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for Environment
Food & Rural Affairs

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Report of the Triennial Review of the Gangmasters Licensing Authority

April 2014

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Any enquiries regarding this publication should be sent to us at:

Triennial Review Team, Defra, Area 6D, Nobel House, 17 Smith Square, London SW1P 3JR

Email: TRT@defra.gsi.gov.uk

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Executive Summary

1. This Triennial Review of the Gangmasters Licensing Authority (GLA) is part of the Government's programme of regular reviews to ensure that the functions and form of Non Departmental Public Bodies remain necessary and appropriate and that effective governance arrangements are in place.
2. The Gangmasters Licensing Authority is an organisation which regulates the supply of labour to the farming, food processing and shellfish gathering sectors and protects workers in those sectors from exploitation. The GLA works to embed a framework through which workers are treated fairly and labour providers and labour users operate on a level playing field. The GLA also plays a significant role in enforcing the protection of workers and directly tackling those who choose to abuse the system. The Government believes the functions GLA provides continue to be required and that the body is an effective one in achieving its objectives.

The conclusion of the Review is that the functions of the GLA are still necessary, that the GLA remains the right body for delivering them and that the GLA should remain an NDPB.

3. The GLA is already in the process of implementing changes to strengthen its ability to deliver. Following the conclusions of the Government's Red Tape Challenge process, the GLA is working to focus its attention more on high risk activities and reduce burdens on those who are compliant. As a result of this, low risk areas, including forestry, have been excluded from the scope of licensing; and the requirement for all licence applicants to be inspected, on a chargeable basis, has been removed. This risk-based approach is likely to result in a reduction to under half of applicants needing an inspection visit in the medium term. The introduction shortly of longer duration licences for compliant businesses will further reduce burdens.
4. The Review strongly endorses further targeting of the serious transgressors of the licensing scheme and, through this, in some cases tackling serious and organised crime. It commends the GLA's proactive and collaborative approach in working with other national crime bodies and enforcement agencies to tackle these issues and recognises that significant successes have been demonstrated through this approach. However, the majority of labour providers aim to comply with the law and treat workers in the right way. Therefore, it is very important that the GLA continues to make every effort to reduce the burden on compliant business while enforcing the law against those that break it. The review concludes that the GLA should continue further in the direction of risk based targeting of enforcement activity and reducing the burdens on compliant businesses.
5. It is also likely that the GLA would benefit from exploring opportunities further for securing alternative sources of revenue, including awareness training offerings and

asset recovery opportunities under the Proceeds of Crime Act 2002. The GLA should develop a plan for investigating and implementing these opportunities over the next 12 months.

6. It is important for workers, businesses and stakeholders to be aware of the valuable work that GLA is doing to reduce burdens on the compliant while cracking down on serious offenders. Therefore, in delivering reforms, driving continuous improvement and delivering its objectives, the GLA should ensure that it is effectively communicating with all its stakeholders and that they are aware of any changes to the scope of the GLA's coverage.

The Review concludes that the GLA should continue to deliver reforms already in train. It should continue to work to reduce financial and administrative burdens on compliant businesses and explore opportunities for alternative sources of revenue. Through this work the GLA should ensure effective communication to all its stakeholders.

7. The GLA currently has a Board of 29 members where the majority of members attend as representatives of stakeholder organisations or relevant Government departments. While this proved beneficial in the early years of the GLA's existence, ensuring effective stakeholder relationship across the regulated sectors, the size is felt to impede the Board's decision making ability and is no longer consistent with best practice and the Government's principles for good corporate governance.
8. The Review concludes that the size and structure of the Board is not consistent with best practice in governance and should be reformed. This Review has set out main considerations to be taken in developing future Board arrangements and has helped to support emerging proposals for these. It is also important that the transition to the new arrangements is appropriately managed.

The conclusion of the Review is that a smaller GLA Board should be brought in through changes in secondary legislation. The future Board arrangements should adhere with Cabinet Office principles of good practice; ensure collective responsibility and effective decision making; and provide sufficient flexibility to allow any necessary adaptations to the GLA Board in future. Suitable transition arrangements and timings for the move towards future Board and governance arrangements should be made to support this change.

9. A high value is placed on the GLA's engagement with stakeholders, with the current board structure being regarded as an important contributor to this. It is important that mechanisms are put in place to ensure that there continues to be a high level of involvement and input to the GLA from the full range of stakeholders in order to support it to make effective decisions. The GLA should continue to engage with stakeholders to develop arrangements for this. It is also important that the relationship between GLA and its sponsoring Department, Defra, is clearly set

out. Therefore, the Review sets out an approach for reviewing and updating the documentation which governs this relationship.

