



Gangmasters
Licensing Authority

Gangmasters Licensing Authority Annual Report and Accounts

1 April 2007 to 31 March 2008





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

Ordered by the House of Commons to be printed
22 July 2008

London: The Stationery Office
HC 799 £13.90



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Mission Statement

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

- introducing and operating a system to licence 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, and others as appropriate, through shared information and joint working; and
- maintaining a continuous review of the activities of gangmasters and the effects of the Act and the Authority on them.

Foreword

The Gangmasters Licensing Authority came into being formally on 1 April 2005. This is our third Annual Report and Accounts.

Over the last three years we have established the Authority's processes and systems which culminated in our enforcement powers coming into effect in 2006. In last year's report, we recognised that it was vitally important that we mount successful operations in the field against non-compliant and unlicensed labour providers to demonstrate that we are an effective regulator. 2007-08 saw us targeting rogue labour providers in many regions across the UK through a series of unannounced visits to labour user sites, vehicle stops, compliance inspections and joint operations with our partners in the Police and other enforcement bodies. These uncovered dreadful abuses of workers which resulted in the revocation of a number of licences.

In particular, we found cases where workers' lives were at serious risk of death or injury because of un-roadworthy vehicles or dangerous work conditions. Poor quality accommodation has also become an issue and our staff have worked closely with colleagues in Local Authorities to identify and deal with this problem. Other abuses identified include non-payment of the National Minimum Wage, illegal deductions and debt bondage through workers being tied into accommodation and transport.

We will not stand for abuse of workers, we will stamp it out. In the coming year, 2008-09, we will conduct a number of unannounced raids across the UK. These will be intelligence led and where we uncover abuse of workers we will apply the maximum sanctions to the labour providers.

During the year we received the first independent assessment of the Authority. The Universities of Sheffield and Liverpool conducted the first of our regular annual reviews and concluded that our licensing systems had a number of strengths, including:

- Where labour supply was once chaotic and disorganised the Authority has given the industry a basic framework to rely on;
- Gangmasters have formalised procedures, in line with the broader UK food industry;
- The number of rogue labour providers has declined since licensing was introduced;
- The Authority has provided very good guidance and advice.

Overall, labour users felt that the impact of the Authority had been broadly positive for the industry and there was a consensus amongst stakeholders that the Authority has done a good job in a difficult, highly dynamic and challenging environment.

All of our staff have worked hard to meet our objectives and targets for this period. The focus on operational activities and the need to drive up awareness of its regulatory powers has necessitated a change in our communications priorities. Additionally, we have not had a full complement of operational staff which has reduced our ability to meet the exacting time requirements of the licensing process.

The Authority's financial performance was broadly in line with expectations as indicated in the detailed financial report. Through licensing we have also identified some £2m in unpaid VAT which will now be recovered. The regulatory burden on the industry has been kept to a minimum through a rigorous fee-setting process. An independent value for money survey

has confirmed that the Authority is fit for purpose and operates in an efficient way. There are no significant financial control issues.

Overall this has been a successful year and we look forward to next year and the challenges this will bring with the ever increasing focus on rogue and criminal labour providers.

A handwritten signature in black ink, appearing to read "Paul Whitehouse". The script is cursive and somewhat stylized.

Paul Whitehouse
9 July 2008

A handwritten signature in black ink, appearing to read "Ian Livsey". The script is cursive and somewhat stylized.

Ian Livsey
9 July 2008

Directors' Report

The principal activity of the Authority during the year under review was to build on the fully operational licensing regime with the associated compliance and enforcement operations.

The work of the Authority includes licensing, compliance, intelligence and enforcement, with associated corporate services. All of these functions are now fully operational.

The Authority operates an Equal Opportunities Recruitment policy and is working towards a policy to recruit, retain and develop disabled persons.

A list of persons who served as Members of the Board for the year can be found on page 26. In addition, the Executive Directors of the Authority are named within the remuneration report on page 21.

A declaration of interests for both Board members and Directors are retained by the Authority, as stated within the remuneration report on page 25.

Pension arrangements for the Authority are covered by the Superannuation Act 1972 and reflect benefits for members of the Principal Civil Service Pension Scheme. Further details can be found within the remuneration report on page 23 and in note 8 on pages 42 and 43.

The Authority has a payment policy for all goods, services, works and contracts. Where there is no contractual provision or other understanding or accepted practice governing the time of payment, the Authority should pay within 30 days of receipt of the goods or services, or within 30 days of a valid invoice, whichever is the later. This is in accordance with the Government's Better Payments Practice 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 Exchequers interests.

Any invoices which are not paid either within the agreed contract terms, or within 30 days of a valid invoice due to query on the invoice, are resolved as soon as possible and paid immediately on resolution. The Authority achieved 92% of payments (91% 2006-07) within the scope of this policy during this financial year.

The Comptroller and Auditor General audits the Authority.

Business Review

The management commentary sets out the performance of the Authority for the year and the achievement or otherwise of its key objectives.

Risks

The Statement on Internal Control (pages 28 to 29) comments on the risk and control framework. The key risks faced by the Authority are managing the expectations of stakeholders, continuing financial stability, maintaining the credibility of the Authority and further enhancing operational effectiveness.

The Authority reviews the Risk Register regularly to ensure that all risks are being addressed and appropriate action is taken.

Financial Review

The financial statements of the Authority are set out on pages 33 to 50.

The expenditure incurred is consistent with the amounts budgeted for the year, which are sufficient to ensure that the Authority is able to meet its operational objectives.

During the year under review the Authority's income rose by 28% whilst expenditure was contained to an increase of 12%. This enabled a surplus of £33,000 to be achieved.

The Directors are confident that the Authority's financial position is sound and that it is ready to deliver its key objectives for the coming year.

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 Gangmasters Licensing Authority's affairs as at 31 March 2008 and of its surplus for the year then ended.

During 2007-08 the Authority has made nil charitable donations (2006-07 nil).

Financial assets and liabilities generated by day-to-day operational activities are not held in order to change the risks facing the Authority in undertaking its activities. Further details on financial instruments are provided in note 20 on page 49.

As noted in note 21 on page 49 there are no post balance sheet events that require disclosure other than those as described in note 23 on page 50.

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 auditors are unaware; and
- I have taken all steps that ought to have been taken to make myself aware of any relevant audit information, and also to ensure that the Authority's auditors are aware of that information.

Signed:



Ian Livsey
Accounting Officer
9 July 2008

Management Commentary

Performance Against Targets 2007-08

The Authority contributes to the achievement of the aims, objectives, targets and Public Service Agreements of Defra and, as appropriate, those of other government departments, as well as to wider government initiatives such as those which seek to improve the efficiency, economy and effectiveness of public services.

The Authority continues to actively recycle waste generated from its office based activities. During the year the Authority has started to monitor its environmental impact and collect data that will enable us to show substantial reductions in its carbon footprint. A sustainable development plan was also developed and will be monitored and reported against during 2008-09.

This is the third year since the Authority was formed. The first two years have seen the Authority become fully established. The first year was aimed at allowing the Authority to invite applications for licences from 6 April 2006, and during the second year the Authority received and processed more than the anticipated 1000 licences as well as extending the regulated sectors to include shellfish gathering. This third year is therefore the first year in which the Authority became fully operational.

The targets for 2007-08 are monitored and reported on a monthly basis in the Authority's Monthly Summary Performance Report.

