984	75	2,059
Amortisation			
At 1 April 2012	1,036	63	1,101
Charge for the period	162	1	163
Revaluation	50	2	52
At 31 March 2013	1,248	68	1,316
Net book value:			
At 31 March 2013	736	7	743
At 31 March 2012	960	7	867

2011-12	Software Licence		Total £000's
	Licensing £000's	Enforcement £000's	
At 1 April 2011	1,853	64	1,917
Addition	-	6	6
Revaluation	43	2	45
At 31 March 2012	1,896	72	1,968
Amortisation			
At 1 April 2011	852	64	916
Charge for the period	164	-	164
Revaluation	20	1	21
At 31 March 2012	1,036	65	1,101
Net book value:			
At 31 March 2012	860	7	867
At 31 March 2011	1,001	-	1,001

The carrying amount of the intangible fixed assets had the revaluation not occurred is £462,000 (£624,000 2011-12).

10. Trade Receivables and Other Current Assets

	2012-13 £000's	2011-12 £000's
Trade receivables:		
Trade receivables	23	1
Other receivables:		
Prepayments and accrued income	54	115
Other receivables	2	-
Total	79	116

11. Cash and Cash Equivalents

	2012-13 £000's	2011-12 £000's
Balance at 1 April	568	577
Net change in cash and cash equivalent balances	412	(9)
Balance at 31 March	980	568
The following balances at 31 March were held at:		
Commercial banks and cash in hand	980	568
Balance at 31 March	980	568

12. Trade Payables and Other Current Liabilities

	2012-13 £000's	2011-12 £000's
Amounts falling due within one year		
Other taxation and social security	56	57
Trade payables	19	5
Accruals and deferred income	836	642
Total	911	704
Finance Lease falling due within one year		
Finance Lease	16	31
Total	16	31
Amounts falling after more than one year		
Finance Lease	57	144
Total	57	144

Included in amounts falling due within one year is a total amount of £121,000 (£70,000 2011-12) which relates to balances with OGDs which fall within the Whole of Government Accounting boundaries.

Also included within finance leases is the future liability to pay for the "Right of Use" assets to IBM. The current liability is £16,000 (£31,000 2011-12); the non current liability is £57,000 (£144,000 2011-12).

13. Capital Commitments

The Authority had no capital commitments as at 31 March 2013 (nil 2011-12).

14. Commitments under Leases

	2012-13 £000's	2011-12 £000's
Buildings:		
Not later than one year	58	7
Later than one year and not later than five years	234	-
Later than six years but not later than ten years	68	-
Total	360	7

Building lease commitments relate to facilities management charges associated with the proportion of occupation of buildings that are either owned or leased by Defra or specialised properties held on the Agency's Statement of Financial Position.

15. Obligation under Service Concession Arrangement

	2012-13 £000's	2011-12 £000's
Rentals due within 1 year	16	31
Rentals due within 2-5 years	57	117
Rentals due thereafter	-	27
Total	73	175

16. Other Financial Commitments

The Authority has entered into contracts which are not leases, for the provision of mobile phones and data cards as well as a SLA for the provision of pension administration services. The payment to which the Authority is committed during 2012-13, analysed by the period during which the commitment expires, is as follows:

	2012-13 £000's	2011-12 £000's
Not later than one year	494	542
Later than one year and not later than five years	1,798	1,894
Later than five years	-	373
Total	2,292	2,809

The Authority also holds contracts for the following provisions, however these can be cancelled with provision of notice:

- Secure mobile transmission
- Online travel and subsistence claim and recording system

Included within "other financial commitments under SCA" is the remainder of the payments to IBM that do not relate to the right of use assets.

17. Related Party Transactions

Body	Relationship	2012-13 £000's	2011-12 £000's
Defra	Sponsoring body	4,014	4,206
The Cabinet Office	Manager of PCSPS	400	414
Land Registry	Landlord	11	56
BIS	Landlord	66	-
DARDNI	Sponsoring body associate	100	101
Ministry of Defence	Authorised pensions administration centre via MyCSP	-	2

The Authority is a NDPB of Defra and Defra is regarded as a related party. During the year GIA has been received from Defra as disclosed in Note 7 on page 39 along with income for enforcement activities as disclosed in Note 5 on page 38.

During the year, no Minister, senior manager or other related party has undertaken any material transactions with either the Authority, Defra or any OGDs.

The amounts due (to)/from the related party at the end of the year was as follows:

Body	Relationship	2012-13 £000's	2011-12 £000's
Defra	Sponsoring body	-	-
The Cabinet Office	Manager of PCSPS	-	-
Land Registry	Landlord	-	(12)
BIS	Landlord	(66)	-
DARDNI	Sponsoring body associate	-	1

18. Losses and Special Payments

Managing Public Money requires disclosure of losses and special payments by category type and value where they exceed £250,000 in total and for any individual items above £250,000. During the year 1 April 2012 to 31 March 2013 the Authority incurred no special payments (nil 2011-12).

19. Financial Assets by Category

The following table shows by category the Authority's financial assets and financial liabilities as at 31 March 2013 and 31 March 2012.

	31 March 2013 Total £000's	31 March 2012 Total £000's
Financial Assets		
Cash and cash equivalents (at bank and in hand)	980	568
Total	980	568
	31 March 2013 Total £000's	31 March 2012 Total £000's
Financial Liabilities – at amortised cost		
Finance Lease	73	175
Trade and other payables	622	386
Total	695	561

20. Events after the Reporting Date

There are no events after the reporting date.

The Authority's financial statements are laid before the Houses of Parliament by the Parliamentary Clerk for Defra. The authorised date for issue is 4 June 2013. The authorising officer is the Accounting Officer, Paul Broadbent.

21. Contingent Liabilities

Under Parliamentary reporting requirements, the GLA is required to disclose any contingent liabilities where the likelihood of a transfer of economic benefits is remote. The GLA has not entered into any such liabilities (nil 2011-12).

Glossary

the Act	Gangmasters (Licensing) Act 2004
ARC	Audit and Risk Committee
CETV	Cash Equivalent Transfer Value
DARDNI	Department for Agriculture and Rural Development
Defra	Department For Environment, Food and Rural Affairs
EMB	Executive Management Board
F&GP	Finance and General Purposes Committee
FReM	Financial Reporting Manual
FTE	Full Time Equivalent
GIA	Grant in Aid
GLA	Gangmasters Licensing Authority
HSE	Health & Safety Executive
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IT	Information Technology
NDPB	Non-Departmental Government Body
OGDs	Other Government Departments
PCS	Public and Commercial Services Union
PCSPS	Principal Civil Service Pension Scheme
PRP	Performance Related Pay
RTC	Red Tape Challenge
SCA	Service Concession Arrangement
SLA	Service Level Agreement
UEL	Useful Economic Life



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