The Review concludes that the GLA should develop mechanisms for continued effective communication and engagement with stakeholders as part of the move to a smaller Board and ensure the documents governing the relationship between GLA and Defra are reviewed and updated.

10. The Review team worked closely with the leadership and staff of GLA and is grateful for the invaluable support and information they have provided.

Introduction and purpose of the Review

11. In April 2011 Cabinet Office announced that all Non Departmental Public Bodies (NDPBs) would undergo a substantive review at least once every three years. These Triennial Reviews have two purposes:
 - a. To provide a robust challenge to the continuing need for individual NDPBs – both their functions and their form; and
 - b. Where it is agreed that a body should remain as an NDPB, to review the control and governance arrangements in place to ensure that the body is complying with recognised principles of good corporate governance.
12. Triennial Reviews are carried out in line with Cabinet Office “Guidance on Reviews of NDPBs” (2011)¹. This guidance states that reviews should be proportionate, timely, challenging, inclusive, transparent and value for money.
13. This Review of the Gangmasters Licensing Authority was announced by David Heath, Minister of State for Agriculture and Food, by Written Ministerial Statement on 10th September 2013.

Process

14. The Terms of Reference for the Review are at Annex B. The Review was undertaken by the Triennial Review team within Defra, overseen by Defra’s Triennial Review Steering Group.
15. Key stakeholders were consulted directly with the option of a conversation with the Review team. The EFRA Select Committee was informed of the Review and given the opportunity to comment. The Review was also flagged on GOV.UK² and the GLA website, which invited other interested parties to contribute views to the Review team. Wider evidence gathering included discussions with relevant policy teams within Defra and other Government departments, a review of background literature and an analysis of previous reviews of the GLA.

The Review Team worked closely with the GLA Chair and Chief Executive on the Review. The GLA Board was closely involved throughout the Review, with a representative from the Review team attending a Board meeting on 16th October 2013 to provide an update on the Review and to invite contributions. The Review team also ran a session on the Triennial Review at an event on 12th November organised by the GLA and attended by a wide range of stakeholders, including Board members. This provided a chance to share emerging conclusions with that group and to seek their input in to the Review.

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/230191/Cabinet-Office-Guidance-on-Reviews-of-Non-Departmental-Public-Bodies.pdf

² <https://www.gov.uk/government/consultations/triennial-review-of-gangmasters-licensing-authority>

Background to the Gangmasters Licensing Authority

16. The GLA was set up in 2005 with cross-party support under the Gangmasters (Licensing) Act 2004 ('the Act') to provide a framework through which proportionate action is taken to protect workers operating in the agricultural, shellfish gathering and food processing sectors. Additional background information is given in Annex C.
17. The GLA is funded by Defra, with total funding in 2013/14 of £4 million (made up of Grant In Aid of £1.4 million and £2.6 million for enforcement activity under a separate service level agreement). Income from licensing fees and charges stands at over £900,000 with these receipts reverting direct to Defra.
18. The GLA is based in Nottingham where currently 31 of its staff are based. Its work includes licensing, collating, analysing and managing intelligence, based on a threat and risk methodology. A further 37 enforcement officers and regional managers are home based managing issues across the UK, covering the regulation of nearly 1,000 gangmasters, (also referred to in this report as 'labour providers') working in a sector containing (part and full-time) circa 400,000 farm workers, 500,000 food packing and processing workers and 10,000 in the shellfish industry. The GLA ensures that regular contact is maintained with other enforcement bodies within the Defra Network and beyond and intelligence is shared when appropriate. Effective sharing of enforcement intelligence will help to both support regulators in their enforcement and provide a strategic cross-Defra view of risks from serious or habitual non-compliance.
19. Over the period 2010-13, the GLA has absorbed a 12% reduction in its Grant in Aid budget and staff numbers have reduced from 89 to 66 FTE (Full Time Equivalent). This has been achieved by reducing the number of FTE staff undertaking work devoted to licensing activities by 30% and those undertaking enforcement activities by more than 20%. The Authority has also reduced the number of staff undertaking HR/IT/Finance functions from 7 FTE to 4. Additional information is given in Annex C.

Review Findings

Assessment of GLA's functions

20. The GLA carries out two key functions:
 - a. licensing of gangmasters; and
 - b. ensuring that there is an effective, intelligence-led, approach to enforcement.