Target 2.1 Strategic Direction – Priorities to be reviewed in November 2007 and at 6 monthly intervals thereafter.

The strategic assessment was reviewed as part of a workshop to determine the strategic direction of the Authority for 2008-11. This was then fed into the planning process to aid in the development of targets and measures for the Corporate and Business plan. A new strategic assessment was not required in 2007-08.

Target Achieved.

Target 2.2 Measuring Outcomes – Baseline research to be completed by April 2007 and first year report to be completed by August 2007.

The baseline report was agreed by the Board in June 2007 and the annual report at the October 2007 Board meeting. These reports were published later than anticipated because of the need to ensure that the correct procurement process was followed. Both reports have been well received by the Board and key stakeholders and demonstrate that the Authority is already having a positive impact on the labour provider industry.

Labour providers surveyed as part of the research broadly welcomed the Authority and felt that overall licensing had had a positive impact on the UK food industry. Labour providers welcomed the potential for licensing 'levelling the playing field' and the related transparency and checks associated with this process of business formalisation.

Target Achieved.

Policy and Communications

Target 3.1 – External Communications Strategy

During 2007-08, the Authority felt that there was a need for a new Communications strategy as the Authority was moving from set up to being fully operational. To highlight the Authority's successes in operations, it has been decided to develop a higher media profile. The Authority will "name and shame" those labour providers who fail to comply with the licensing standards and so have their licence revoked. Since December 2007, we have had a considerable amount of coverage in the media including national newspapers, broadcast media, regional press and trade journals.

Target 3.2 – Responding to Public Correspondence

100% of all public correspondence to be responded to within the agreed timescales.

The Authority received 78 pieces of correspondence of which 97% were responded to within the requisite timescales. One FOI request resulted in further correspondence.

Target 3.3 – Application Submission Strategy

75% of applications for a Gangmasters licence should be made online.

Over the year 61% of applicants chose to apply online. Users have commented that they chose the web as it was easy to use, quick and accessible. Although this target was not met this year, we are looking at ways of incentivising applicants to use this method during 2008-09.

Target 3.4 – Developing External Communications Plans

Media Coverage.

The Authority received 531 enquiries by phone and email. The vast majority of these enquiries arose as a result of the "name and shame" campaign. A press release was issued for every licence revocation and operation. Enquiries were also made by the media to film the Authority's operations and to accompany officers on investigations. The Authority has regularly featured on mainstream news channels, national radio and local commercial radio stations, as well as in the national and regional press, trade papers and on the web.

Website hits and sessions per month.

Website hits for the year total 288,340. The Authority has received regular feedback that the website is easy to navigate and users have no difficulty in finding the information they require.

Events and Presentations.

The Authority has focused on stakeholder engagement over the last year and so has attended a variety of meetings with trade associations for food producers and growers, the retailers and groups representing the interests of workers. During this time, we have also made links with Embassies in the A8 and A2 states and their Labour Ministries to ensure that workers know their rights before seeking work in the UK and provided information to media

in these countries. The Authority has attended job fairs organised by EURES (JobCentrePlus) to disseminate materials directly to workers, recruitment agencies and Seasonal Agricultural Workers Scheme (SAWS) operators. Staff also spoke at a number of international conferences on the work of the Authority.

Target 3.5 – Customer and Stakeholder Feedback

The Authority decided to postpone the customer survey because of the recent changes in the External Communications Strategy. We are now planning to run the survey in the 2008-09 financial year. Stakeholders have also given feedback through the Board meetings, Labour Provider User Group and meetings. In particular positive comments have been received about the new communication strategy.

Corporate Services

Target 4.1 – The Authority will continue to operate on an effective and efficient basis to ensure that no undue financial burden is imposed on licence fee payers.

The Authority has submitted data to the Better Regulation Executive in connection with the financial burden it has placed on the market place. Although this data is under constant review there is no evidence to suggest that the additional financial burden has placed undue pressure on licence fee payers.

In the recent public consultation exercise for fee levels for 2008-09 the Authority's proposals for fees was agreed. The proposal ensured that over 72% of licence fee payers would suffer no increase in fee level for 2008-09.

Target achieved.

Target 4.2 – The Authority will implement any agreed recommendations emanating from the December 2006 Value For Money (VFM) study which will require implementation during the period of the Corporate Plan.

These actions were completed by July 2007. In addition it has been agreed that a further independent study may be conducted during 2008-09.

Target achieved.

Target 4.3 – The Authority will continue to strive to reduce the unit cost of issued licences.

The Authority has budgeted for the unit cost of licences issued in 2007-08 to be £1,082.80 (defined as total cost divided by new licences plus renewals).

Due mainly to a problem associated with legal costs the actual unit cost for the year was £1,144.86 an increase of 6%.

Target not achieved.

Target 4.4 – The Authority will keep under constant review any areas that are perceived to be appropriate to maximise its miscellaneous income from receipts other than licence fees.

During the year the Authority completed substantially more application inspections visits than was originally budgeted.

Target achieved.

Target 4.5 – To promote sustainable development within the work of the Authority, and to improve sustainable development performance in our operations. To include a quarterly report to the Executive Management Board (EMB) to demonstrate the action being proposed and taken in this area.

During the year a campaign of sustainable development education has been conducted covering such areas as recycling, energy conservation and the reduction of carbon emissions. A considerable number of baselines have been developed which will enable confirmation of improvement in future periods.

Target achieved.

Target 5.1 – To ensure that the Authority is staffed appropriately to meet its business objectives.

All recruitment during 2007-08 was completed within budget and on time. Currently the executive has decided to hold three vacancies open pending a review of operational requirements. All other positions have been filled.

Target achieved.

Target 5.2 – The Authority will seek to be a proactive organisation in relation to its HR policies and operations to enable its most important resource (people) to be: effectively recruited (on time); properly rewarded; trained and developed; motivated; multi-skilled (where appropriate); and retained.

As a result of improved relations with representative trade unions several changes to policies have been agreed that have facilitated the delivery of key personnel strategies.

Target achieved.

Target 5.3 – The Authority will continue to communicate effectively with staff at all levels within the organisation.

A number of initiatives have been undertaken during the year to promote effective communications with staff at all levels. Work continues with the Public and Civil Service Union to consolidate this position.

Target achieved.

Target 5.4 – Best practice in management and staff co-operation – to achieve IIP status by June 2007.

Due to several management changes throughout the year this target has been deferred until June 2009.

Target not achieved.

Target 5.5 – To recruit and employ staff according to diversity and equal opportunities policy.

All recruitment during the year satisfied this criteria.

Target achieved.

Target 5.6 – External Complaints Procedure.

During the year 13 formal external complaints were received, all of which received written replies within the agreed timescales.

Target achieved.

Operations, Compliance and Enforcement

Target 6.1 – Licence decisions (time from application to decision)

80% of applications requiring an inspection to be completed within 30 days.

The actual performance varied dramatically throughout the year and averaged 60% overall. However, this target is inextricably linked with 6.3 (see below) and performance in isolation demonstrated that the time taken for licensing decisions (post inspection report) was not a delaying factor.

Target not achieved due to weight of inspections and scheduling process (see 6.3).

Target 6.2 – Effective use of intelligence analysis to support field operations.

95% of intelligence systems checks to be entered into the Authority's licensing system within the 10 day turnaround timeframe.