Licensing of gangmasters

21. Under the Act it is a criminal offence to operate as a gangmaster without a licence. The GLA operates a licensing scheme for businesses which provide workers to the fresh produce supply chain. The scheme aims to ensure that a level playing field is provided for all those who supply workers and that those suppliers meet the standards required by law. All new applicants are assessed by a GLA officer to make sure they meet the required licensing standards.
22. The current Licensing Standards were issued in May 2012 following consultation. These standards are used to assess the labour provider's performance against licensing conditions including the obligation to comply with a range of employment and other law. Conditions cover a range of areas including: the minimum wage; Health & Safety; Tax & NI; forced labour; and compliance with rules on the employment of migrant workers.
23. Compliance with the Licensing Standards is assessed using a points system. Those businesses scoring above a set number will normally have their licence refused or revoked. However a licence may be issued with Additional Licensing Conditions where the GLA determines that this would be proportionate.

Enforcement

24. Under the Act, the GLA may take action against companies that break the law: where it is established that a business is operating as a gangmaster without a licence, where a business is using an unlicensed gangmaster and obstructing a GLA officer in the performance of their duties.
25. The GLA is an intelligence led organisation and much of its work in enforcing workers' protection is based on the information it receives from both open and covert sources. This information is used to assess risks and to determine what actions to take in order to ensure compliance, for instance in determining when further compliance inspections are required; and whether criminal investigations should be pursued with a view to prosecution. In exercising these functions the GLA works closely with other enforcement partners, including the Police, the National Crime Agency (NCA), HMRC and local authorities.
26. On 16 October the GLA launched the Retailer and Supplier protocol, which is intended to facilitate two-way sharing of information between retailers and suppliers and the GLA. At the launch, the Home Secretary, the Rt Hon Theresa May, highlighted the important role that the GLA plays in enforcing the protection of workers in its sectors, and welcomed the collaboration between suppliers, retailers and the GLA.
27. The importance of all Government enforcement agencies effectively sharing expertise and intelligence was also emphasised in the draft Modern Slavery Bill,

which was published on 16 December 2013³. Given the GLA's experience as an intelligence led organisation, it is well placed to continue to work collaboratively across Government and to help other bodies by sharing experiences.

28. Further information on the GLA's functions is provided at Annex D.

Overall assessment of functions

29. To assess whether the functions of the GLA remain appropriate, the Review considered both the input into this Review and evidence gathered in previous reviews, including the results of public consultations. The Review also took account of a Westminster Hall debate in 2012. A summary of stakeholder engagement into this Review and the evidence from previous reviews can be found at Annex E.

30. Previous reviews of the GLA have concluded that the role of the GLA is important and that operating as an NDPB is an appropriate structure for its delivery.

- The Forestry Regulation Task Force⁴ supported the role of the GLA and recognised the important function of holding businesses that exploit workers to account while making clear that workers in the Forestry sector did not face a significant risk of mistreatment.
- The 2011 Farming Regulation Task Force Review⁵ concluded that the GLA has an important role to play in protecting worker welfare in the sector. At that time a number of respondents suggested abolishing the Gangmasters Licensing Authority altogether on the belief that its existence was unfair and portrayed the agricultural and horticultural industries in a negative light. However the Task Force concluded that, *"At the outset, we want to make clear that we do not agree with calls we received for the abolition of the GLA. The GLA was included as part of the Government's recent Arm's Length Bodies Review. We endorse its conclusion that the GLA should be retained. We believe that the GLA has an important role to play in protecting worker welfare."* The Task Force however did not distinguish between the functions of the GLA and whether the GLA was the most appropriate body to deliver these functions. An assessment of alternative delivery models is provided later in this report.
- Views expressed in the Westminster Hall debate in 2012⁶ demonstrated strong cross-party support for the continuation of the GLA and reinforced the importance and achievements of the GLA.
- The Compliance and Enforcement section of the Red Tape Challenge Employment Theme⁷ process in 2012 received several responses supporting

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/266165/Draft_Modern_Slavery_Bill.pdf

⁴ <http://www.forestry.gov.uk/forestry/INFD-8D8EF3>

⁵ <https://www.gov.uk/government/publications/independent-farming-regulation-task-force-report>

⁶ <http://www.publications.parliament.uk/pa/cm201212/cmhansrd/cm120221/halltext/120221h0001.htm>

for the role of the GLA and the need to have workers' protection enshrined by a legal and regulatory framework. It therefore confirmed the need for the GLA to continue, but stressed the importance of specific and future measures being taken to reduce and lift burdens on compliant labour providers in the sector.

31. The engagement with stakeholders carried out by this Review supported the conclusions of previous reviews. Almost all stakeholders were positive about the important role that the GLA plays in licensing labour providers and in ensuring that there is an effective, intelligence-led, approach to enforcement. The combination of these two functions was seen to be important in ensuring that there was a level playing field for law-abiding labour providers, confidence for labour users e.g. farmers who use them as a source of labour and adequate protections in place for workers to ensure that they are not subjected to exploitation.
32. One response to this Review from an employer representative organisation suggested that the GLA might be more effective as a broader intelligence gathering body, driven not by the formal licensing of businesses but by the reports of workers and businesses that experience or encounter non-compliance. This Review recognises the importance of the intelligence gathering activities of the GLA in exercising its enforcement function. However, it also concludes that licensing is an important function of the GLA in the sectors it covers, providing a level playing field to suppliers and labour users, where all parties can be assured that the suppliers are meeting the required compliance standards. The Review supports the need to continue to explore how evidence gathering can best be utilised to reduce burdens on the compliant and target action on those contravening regulations.
33. Overall, the Review found a high level of support for the continuation of the functions of GLA from both input into this review and from the evidence for previous Reviews, with all those who fed in to this Review highlighting the importance of the work that the GLA delivers. The Review confirms the value of a mandatory licensing scheme for all businesses in the sector to provide a consistent and transparent landscape and supports the need to strongly tackle the minority of operators who wilfully break the rules, in the most targeted way. Therefore, the Review concludes that the role of GLA is important and that the functions of licensing and enforcement remain necessary.

Conclusion: The functions of the GLA are still necessary and should continue.

Remit and sponsorship of the GLA

34. The question of whether the remit of the GLA's activities should be extended to other sectors was outside the scope of this Review, which has focused on GLA's functions in relation to the farming, food processing and shellfish gathering sectors which fall within Defra's responsibility. Defra is aware that there have been some

⁷ <http://www.redtapechallenge.cabinetoffice.gov.uk/themehome/employment-related-law/>

previous and recent calls to extend GLA's remit to other sectors, including the construction and catering sectors. We are also aware that others have expressed the view that GLA's remit should not be extended further and that compliance is best addressed through sector specific initiatives.

35. At present the GLA works closely with other enforcement bodies and agencies, and other relevant Government Departments are also represented on its Board. The two functions of licensing labour providers and enforcement are both important and connected and should continue to be balanced effectively by the GLA. The current sponsorship arrangements, with cross-Government working, support these dual objectives.

36. The 2011 Farming Regulation Task Force Review identified a perception problem from labour users surrounding who the GLA inspects and how it inspects them. Many respondents were unclear about which activities are within and which are outside the GLA's scope. Since that time the GLA has published guidance online detailing how inspections will be carried out⁸ and how licensing applies to specified activities within the regulated sectors. Following the Red Tape Challenge a number of low risk activities were removed in October 2013 from the scope of the licensing scheme with online guidance published in November⁹ setting out the changes.

37. An example of this is that a respondent to the stakeholder engagement was not aware that the regulations excluding forestry had recently come in to force. Therefore, building on the acknowledgements of the Farming Regulation Task Force Review, this Triennial Review concludes that both the GLA and Defra should ensure that, through delivering reforms, driving continuous improvement and delivering its objectives, the remit of the GLA and any changes to the regulations for which it is responsible should be clearly publicised through appropriate mechanisms and communicated to stakeholders.

Conclusion: the GLA and Defra should ensure that the scope of the GLA is clearly publicised through appropriate mechanisms and that any changes to the regulations for which it is responsible should be clearly communicated to stakeholders.

38. The Home Secretary, Rt Hon Theresa May, signalled her intention to bring forward legislation to strengthen the Government's response to human trafficking and modern slavery, and to underpin the work of our law enforcement agencies.

⁸ <http://gla.defra.gov.uk/PageFiles/1021/GLA%20Brief%2026%20The%20inspection%20process.pdf>

⁹ <http://gla.defra.gov.uk/PageFiles/1483/GLA%20Brief%2032%20-%20Exclusion%20Regulations%20FINAL.pdf>

39. On 16 December 2013 the Home Secretary published in draft the Modern Slavery Bill¹⁰. The draft Bill would consolidate existing human trafficking and slavery offences; increase the maximum sentence available from 14 years to life imprisonment; restrict the activities of offenders and those who pose a risk to others; and require statutory bodies - such as the GLA - to report all victims of human trafficking to the National Crime Agency, something the GLA currently does routinely. The Bill will now be subject to a period of pre-Legislative scrutiny. Defra will work closely with the Home Office to consider any implications of the Bill for the GLA.
40. Alongside the publication of the draft Bill, a report by Baroness Butler-Sloss, Frank Field MP and Sir John Randall MP, “Establishing Britain as a world leader in the fight against modern slavery”, was also published. This report identified an important role the GLA could play in gathering intelligence and evidence to tackle the very worst offences. It floated the possibility of moving GLA sponsorship from Defra to Home Office to align more effectively the GLA’s work with the modern slavery agenda and there are clear links to the work of the National Crime Agency and opportunities to strengthen enforcement activity against the 'highest harm' and organised crime activities from such a move.