Actual performance for the year varied (on a monthly basis) from 69% to 100%. Cumulatively the average for the year was 84%.

Target not achieved during the year owing to lack of resources and some systems problems. The systems problems have been corrected and resources in the Intelligence Section have been increased.

Target 6.3 – Inspection timescales (time from scheduling to inspection report input).

At least 90% of application inspections will be carried out within 18 days.

Actual performance for the year varied (on a monthly basis) from 46% to 83%. Cumulatively the average for the year was 60%.

Target not achieved due to weight of inspections and scheduling process. Although contact was made with LP's to schedule appointments any delays where the LP was not available were not always recorded on LAWS. This issue has now been addressed. Certain issues would be outside the control of the inspector, e.g. cancellations, illness etc. In addition delays in completing the report, if for example documents were requested by an inspector but not immediately forthcoming would have affected this target. Furthermore any cases which, for exceptional reasons could not move forward, e.g. foreign labour providers where information was required from the LP but could not be obtained within the time period, still continue to have an impact upon this target.

Target 6.4 – Inspection accuracy and consistency

At least 10% of all inspectorate activity will be measured for both accuracy and consistency and appropriate action taken where necessary.

Where concerns are raised (either internally or externally) a 100% review of inspections will be conducted.

Target removed as it was decided following a few concerns within this area, that resources would be better deployed on concentrated and specific operational activity. As a result resources were moved towards thematic projects, where intelligence or seasonal activity would produce results for the Authority and have much needed impact upon the industry.

Target 6.5 – Investigation timescales (from initiation to appropriate conclusion – e.g. appropriate sanction if offences are proven).

90% of LP investigations requiring sanction to be referred to Defra Legal, DARDNI or Procurator Fiscal for a decision within 3 months of the date of allocation to an investigating officer	98% of cases suitable for sanction were closed/referred within timeframe. The above includes cases referred to Defra Legal, one (50% of cases referred) did not meet timeframe.
90% of LU investigations requiring sanction to be referred to Defra Legal, DARDNI or the Procurator Fiscal for a decision within 6 months of the date of allocation to an investigating officer	90% of cases suitable for sanction were closed/referred within timeframe. The above includes cases referred to Defra Legal, one (50% of cases referred) did not meet timeframe.
100% of LP cases not requiring sanction to be closed by enforcement within 3 months of the date of allocation to an investigating officer	Target met.
100% of LU cases not requiring sanction to be closed by enforcement within 6 months of the date of allocation to an investigating officer	Target met.

Target 7.1 Merger of the Authority and the HSE – By April 2007 the Authority will produce a timetable for the key dates and events that are scheduled to occur during 2007-08.

This was produced in April 2007 and was updated regularly throughout the year.

Target achieved.

Authority's Objectives 2008-09

Our activities in the financial year of 2008-09 will be focused on tackling those who fail to comply with the licensing standards and those who continue to operate outside the law. We will be adopting a systematic approach to identifying non-compliances through improved planning and use of intelligence. As the year progresses, we will have staff located and working where the problems are the highest but with the added flexibility of being able to be deployed wherever problems are rife. We will raise the profile of our work in tackling exploitation through an active media campaign and closer working with our partner agencies. This will be balanced with regular engagement with our key stakeholders to ensure we meet the expectations of the industry.

Operations, Compliance and Enforcement

- Implement effective enforcement and compliance operations and actions.

Target 1.1	To carry out a series of high profile operational projects and planned enforcement activity which will disrupt and deter non-compliant labour providers. Enforcement activities throughout the year will include road stops, unannounced labour user visits and planned operations.
Measure	12 projects in 2008-09.
Target 1.2	The Authority will make licensing decisions promptly based on evidence from inspections.
Measure	80% of applications requiring a licence decision completed within 3 days of receipt of the inspection report.
Target 1.3	A projected number of new licence inspections will be completed.
Measure	150 application inspections completed.
Target 1.4	To inspect licence holders that have previously not been inspected by the Authority.
Measure	Inspections on 80% of TLWG inspected licence holders.
Target 1.5	To inspect those licence holders that have ALCs at 31/03/08 which cannot be cleared by a desk based assessment. Estimate that this is about 80 inspections in 2008-09.
Measure	Inspections on 80 licence holders with ALCs.
Target 1.6	To inspect licence holders classed as new businesses - those LPs that have the "new business" tag on the public register suggesting that they are not currently trading in the regulated sectors.
Measure	Inspections on 80% of new businesses.
Target 1.7	To meet inspection timescales (time from scheduling to inspection report input).
Measure	At least 80% of application and compliance inspections carried out within 18 working days.
Target 1.8	To ensure that inspections are carried out consistently and accurately.
Measure	10% random review of inspection reports. 100% review of inspections where a concern has been raised.
Target 1.9	Effective use of intelligence analysis to support field operations.
Measure	80% of intelligence systems checks entered into the Authority's licensing system within 10 days.

Target 1.10	To meet investigation timescales (from initiation to appropriate conclusion – e.g. appropriate sanction, if offences are proven).
Measure	<p>90% of labour provider investigations requiring sanction referred to Defra Legal, DARDNI or the Procurator Fiscal (as appropriate) or their agents, for a decision within 3 months of the date of allocation to an investigating officer.</p> <p>90% of labour user investigations requiring sanction referred to Defra Legal, DARDNI or the Procurator Fiscal (as appropriate) or their agents, for a decision within 6 months of the date of allocation to an investigating officer.</p> <p>100% of labour provider cases not requiring sanction closed by enforcement management team within 3 months of the date of allocation to the investigating officer.</p> <p>100% of labour user cases not requiring sanction closed by enforcement management team within 6 months of the date of allocation to the investigating officer.</p>
Target 1.11	To more effectively deploy staff to reduce TOIL. Under normal circumstances it is anticipated that all operational staff will not exceed 37 hours accumulated and untaken TOIL.
Measure	Manage time off in lieu (TOIL) throughout the year at acceptable levels.
Target 1.12	To review the Authority's licensing standards (as recommended by the Annual Review 2007).
Measure	Revised licensing standards by end 2008.

Policy and Communications

- To develop an External Communications and Media Strategy which meets the requirements of the Authority (Targets 2.1 – 2.3).
- To generate customer and stakeholder feedback to inform development of the Authority (Targets 2.4 – 2.7).

Target 2.1	Securing high level media coverage for operations.
Measure	Media plan produced for each operational project. Press releases issued for revocations and refusals as part of the “naming and shaming” campaign. Post-operation monitoring and media follow up identifying take-up by different types of media.
Target 2.2	Raising awareness of how to report worker exploitation.
Measure	10% increase in intelligence reports from workers following campaigns to contact workers or operational projects.
Target 2.3	Compliance with Application Submission Strategy: applicants chose the web as their preferred option due to ease of use, speed and accessibility as evidenced through feedback.
Measure	75% of applications for a gangmasters licence made online.
Target 2.4	Stakeholder Engagement
Measure	Quarterly meetings with Labour User Group.
Target 2.5	Providing information to labour providers and labour users.
Measure	Production of Licensing News – quarterly. Production of Labour Users Newsletter – quarterly.
Target 2.6	Survey of effectiveness of communications.
Measure	Survey on customer and stakeholder views of the Authority’s performance completed by 31 March 2009.
Target 2.7	Meeting response times for public correspondence.
Measure	Draft responses to written PQ’s within 3 working days. Draft responses to oral PQ’s within agreed deadlines. Correspondence to ministers and members of the public within 5 working days and a full response within 15 working days. If this is impractical, a letter will be sent within 5 working days setting out the response timeframe. Freedom of Information and Data Protection enquiries responded to within 20 working days. Initial response to appeals sent within 5 working days and a full response within 20 working days. No more than 5% of enquiries result in further correspondence.