Conclusion: Defra will work with the Home Office and other Departments to consider sponsorship of the GLA alongside the development of the Modern Slavery Bill.

Better Regulation

41. The GLA is in the process of making a number of changes to how it regulates businesses through both its licensing and enforcement functions as a result of conclusions of the Farming Regulation Task Force and the Red Tape Challenge process. These changes are aimed at focusing the attention and efforts of the GLA on high risk activities and to reduce burdens on those who are compliant.
42. Given that the majority of labour suppliers are compliant with the law, this Review agrees that the GLA should focus its work on areas of the highest risk to vulnerable workers and actions to achieve this. The Review recognises that good progress is already being made in reducing the burden on compliant businesses. For instance, regulations came into force in October excluding low-risk sectors, including forestry, from the scope of licensing. The GLA is also removing the requirement that, irrespective of the potential risks posed, all new licence applications should receive and pay for an application inspection (the GLA will exercise discretion in

¹⁰

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/266165/Draft_Modern_Slavery_Bill.pdf

deciding whether a visit is necessary). This approach is expected to result in the medium term in no more than 50% of applicants receiving a visit. The GLA is reviewing the licensing regime further, which will result in licences of longer duration than the current 12 months with consequent savings to compliant business through fewer renewal fees and freeing up resource that can be deployed on investigating non-compliant operations. This is expected to come in from spring 2014. Taken together removing low risk sectors from licensing, removing automatic license application inspections and introducing longer licenses represent fee savings of over £500,000.

43. Overall GLA has made a commitment through its Delivery Plan Targets to increase by 20% year on year the level of work carried out with labour providers/users to address minor and technical non-compliance issues before moving to action to refuse or revoke licenses. These targets are included in their three year strategy¹¹ which was published in June 2013. The GLA's performance is reported regularly to the Board at each of its quarterly meetings as well as to Board sub-committees. The first annual review across all targets in the three year strategy is expected in June 2014.
44. Where an application for a new GLA licence is refused, applicants may opt to use the GLA's pre-appeal process to challenge the GLA's interpretation of the information gathered, or offer new information relevant to their application. They may also exercise their statutory right to appeal. The GLA will review its decision, taking account of the new information and confirm, amend, or reverse its decision as appropriate.
45. Following this progress, it is important that the GLA should continue to make every effort to reduce the burden on compliant business while enforcing the law against those that break it. In doing this, the GLA should work with other operators and Defra's Better Regulation team to ensure that the GLA is fully integrated with the Government's work to reduce financial and administrative burdens on and barriers to business. The GLA is likely to benefit from working closely with other NDPBs – both those sponsored by Defra and more widely across Government – to make linkages, ensure compliance with the better regulation agenda and identify opportunities for further improvements.

Conclusion: The GLA should continue to implement the recommendations from the Red Tape Challenge and continue to identify further opportunities for reducing financial and administrative burdens on compliant businesses.

¹¹ <http://gla.defra.gov.uk/PageFiles/1491/Strategy%20web%20release.pdf>

Potential for additional funding opportunities

46. The GLA's Grant in Aid has fallen progressively over the SR10 spending review period from over £1.6 million in 2011/12 to £1.4 million in 2013/14. Savings have been delivered principally by reducing staff from a peak of some 100 in 2010-11 to 68 people, with reduced numbers in back office roles. A table illustrating this can be found in Annex C. Income from licensing fees and charges stands at over £900,000 with these receipts reverting direct to Defra. Receipts are set to fall as changes to the licensing regime, e.g. licenses of longer duration, come into effect. The GLA is exploring ideas for delivering additional chargeable services, for instance around training of retailers and others in the supply chain on awareness of the risk of mistreatment, to offset their operating costs. The GLA is also expected to benefit from the asset recovery incentivisation scheme under the Proceeds of Crime Act 2002.

Conclusion: The GLA should continue to explore opportunities for securing alternative funding and develop a plan for investigating and implementing these opportunities over the next 12 months.

Assessment of alternative delivery models

47. The Review considered the full range of alternative delivery models, as set out in Triennial Review guidance, for delivering the GLA's functions. Some of these could be readily rejected as not appropriate but a more detailed assessment was made of the options considered potentially more viable.

48. Consideration was given to bringing the functions in house. However, the Review considers that the both the licensing and enforcement functions are best delivered by a single, focused organisation with the necessary independence, impartiality and technical skills to deliver effectively. The Review also considered that delivery by a new Executive Agency would not be appropriate. The cost of establishing a new body would be high and, given the relatively small size of the GLA, did not appear to the Review team as justifiable.

49. The Review then considered whether the functions could move outside of central government and be delivered by local authorities. The Review quickly determined that the type of work the GLA carries out is not suited to being delivered at a local level. Much of the success of the GLA is to do with its ability to use evidence and intelligence at a national level and work effectively with other national bodies. Having the functions delivered by local authorities would significantly increase the burden and expense on them in sharing intelligence across multiple bodies across the country and internationally. This Review did not consider this to be feasible and therefore discounted this option.

50. Another option for moving the functions outside Government would be to deliver the functions through an industry-led scheme by replacing the mandatory regulation scheme operated by Government with a voluntary scheme administered by the industry. This proposal was considered as part of the Red Tape Challenge process which concluded that the option had significant weaknesses, notably that the scheme would not be able to enforce compliance with the law. This approach would be contrary to one being pursued by GLA to focus more on the serious violators of the system, and was therefore discounted in this Review.
51. The Review then looked at the possibility of merging GLA with another body. No bodies within the Defra network were considered suitable at this time given the nature of the GLA's work. The Environment Agency (EA), with its responsibilities for licensing and enforcement of waste operators, has the closest similarity in function to the GLA and also works closely with a range of law enforcement bodies. Although there are similarities in the functions themselves, the customer groups are very different, while waste functions are only a small part of the EA's remit. It was felt that this option would be best considered within the wider context of the Defra network as part of Defra's 'one business' initiative. 'One business' is looking across Defra and its network bodies, including NDPBs, to ensure that structures, systems and processes are aligned to deliver a better customer experience at a lower cost. This is considering opportunities for organisational reform and opportunities for closer working and sharing of information and skills across the Defra network. In the light of progress with this initiative, Defra might need to reflect on the place of the GLA within its overall delivery network by the next Triennial Review. In the interim, the GLA should continue to explore opportunities for working with the EA and other parts of the Defra network where appropriate.
52. Consideration has previously been given to merging GLA with the Health and Safety Executive (HSE). This proposal was discounted at this time because of differences in the GLA and HSE remits, and resulting operational procedures, meaning that it was determined that there was very little scope for real operational benefits or synergies to be achieved. This Review endorses that position, and the Review team has liaised with the Review team of the Triennial Review of the HSE on their findings. Both Reviews are clear that merging bodies at this time is not appropriate.
53. Therefore, the Review ruled out all alternative models at this time.

Assessment against the Government's three tests

54. For a body to continue to operate as an NDPB it must pass at least one of the Government's "three tests" for delivery by a NDPB:
- is this a technical function (which needs external expertise to deliver);

- is this a function which needs to be, and be seen to be, delivered with absolute political impartiality (such as certain regulatory or funding functions); or
- is this a function which needs to be delivered independently of Ministers to establish facts and/or figures with integrity?

55. The Review concludes that political impartiality is required for both the regulatory functions of licensing and enforcement. It also concludes that both functions are of a technical nature, requiring external expertise and knowledge which the central Department does not have for advising on and maintaining an effective licensing scheme, and in carrying out inspections and tackling breaches of the law.

56. The Review also confirms that the licensing function needs to be delivered independently because it involves the need to establish facts and figures around compliance and licensing standards.

Conclusion: the GLA remains the right body for delivering its functions of licensing and enforcement and should remain an NDPB.

Governance and control

57. The second stage of the Review process involved an assessment of performance against the principles of good corporate governance. The GLA is performing well in delivering across its range of corporate plan performance indicators and has good governance systems in place. However these indicators were only agreed in June 2013, it is therefore too early to detail evidence on how GLA is performing against targets. These meet the financial accountability and performance monitoring requirements of Defra from its NDPBs. However certain areas were identified for improvement and, notably, the Review has provided a good opportunity to explore alternative Board structures – an area previously identified as an issue through the Red Tape Challenge process.

Review of documents

58. In the light of this Review, the GLA and the Defra sponsor team has initiated a review of the suite of existing documents governing the relationship between the GLA and its sponsoring Department, Defra, including the Management Statement, Financial Memorandum and Service Level Agreement to bring them into compliance with the latest guidance on Framework Documents.

Conclusion: the documents governing the relationship between the GLA and Defra should be reviewed and updated by 31 March 2014.