Corporate Services – Financial Performance

- The Authority will continue to operate on an effective and efficient basis to ensure that no undue financial burden is imposed on licence payers (Targets 3.1 – 3.3).
- The Authority will continue to strive to reduce the unit cost of issued licences (Target 3.1).
- To meet the Biodiversity Duty imposed on all Public Authorities (Target 3.4).

Target 3.1	Determine and implement financial measures to ensure on-going performance management and value for money, including potential economies of scale and other efficiency savings that can be achieved beyond 2008-09 when the organisation has completed its set-up phase.
Measure	Review the structure of the organisation during 2008-09 to ensure that licence payers are receiving value for money. Establish year-on-year efficiency targets for 2009-10 and beyond.
Target 3.2	Meet government target for payment of invoices.
Measure	90% of invoices paid within 30 days or suppliers' normal terms of trading.
Target 3.3	Meet target for production of management accounts.
Measure	Management accounts produced within 10 working days of the end of the month.
Target 3.4	To increase the volumes of waste paper and toner cartridges sent for recycling and monitor the CO ₂ emissions of Authority's business related travel.
Measure	Monthly report on the volume of waste paper recycled, numbers of toner cartridges recycled and CO₂ emissions, using 2007-08 as a benchmark.

Corporate Services – People

- To ensure that the Authority is staffed appropriately to meet its business objectives (Target 4.1).
- To be seen to be following good practice in management and staff co-operation (Targets 4.2 – 4.3).
- To be recognised as an employer who is fair and values the contribution of its staff (Targets 4.4 - 4.5).

Target 4.1	To retain appropriate levels of staff.
Measure	Monthly table, by directorate, which identifies (by headcount) budgeted staff numbers, actual staff numbers, variances and comments regarding variances (where appropriate).
Target 4.2	To work towards achieving IiP status in June 2009.
Measure	Quarterly report on progress to EMB.
Target 4.3	The Authority will continue to communicate effectively with staff at all levels within the organisation.
Measure	By 31 March 2009 the internal communications strategy will be implemented and staff views sought on whether it meets their needs.
Target 4.4	To put diversity training in place for all appropriate staff.
Measure	Training in equal opportunities and valuing diversity for all interviewing staff by 31 March 2009.
Target 4.5	The Authority will seek to deal with 100% of complaints about GLA staff or processes within the agreed timetable.
Measure	<p>100% of all written complaints responded to fully, within either 5 working days or 15 working days (if a full investigation is required).</p> <p>Monthly report which will show:</p> <ul style="list-style-type: none"> • Number of complaints received • Target for response • Actual response time • Number of complaints that required further action/correspondence

Corporate Services – Strategic Management

- Hampton Review recommendations (Target 5.1).
- To meet the requirements of the Act to report on the performance of the Authority - Measuring Outcomes (Target 5.2).

Target 5.1	The Authority will contribute constructively to the process of the possible merger of the Authority and the HSE and will be a major contributor to the project steering group looking at the Hampton review recommendations.
Measure	Minutes of the project steering group.
Target 5.2	Completion of Annual Review of Authority.
Measure	To procure the services of the University of Sheffield and the University of Liverpool to complete the third annual review by 31 January 2009.

Remuneration Report

Contract Information

Senior Manager	Title	Date of Contract	Unexpired Term	Notice Period	Compensation for early termination	Other liability details
Mike Wilson	Chief Executive	01/04/05	0 Months	3 Months	Provided under the Civil Service Compensation Scheme and the PCSPS	N/A
Ian Livsey	Chief Executive	01/11/07	31 Months	3 Months	PCSPS	N/A
Ray Dawson	Deputy Chief Executive and Director of Finance	01/04/05	Permanent Contract	3 Months	PCSPS	N/A
Darryl Dixon	Director of Operations	01/04/05	Permanent Contract	3 Months	PCSPS	N/A
Nicola Ray	Director of Policy and Communications	01/04/05	Permanent Contract	3 Months	PCSPS	N/A
Bernard Meakins	Director of Policy and Communications	01/01/07	0 Months	1 Month	N/A	N/A

The Chairman of the Authority is employed on a contract basis. Payments made during the financial year total £21,200 (£20,400 2006-07) which are included in the staff costs total of £1,990,600 (£1,662,200 2006-07) in note 7 on page 41 to the financial statements. Payments of £9,800 (£8,400 2006-07) have also been made to the Chairman in regard to travel and subsistence.

Mike Wilson, Chief Executive, was appointed on a fixed term contract with effect from 1 April 2005 for three years and resigned on the 31 August 2007. Ray Dawson commenced the position of Acting Chief Executive from the 20 August 2007 until Ian Livsey joined the Authority as Chief Executive on the 1 November 2007.

Nicola Ray was appointed on a permanent contract but as of 30 July 2007 the contract was amended to reduced hours. For the period 1 January 2007 to 9 August 2007 Nicola Ray's post was covered by Bernard Meakins who was engaged on a commercial consultancy arrangement.

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

Salary Information

The 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. All positions were advertised nationally.

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 the Executive Management Board and the Chairman (where appropriate) who also consider recommendations from line managers 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.

A total of £8,000 (£11,000 2006-07) for performance related pay was paid to senior managers during 2007-08.

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

Senior Manager	Title	2007-08 Salary & Performance Related Bonus (in bands of £5k)	2006-07 Salary & Performance Related Bonus (in bands of £5k)
Mike Wilson	Chief Executive (to 31 August 2007)	30-35	80-85
Ian Livsey	Chief Executive (from 1 November 2007)	30-35	N/A
Ray Dawson	Deputy Chief Executive and Director of Finance	55-60	55-60
Darryl Dixon	Director of Operations	55-60	50-55
Nicola Ray	Director of Policy and Communications	50-55	50-55
Bernard Meakins	Acting Director of Policy and Communications	50-55	N/A

No other allowances, benefits in kind or compensation were paid. No compensation is payable to any former senior managers.

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

The tables within the Remuneration Report form part of the audited accounts.

Pension Information

2007-08

Senior Manager	Increase in pension (Bands of £2.5k)	Real increase in lump sum at age 60 (Bands of £2.5k)	Value of Accrued pension (Bands of £5k)	Related Lump Sum at age 60 (Bands of £5K)	Cash equivalent transfer value (TV) at 1 April (£1k)	Cash equivalent transfer value (TV) at 31 March (£1k)	Real Increase in cash equivalent TV in year (£1k)	Employers Contribution to Partnership pension
Mike Wilson	0-2.5	0-2.5	0-5	5-10	42	48	8	N/A
Ian Livsey	0-2.5	N/A	0-5	N/A	0	25	16	N/A
Ray Dawson	0-2.5	N/A	10-15	N/A	212	268	24	N/A
Darryl Dixon	0-2.5	0.2.5	15-20	50-55	237	287	10	N/A
Nicola Ray	0-2.5	0-2.5	10-15	25-30	148	180	5	N/A

2006-07

Senior Manager	Increase in pension (Bands of £2.5k)	Real increase in lump sum at age 60 (Bands of £2.5k)	Value of Accrued pension (Bands of £5k)	Related Lump Sum at age 60 (Bands of £5K)	Cash equivalent transfer value (TV) at 1 April (£1k)	Cash equivalent transfer value (TV) at 31 March (£1k)	Real Increase in cash equivalent TV in year (£1k)	Employers Contribution to Partnership pension
Mike Wilson	0-2.5	2.5-5	0-5	5-10	20	39	18	N/A
Ian Livsey	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ray Dawson	0-2.5	N/A	10-15	N/A	190	210	12	N/A
Darryl Dixon	0-2.5	0.2.5	15-20	45-50	223	236	8	N/A
Nicola Ray	0-2.5	0-2.5	10-15	20-25	139	148	7	N/A

Due to recent rule changes regarding transferring out of pension benefits, the figures for Mike Wilson for 2006-07 relate only to service whilst employed by the Authority. These figures have been provided by the Cabinet Office calculator.

The slight difference between the final period CETV for 2006-07 and the start of period CETV for 2007-08 is due to certain factors being incorrect in last year's CETV calculator.

No lump sum values are shown for members of the premium or nuvos schemes.

No awards have been made to past senior managers.

The real increase in the value of the Cash Equivalent Transfer Value (CETV)

This is effectively the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the member and is calculated using common market valuation factors for the start and end of the period.

CETV

This 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. It 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 pension 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 pensionable service, not just their current appointment. CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The CETV for Mike Wilson are notional only, due to being part of the 'final after formal' scheme.

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 changes in the Retail Prices Index (RPI). 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 set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. 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' 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 in respect of 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 accounts is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all

cases members may opt to give up (commute) pension for 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.

The real increase in the value of the CETV

This is effectively the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the member and is calculated using common market valuation factors for the start and end of the period.

Declaration of Interest

Senior Manager

Paul Whitehouse, Chairman

Declaration of Interest

Directorships:

The Dutch Barge Association Limited
Sidcot School

Ian Livsey, Chief Executive, from 1 November 2007.

Executive Chairman, TrustMark
(2005) Limited until 31 March 2008.

Mike Wilson, Chief Executive, from 1 April 2007 – 31 August 2007.

None to declare

Ray Dawson, Deputy Chief Executive and Director of Finance and Acting Chief Executive from 1 September 2007 – 31 October 2007)

None to declare

Darryl Dixon, Director of Operations

None to declare

Nicola Ray, Director of Policy and Communications

None to declare

Bernard Meakins, Acting Director of Policy and Communications

None to declare

Signed:



Ian Livsey

Accounting Officer

9 July 2008

Authority Board Composition

The Authority's Board consists of the Chairman Paul Whitehouse, seventeen representative members with four vacancies currently, nine ex-officio members and one official observer. Meetings are also attended by the Authority's Executive. A public register of interests for Board Members is held, and this may be accessed via the Authority's website, www.gla.gov.uk.

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

Board meetings are currently held on a quarterly basis and are open to the public.

Representative Members

The Association of Labour Providers (ALP)	David Camp and Joanne Young
National Farmers Union (NFU)	Sharon Cross and Phil Hudson
National Farmers Union Scotland (NFUS)	Lisa Webb
The Recruitment and Employment Confederation (REC)	Position currently vacant
Trade Union Congress (TUC)	Nick Clark and Bill Snell
Unite	Chris Kaufman and Martin Smith
British Retail Consortium	Chris McCann
Fresh Produce Consortium (FPC)	Nigel Jenney
Food and Drink Federation (FDF)	Position currently vacant
National Association of Citizens Advice Bureau (NACAB)	Jane Betts
Sea Fish Industry Authority (SFIA)	Position currently vacant
Shellfish Association of Great Britain	Colin MacDonald
Association of Chief Police Officers (ACPO)	Position currently vacant
Police Superintendents Association	Russell Hardy
Local Authorities Coordinators of Regulatory Services (LACORS)	Geoffrey Theobald OBE

Ex-Officio Members

Representatives of:

The Secretary of State for Home Affairs	Tim Woodhouse
Department for Business, Enterprise and Regulatory Reform	Jolanta Edwards
The Secretary of State for Work and Pensions	Judith Hicks
The Health and Safety Executive	Graeme Walker
The Scottish Ministers	Neil Fleming
The Welsh Assembly for Wales	Gary Haggarty
The Secretary of State for Environment, Food and Rural Affairs	David Jones
The Commissioners of Inland Revenue and the Commissioners of Customs and Excise jointly	Michael O'Callaghan
The Minister for Agriculture and Rural Development for Northern Ireland	John Speers

Official Observer

Ethical Trading Initiative (ETI)	Dan Rees
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Statement of Accounting Officer's Responsibilities

Under the Gangmasters (Licensing) Act 2004, the Secretary of State has directed the Gangmasters Licensing Authority 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 income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual 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 Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Secretary of State appointed the Chief Executive, Mike Wilson, as Accounting Officer of the Gangmasters Licensing Authority for the period of April 2005 to August 2007, Ray Dawson as Acting Accounting Officer from September 2007 to October 2007 and Ian Livsey as Accounting Officer from the 1 November 2007. 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 Gangmasters Licensing Authority's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in Managing Public Money.

Statement on Internal Control

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.

The Board of the Authority is responsible for ensuring that the Authority discharges its duties properly. This responsibility is delegated to the Audit and Risk Committee of the Board. This Committee regularly reviews the risks identified within the Authority, both commercial and fraud. I am required to allow the Committee complete access to any aspect of the Authority's control arrangements and to provide it with such information as may be required to discharge that duty. I am also required to satisfy Defra, the sponsor department, of the regularity and propriety of expenditure relating to enforcement, the responsibility for which has been delegated directly to the Authority by the Secretary of State.

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 departmental 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 2008 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Commercial and fraud risks are identified and agreed by the Executive Management Board of the Authority. In my capacity as Chief Executive I will agree an individual director who will assume lead responsibility for each risk along with an assessment of its potential impact and effective countermeasure. Risks are reviewed twice monthly by the Executive Management Board and then presented to the Audit and Risk Committee on a quarterly basis for comment and proposed action.

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. To date the Authority's success rate in defending such appeals has been excellent due to the rigorous nature of the revocation process. It is fundamental to the Authority's core business and risk management that this process is maintained, always realising that future appeals may lead to legal challenge against the Authority. Each case will therefore, be monitored and addressed on an individual basis.

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 2007-08 internal audit programme covered four processes operating within the Gangmasters Licensing Authority of which three received 'substantial' assurance and which identified weaknesses in the other area. This area was in relation to the formalisation of Gangmasters Licensing Authority's Business Continuity Plan and is an area which management are currently addressing; in general, and with that exception, reasonable assurance has been given over risk, control and governance by internal audit. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Committee and a plan to address recommendations and weaknesses as well as to ensure that continuous improvement of the system is in place.

Signed:

A handwritten signature in black ink that reads "Ian Livsey". The signature is written in a cursive style with a large initial 'I'.