GLA Board reform

59. Under the terms of the Gangmasters (Licensing Authority) Regulations 2005, the GLA Board has 29 members: the Chair who is appointed by Ministers; 19 representative members which are nominated by the organisations listed in the Regulations and appointed by Ministers; and 9 ex officio members from Government departments. These arrangements were chosen at the time of the original regulations to encourage the widest possible range of stakeholders to participate in the setting up of the GLA. However, it was recognised at the time that having a large representative Board might have disadvantages and therefore agreed that the structure would be reviewed periodically. While having a large representative Board proved beneficial in the early years of the GLA's existence, ensuring effective stakeholder relationship across the regulated sectors, the size is felt to impede the Board's decision making ability and is no longer consistent with best practice and the Government's principles for good corporate governance.

60. Based on an examination of the existing governance arrangements and engagement with the GLA and stakeholders, the Review has concluded that the Board arrangements should be reformed. This is supported by the Red Tape Challenge process, through which the Government committed to "Amend the structure of the board of the GLA and introduce a smaller board to provide clear

strategic leadership and direction to the GLA.”¹² This was followed by a consultation on the scope and governance of GLA which was launched in April 2013. This consultation found general acceptance that the Board should be reformed into a smaller body better able to provide strategic direction for the GLA and identified the need to retain strong engagement with stakeholders in the regulated sectors.

61. The Government undertook to develop the necessary secondary legislation to provide for a smaller Board and to restructure the GLA Board in line with this. The findings of this Review support the conclusion of the Red Tape Challenge process and it agrees that reform to the Board structure is important in order to ensure compliance with best practice for public bodies. The Review team has, therefore, used this Review as an opportunity to help shape that legislation. New regulations will be brought forward to set out the size of the Board and the method of selection of Board Members, in line with guidance from the Office of the Commissioner on Public Appointments (OCPA), with appointments being made by the Secretary of State.
62. The Review team has worked closely with the Chair of the GLA and Defra’s sponsorship team for the GLA to explore alternative governance models and to help set a direction for reforming the Board. As part of this, the Review team has looked at arrangements in place for other NDPBs sponsored by Defra and some examples from across Government. The Chair of the GLA has also worked with a sub-set of members of the GLA Board to develop alternative options. This Review sets out the principles to inform the development of that structure and the secondary legislation to be progressed through Parliament early in 2014, to be taken forward by the Defra sponsorship team and the GLA.
63. Cabinet Office guidance sets out expectations of good practice in relation to an NDPB’s Board, Chair and Non-Executive Directors. Guidance states that a public body should be led by an effective board which has collective responsibility for the overall performance and success of the body and that the Board should provide strategic leadership, direction, support and guidance. In addition the guidance identifies that a Board and its committees should have an appropriate balance of skills, experience, independence and knowledge; that there is a clear division of roles and responsibilities between non-executive and executives; and that no one individual has unchallenged decision-making powers. The guidance also states that the Chair should be responsible for leadership of the Board and for ensuring its overall effectiveness; and that, as part of their role, non-executive Board members should provide independent and constructive challenge.¹³

¹² WMS to Parliament, 24 May 2012 – Jim Paice MP

¹³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/230191/Cabinet-Office-Guidance-on-Reviews-of-Non-Departmental-Public-Bodies.pdf

64. Any new proposals to be implemented for reform of the GLA Board structures must meet these requirements. In addition, with particular reference to the GLA, the Review identifies two areas where it is likely the Board arrangements for the GLA could benefit. Firstly, the Review considers that collective responsibility is essential for an effective Board in order to operate as a single entity to provide a clear and unified strategy.
65. Secondly, the Review considers that effective decision making of a Board is essential to the success of any organisation. The Review considers that this means making decisions effectively that are in the interest of carrying out the GLA's functions. Cabinet Office guidance states that the size of the Board should be "appropriate", and this Review appreciates that the optimum size will depend on the particular organisation and must be sufficient to encompass the necessary balance of skills, experience, independence and knowledge. However, the size must also be manageable in terms of being able to take decisions effectively. Based on these considerations, for the GLA, the Review concludes that the Board size should be no smaller than six members and no larger than twelve members.
66. This Review also identifies that having the majority of members nominated by – and therefore representing – that particular organisation on the GLA Board is not compliant with the Government principles for good corporate governance. Future appointment processes should meet these requirements, including by ensuring a majority of independent non-executives on the Board.

Conclusion: Following Defra bringing forward secondary legislation to reform the size and structure of the GLA Board, the GLA should develop and agree proposals for a future Board structure which significantly reduces the size of membership; adheres with Cabinet Office principles of good practice; and follows appointment processes that are OCPA compliant.