Ian Livsey
Accounting Officer
9 July 2008

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 the Gangmasters Licensing Authority for the year ended 31 March 2008 under the Gangmasters (Licensing) Act 2004. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the Statement of Recognised Gains and losses 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 the Accounting Officer and Auditor

The Chief Executive as Accounting Officer is responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Gangmasters (Licensing) Act 2004 and Secretary of State directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Gangmasters (Licensing) Act 2004 and Secretary of State directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Directors' Report and the Management Commentary included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Gangmasters Licensing Authority has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal control reflects the Gangmasters Licensing Authority's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Gangmasters Licensing Authority's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Mission Statement, Foreword and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of Audit Opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Gangmasters Licensing Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Gangmasters (Licensing) Act 2004 and directions made thereunder by the Secretary of State, of the state of the Gangmasters Licensing Authority's affairs as at 31 March 2008 and of its surplus for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Gangmasters (Licensing) Act 2004 and Secretary of State directions made thereunder; and
- information, which comprises the Directors' Report and Management Commentary, included within the Annual Report, is consistent with the financial statements.

Emphasis of matter – possible outcome of a lawsuit

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 23 to the financial statements, concerning the Authority receiving formal notice of a claim for damages due to loss of earnings and other business costs, resulting from the revocation of a license by the Authority. The Authority is currently considering this notification and intends to contest the formal claim, once received. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

T J Burr
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

14 July 2008

Financial Statements

Income and Expenditure Account for the year ended 31 March 2008

	Notes	2007-08 £'000	2006-07 £'000
Income			
Enforcement	3	1,918.8	1,203.9
Licence Fees	4	707.2	275.8
Application Inspection Fees		667.4	1,091.5
Other	5	10.4	9.5
Total Income		3,303.8	2,580.7
Expenditure			
Staff Costs	7	1,990.6	1,662.2
Travel and Subsistence		283.0	212.6
Information Technology		141.7	95.0
Marketing		71.6	159.4
Consultancy		0.0	56.5
Other	9	783.9	724.7
Total Expenditure	10	3,270.8	2,910.4
Surplus/(Deficit)		33.0	(329.7)

All income and expenditure is derived from continuing operations.

The notes on pages 36 to 50 form part of these accounts.

There are no gains and losses other than the net operating cost.

Balance Sheet as at 31 March 2008

	Notes	31 March 08 £'000	31 March 07 £'000
Fixed Assets			
Intangible Assets	11	0.7	6.7
Tangible Assets	12	<u>1,217.0</u>	<u>1,387.7</u>
Total Fixed Assets		1,217.7	1,394.4
Current Assets			
Debtors	13	18.4	14.1
Cash at bank and in hand	14	<u>316.5</u>	<u>369.3</u>
Total Current Assets		334.9	383.4
Creditors: Amounts falling due within one year	15	822.3	842.1
Net current liabilities		(487.4)	(458.7)
Total assets less current liabilities		730.3	935.7
Capital and Reserves			
General Reserve	16	730.3	935.7
Total Reserves		730.3	935.7

The notes on pages 36 to 50 form part of these accounts.

Signed:



Ian Livsey
Accounting Officer
9 July 2008

Cash Flow Statement for the year ended 31 March 2008

	Notes	2007-08 £'000	2006-07 £'000
Net cash inflow from operating activities	17 (i)	229.9	245.5
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets		(0.7)	0.0
Payments to acquire tangible fixed assets		(0.3)	(911.4)
Payments to the Consolidated Fund which are outside the scope of the Authority's activities		(1,588.9)	(1,406.0)
Financing	17 (ii)	1,307.2	2,235.0
(Decrease)/Increase in cash in the period	17 (iii)	(52.8)	163.1

The notes on pages 36 to 50 form part of these accounts.

Notes to the Accounts

1. Form of Accounts

To give a true and fair view of the income and expenditure and cash flows for the financial year, the annual accounts are prepared in accordance with UK Accounting Standards, in compliance with the Government Financial Reporting Manual (FRoM).

These accounts are also prepared in a form that the Secretary of State has, with approval of HM Treasury, directed under Section 23 of the Gangmasters (Licensing) Act 2004 and are in compliance with the Accounts Direction as received from the Authority's sponsoring body, Defra.

The Authority also has regard to the Accounting Standards Board's Statement of Principles for Financial Reporting.

2. Accounting Policies

a) Accounting convention - the financial statements are prepared in compliance with the FRoM under the historical cost convention and on the going concern basis.

b) 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 inspection fees are exempt from VAT.

c) Grant in Aid utilised for both revenue and capital expenditure is regarded as a finance flow and is credited to the income and expenditure reserve in the year to which it relates.

d) Fixed assets and depreciation - depreciation is provided on fixed assets charged on a straight-line basis at rates calculated to write off the cost over the estimated UEL of the asset, on the following annual rates. The Authority re-values its assets where material.

Category	Life (years)
IT Assets	3 – 10
Furniture and Fittings	3 – 5
Office Equipment	3 – 5

e) Pensions - the pension arrangements for the Authority are covered by the Superannuation Act 1972 and reflects benefits for members of the Principal Civil Service Pension Scheme. 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 Principal Civil Service Pension Scheme. 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, 2007-08.

For further information see the Remuneration Report.

- f) Cost of Capital - a notional average cost of capital employed during the year is shown on the income and expenditure account, in accordance with the FReM. The prescribed rate of interest during the year was 3.5 per cent.

3. Enforcement Income

The Authority has a service level agreement (SLA) with Defra in order to provide enforcement services within Great Britain. This income of £1,852,126 (£1,195,500 2006-07) was applied for and received on a monthly basis.

The Authority has also issued an invoice to the Department of Agriculture and Rural Development (DARDNI) for enforcement services carried out within Northern Ireland for £66,700 (£8,400 2006-07).

4. Licence Fees

Under the Gangmasters (Licensing) Act 2004 the Authority is required to establish a UK wide licensing scheme and create a 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.

To provide evidence of compliance to the required licensing standards prior to issue of a licence, application inspections were conducted on those gangmasters who had either not had a TLWG audit or those for whom the TLWG audit was not successful.

Fees were set as follows:

Annual Turnover	Fee Band	2007-08		2006-07	
		Annual Licence Fee £'000	Application Inspection Fee £'000	Annual Licence Fee £'000	Application Inspection Fee £'000
£10m+	A	9.00	2.50	4.00	2.50
£5-10m	B	4.50	2.10	2.00	2.10
£1-5m	C	1.80	1.90	0.75	1.85
<£1m	D	0.40	1.60	0.25	1.60

Licences Issued

2007-08

As at 31 March 2008	Licences issued and renewed	Licence Application Cancelled	Licences Application Refused	Total	£'000 Recognised
Horticulture, Agriculture and Forestry	1,201	14	13	1,228	707.0
Shellfish	<u>1</u>	<u>1</u>	<u>0</u>	<u>2</u>	<u>0.2</u>
Total	<u>1,202</u>	<u>15</u>	<u>13</u>	<u>1,230</u>	<u>707.2</u>

Re-stated * 2006-07

As at 31 March 2007	Licences issued	Licence Applications Cancelled	Licences Applications Refused	Total	£'000 Recognised
Horticulture, Agriculture and Forestry	990	26	26	1,042	275.8
Shellfish	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Total	<u>990</u>	<u>26</u>	<u>26</u>	<u>1,042</u>	<u>275.8</u>

* The number of licences processed for 2006-07 has been re-stated from a total of 1,005 to 1,042.

5. Other Income

£10,400 (£9,500 2006-07) relates to bank interest which was paid into the Consolidated Fund as an Extra Receipt via Defra.

6. Full Cost Recovery

In line with the 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, not for SSAP 25 purposes.

	2007-08	2006-07
	£'000	£000
Income		
Licence Fees and Application Inspections	1,374.6	1,367.3
Expenditure		
Staff Costs	733.2	560.3
Travel and Subsistence	80.9	47.2
Marketing	17.9	0.0
Information Technology	40.3	28.4
Other	<u>535.9</u>	<u>340.3</u>
Total Expenditure	<u>1,408.2</u>	<u>976.2</u>
(Deficit)/Surplus	<u>(33.6)</u>	<u>391.1</u>

Full functional expenditure analysis can be found at notes 9 and 10 along with income analysis at note 4.

7. Staff Costs

Directorate	2007-08				2006-07					
	Average Number Employed	Salaries £'000	Social Security Costs £'000	Pension Costs £'000	Total £'000	Average Number Employed	Salaries £'000	Social Security Costs £'000	Pension Costs £'000	Total £'000
Chief Executive's Office	2	129.5	11.0	22.6	163.1	2	121.0	10.3	22.9	154.2
Finance and Corporate Services	9	239.8	18.7	46.9	305.4	9	266.2	20.9	50.5	337.6
Licensing and Compliance	21	558.2	43.2	99.1	700.5	17	463.3	34.8	81.3	579.4
Policy and Communications	5	146.6	9.1	24.0	179.7	4	144.1	10.7	27.3	182.1
Enforcement	14	474.2	35.7	85.9	595.8	12	326.8	23.4	58.7	408.9
Enforcement Northern Ireland	2	36.7	2.5	6.9	46.1	0	0	0	0	0
Total	53	1,585.0	120.2	285.4	1,990.6	44	1,321.4	100.1	240.7	1,662.2

The Chairman, Paul Whitehouse, received total remuneration of £21,200 (£20,400 2006-07). Full details of the senior staff costs are provided in the Remuneration Report on pages 21 to 25.

Temporary administration staff at a cost of £14,500 (£11,600 2006-07) were employed within the Licensing and Compliance and Enforcement directorates through out the year. However this did not increase the average number employed.

Four members of staff were employed on a short term basis, two of which have since been made permanent.

A total of £10,200 (£8,500 2006-07) was paid for performance related pay during the year, and £49,200 (£47,900 2006-07) has been accrued as this is yet to be awarded for 2007-08.

Directorate	Departmental Objective
Chief Executive's Office	To provide strategic guidance and control.
Finance and Corporate Services Directorate	To provide professional support in areas such as Finance, HR and IT.
Licensing and Compliance Directorate	To ensure that licences are granted to those suitably qualified gangmasters, and that licence holders continue to comply with the Authority's licensing standards.
Policy and Communications Directorate	To liaise with the sponsor division ensuring the legislative process meets agreed timescales, and to effectively communicate policies and operational requirements to all stakeholders of the Authority.
Enforcement Team	To act on behalf of the Secretary of State and ensure that any party operating illegally contrary to the Act is fully investigated and appropriate action is taken where necessary.

8. Pension Costs

The Principal Civil Service Pension Scheme (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 2007. Details of the latest actuarial valuation can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2007-08, employers' contributions of £279,700 were payable to the PCSPS (£238,500 2006-07) at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands (the rates in 2006-07 were the same). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2008-09, the salary bands will be revised but the rates will remain the same.

The contribution rates are set to meet the cost of the benefits accruing during 2007-08 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £5,400 (£2,000 2006-07) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £340 (£200 2006-07), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the 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 (£200 2006-07). Contributions prepaid at that date were nil (nil 2006-07).

9. Other Expenditure

	2007-08	2006-07
	£'000	£'000
Depreciation	177.7	112.2
Legal Costs - Appeals	168.2	7.5
Application Inspection		
Costs	72.0	61.9
Recruitment	64.8	14.0
Rent	40.0	65.6
Training	49.8	55.9
Auditors Remuneration	37.0	34.0
Telephone	25.6	16.1
Cost of Capital	25.1	23.5
Interpreters	22.3	22.6
Stationery/Postage	20.2	24.2
Board Expenses	7.7	6.3
Measuring Outcomes		
Survey	6.4	44.8
Discounts	0.0	86.0
TLWG Transition	0.0	47.1
VAT Liability (see note 15)	0.0	25.6
Other	<u>67.1</u>	<u>77.4</u>
Total	<u>783.9</u>	<u>724.7</u>

The remuneration to the National Audit Office (NAO) in respect of external audit work carried out was £27,000 (£25,000 2006-07). No remuneration was paid to auditors in respect of non-audit work.

The Temporary Labour Working Group (TLWG) is an organisation whose initial aim was to establish a national licensing and registrations scheme for labour providers and the group played a lead role in campaigning for the creation of the Authority.

9. Other Expenditure (cont'd)

The expenditure under this category relates to work which has been carried out by both IMPACTT and the Ethical Trading Initiative on behalf of the Authority to assist with the establishment of the Authority's licensing scheme.

For the purposes of full cost recovery, expenditure has been analysed by function as well as category as at note 10.

10. Expenditure Analysis

Function	2007-08 £'000			2006-07 £'000				
	Set Up	Enforcement	Licensing	Total	Set Up	Enforcement	Licensing	Total
Staff Costs	0.0	1,257.4	733.2	1,990.6	273.8	828.1	560.3	1,662.2
Marketing	0.0	53.7	17.9	71.6	159.4	0.0	0.0	159.4
Travel and Subsistence	0.0	202.1	80.9	283.0	11.8	153.6	47.2	212.6
Information Technology	0.0	101.4	40.3	141.7	15.6	51.0	28.4	95.0
Consultancy	0.0	0.0	0.0	0.0	56.5	0.0	0.0	56.5
Other	<u>0.0</u>	<u>248.0</u>	<u>535.9</u>	<u>783.9</u>	<u>235.1</u>	<u>149.3</u>	<u>340.3</u>	<u>724.7</u>
Total	<u>0.0</u>	<u>1,862.6</u>	<u>1,408.2</u>	<u>3,270.8</u>	<u>752.2</u>	<u>1,182.0</u>	<u>976.2</u>	<u>2,910.4</u>

All costs are allocated on the basis of management's best estimate of the apportionment of costs between set up, enforcement and licensing in the first two years of operation.

11. Intangible Fixed Assets

	Software Licenses £'000
Cost	
As at 1 April 2007	11.7
Additions	0.7
Transfers	0.0
Disposals	0.0
As at 31 March 2008	12.4
Amortisation	
As at 1 April 2007	5.0
Charged for the period	6.7
Additions	0.0
Transfers	0.0
Disposals	0.0
As at 31 March 2008	11.7
Net Book Value	
As at 31 March 2007	6.7
As at 31 March 2008	0.7

12. Tangible Fixed Assets

	IT Assets £'000	Office Equipment £'000	Total £'000
Cost			
As at 1 April 2007	1,499.9	2.5	1,502.4
Additions	5.2	0.0	5.2
Transfers	0.0	0.0	0.0
Disposals	(5.0)	0.0	(5.0)
As at 31 March 2008	1,500.1	2.5	1,502.6
Depreciation			
As at 1 April 2007	113.6	1.1	114.7
Charged for the period	170.1	0.8	170.9
Transfers	0.0	0.0	0.0
Disposal	0.0	0.0	0.0
As at 31 March 2008	283.7	1.9	285.6
Net Book Value			
As at 31 March 2007	1,386.3	1.4	1,387.7
As at 31 March 2008	1,216.4	0.6	1,217.0

13. Debtors

	2007-08 £'000	2006-07 £'000
Other Debtors	0.0	3.4
Prepayments and Accrued Income	18.4	10.7
Total	<u>18.4</u>	<u>14.1</u>

There are no amounts falling due after one year.

14. Cash at bank and in hand

	2007-08 £'000	2006-07 £'000
Cash at Bank	316.4	369.1
Petty Cash	<u>0.1</u>	<u>0.2</u>
Total	<u>316.5</u>	<u>369.3</u>

15. Creditors: Amounts falling due within one year

	2007-08 £'000	2006-07 £'000
VAT	85.1	95.5
Other Taxation and Social Security	39.4	35.4
Trade Creditors	38.4	166.8
Accruals and Deferred Income	659.4	543.1
Other	<u>0.0</u>	<u>1.3</u>
Total	<u>822.3</u>	<u>842.1</u>

Included in this figure is a total amount of £99,200 (£176,300 2006-07) which relates to balances with other government departments which fall within the whole of government accounting (WGA) boundaries.

£85,100 relates to VAT which was reclaimed during the period 2005 to 2007 along with managements best estimate of liability due. This liability is associated with the HMRC's decision to de-register the Authority under the provisions of VAT legislation.

There are no amounts falling due after one year.

16. General Reserve

General Reserve	2007-08	2006-07
	£'000	£'000
As at 1 April	935.7	534.1
Net surplus/(deficit)	33.0	(329.7)
Financing:		
Revenue - Grant in aid	1,168.1	1,298.1
Defra	133.2	25.5
Capital - Grant in aid	3.3	70.4
Defra	2.6	841.0
Notional Cost of Capital	25.1	23.5
Payments to the CF Fund	<u>(1,570.7)</u>	<u>(1,527.2)</u>
As at 31 March	<u>730.3</u>	<u>935.7</u>

HM Treasury rate of 3.5 per cent was used for the notional cost of capital charge, which was calculated on a quarterly basis.

17. Cash Flow

(i) Net Cash Inflow

	2007-08 £'000	2006-07 £'000
Net expenditure for the year	33.0	(329.7)
Adjustments for non-cash transactions:		
Depreciation	177.7	112.2
Notional Cost of Capital charge	25.1	23.5
(Increase) in debtors	(4.3)	(11.5)
(Decrease) / Increase in creditors	<u>(1.6)</u>	<u>451.0</u>
Net cash inflow from operating activities	<u>229.9</u>	<u>245.5</u>

(ii) Financing

	2007-08 £'000	2006-07 £'000
Capital Grant in Aid	5.9	911.4
Revenue Grant in Aid	<u>1,301.3</u>	<u>1,323.6</u>
	<u>1,307.2</u>	<u>2,235.0</u>

(iii) Analysis of changes in Net Funds

	As at 31.3.08 £'000	Cash Flow £'000	As at 31.3.07 £'000
Cash at Bank and in Hand	316.5	(52.8)	369.3

18. Capital Commitments

The Authority had no capital commitments at 31 March 2008 (nil 2006-07).

19. Losses and Special Payments

The Authority had no disclosable losses or special payments during the financial year 1 April 2007 to 31 March 2008 (nil 2006-07).

20. Financial Instruments

The Authority does not face the degree of exposure to financial risk that commercial businesses do. In addition, financial assets and liabilities generated by day-to-day operational activities are not held in order to change the risks facing the Authority in undertaking its activities. The Authority relies upon Defra for its cash requirements, having no power itself to borrow or invest surplus funds and the Authority's main financial assets and liabilities have either a nil or a fixed rate of interest related to the cost of capital (currently 3.5 per cent). The short term liquidity and interest rate risks are therefore slight and there is no foreign currency risk as all income and expenditure, and material assets and liabilities, are denominated in sterling.

21. Post Balance Sheet Events

There have been no adjusting post balance sheet events, other than those in relation to contingent liabilities disclosed in the note 23 to the accounts.

The Authority's financial statements are laid before the Houses of Parliament by the Parliamentary Clerk for Defra. FRS 21 requires the Authority to disclose the date on which the accounts are authorised for issue. The authorised date for issue is 14 July 2008.

The authorising officer is the Accounting Officer, Ian Livsey.

22. Related Party Transactions

The Authority is a non-departmental public body of Defra. Defra is regarded as a related party. During the year the Authority has had a number of material transactions with Defra along with other government departments as follows:

Body	Relationship	Total Transaction Amount	
		2007-08 £'000	2006-07 £'000
Defra	Sponsoring Body	3,023.5	3,340.5
The Cabinet Office	Manager of the PCSPS	279.7	237.5
Land Registry	Landlord	40.0	65.6
DARDNI	Sponsoring body associate	66.7	8.4
Ministry of Defence	Authorised pensions administration centre via People, Pay and Pensions Agency	1.7	0.6

The Defra payments include those made directly by the Innovation and Better Regulation for Farmers (IBRF) division for which Defra is regarded as the parent department.

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

23. Contingent Liabilities

As a result of the revocation of a licence, the Authority anticipates the receipt of a formal notice of a claim for damages due to loss of earnings and other business costs. This matter is currently being considered and the intent is to contest the claim once received. As the ultimate outcome of the matter cannot presently be determined, no provision for any liability has been made within the financial statements.

Glossary

A2	Refers to Romania and Bulgaria joining the European Union during 2007
A8	Excession countries who joined the European Union during 2004
ACPO	Association of Chief Police Officers
ALP	Association of Labour Providers
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
DTI	Department of Trade and Industry
DWP	Department of Work and Pensions
ETI	Ethical Trading Initiative
EURES	European Union Employment Service
FDF	Food and Drink Federation
FFD	Farm Focus Division
FPC	Fresh Produce Consortium
FReM	Financial Reporting Manual
GIA	Grant in Aid
GLA	Gangmasters Licensing Authority
HIA	Head of Internal Audit
HMRC	Her Majesty's Revenue and Customs
HSE	Health and Safety Executive
IBRF	Innovation and Better Regulation for Farmers
IND	Immigration Nationality Department
LACORS	Local Authorities Coordinators of Regulatory Services
LAWS	Licence Application Workflow System
LP	Labour Provider
LU	Labour User
MOU	Memorandum of Understanding
NACAB	National Association of Citizens Advice Bureau
NAO	National Audit Office
NFU	National Farmers Union
NFUS	National Farmers Union Scotland
NMW	National Minimum Wage
OGD	Other Government Department
PCSPS	Principal Civil Service Pension Scheme
PRP	Performance Related Pay
REC	The Recruitment and Employment Confederation
RPI	Retail Price Index
SFIA	Sea Fish Industry
SI	Statutory Instrument
SLA	Service Level Agreement
TGWU	Transport and General Workers Union
TLWG	Temporary Labour Working Group
TUC	Trade Union Congress
UEL	Useful Economic Life
WGA	Whole of Government Accounts

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ID5825099 07/08

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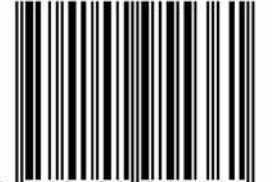
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ISBN 978-0-10-295536-1



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