67. In making these recommendations, the Review acknowledges the significant value of having such a wide range of viewpoints and sectors represented in the GLA's decision making, with the current Board make-up being an important contributor to this. Indeed the approach of having a large representative Board consisting of nominees put forward by stakeholder organisations was chosen to bring about the high degree of stakeholder input necessary to ensure the successful introduction of licensing. The involvement of Government representatives at Board level was also to help ensure a strong Government commitment to enforcement.
68. The objective of encouraging the widest possible range of stakeholders to participate in the setting up of the GLA to ensure the necessary degree of acceptance of the licensing scheme within the regulated sectors has been met in large part. However, at the time the GLA was established, it was recognised that having a large representative Board might have disadvantages. Reducing the size of the GLA Board in line with other Government bodies and changing the rules for

selection will improve the efficiency of decision making, widen the diversity of the Board and allow the Board to provide strategic direction to the Authority.

69. Stakeholders from all sectors have highlighted the importance of retaining stakeholder input in any future structures.” Particular benefits raised of the wide representation on the Board were: having specialist knowledge feeding directly in to the Board; the wide range of views and dialogue across a number of sectors; direct engagement with stakeholders; smaller interest groups have a voice; and stakeholders are well-informed of the GLA’s activities by hearing discussions first hand. The Review recognises the value of these points and, therefore, expects the GLA to ensure that alternative approaches are adopted to accommodate and retain these benefits in other ways.

70. The Review team is aware that, through their work with the Board sub-group, the GLA Chair has developed a potential future model for the GLA. This Review considers that this model goes a large way to meeting the considerations set out in this section of the report. Some stakeholders have contributed their thoughts on these initial proposals with the majority of these commenting that direct representation of stakeholders is important for securing sufficient ability to feed into and influence the direction of the GLA. Whilst contributors have recognised the intention that proposed Liaison Groups for the main stakeholder groups would provide a mechanism to provide information and advice, some stakeholders do not believe this will provide the level of representation they would want at Board level.

Conclusion: The GLA should develop mechanisms for effective communication and engagement with stakeholders that feed in to the Board decision-making considerations.

71. We encourage the Chair and the Board to continue to work with Defra officials, and with stakeholders, in agreeing future arrangements. We also encourage those working on the development of the secondary legislation to reform the Board structure to keep in mind the value of having sufficient flexibility to make future changes if necessary. The Review notes that the current legislation on the GLA Board structure is very prescriptive and therefore necessitates secondary legislation to amend the provisions. In making changes for the future it will be helpful to provide for necessary flexibility to adapt to changing situations – both within the GLA and across the landscape for the licensing and enforcing the protection of workers more widely.

Conclusion: the governance mechanisms should be further developed taking in to account stakeholder views and be sufficiently flexible to allow for any necessary adaptations in future.

72. The Review expects the move to a smaller Board and other governance arrangements to be taken forward in a timely manner, with a statutory instrument to be introduced in early 2014. The Review also recognises the commitment the GLA

Chair has shown to wanting to be able to embed new Board structures and wider governance arrangements as soon as possible.

73. The Review team recognises the significant contributions existing Board members have made to the GLA. Given the necessity of secondary legislation to reform the current arrangements and the time requirements of future appointment processes for Board members, there will need to be sensible transitional arrangements. In moving to these new arrangements Defra and the GLA should ensure that current Board members whose terms of office are due to expire are kept informed of, and involved in, relevant processes and timescales and that the transfer of knowledge and experience is appropriately handled.

74. A checklist highlighting the GLA's compliance with the Principles of Good Corporate Governance is available at Annex A.

What happens next?

75. Defra will continue to work closely with the GLA to ensure that the Board arrangements and engagement mechanisms are developed, agreed and implemented effectively, in line with the conclusions of this report. As part of that, Defra will introduce a statutory instrument in early 2014 to amend the Board requirements.

76. The remainder of the conclusions will be for the GLA to take forward as part of its ongoing business. These will be monitored by Defra through its sponsorship relationship with the GLA. The GLA should report publicly on the actions taken in response to this Review through its regular reporting such as the Annual Report and Accounts. It should also report back to Government on the effectiveness of the new Board and stakeholder engagement structures once they have had a chance to take full effect and within a year of the new Board being in place.

Cost of the Review

77. The Review was carried out by existing Civil Servants within Defra. Civil Servants in Defra's food policy and sponsorship teams were also involved. No additional costs were incurred as part of the Review.

Summary of Conclusions

The functions of the GLA are still necessary and should continue.

The GLA and Defra should ensure that the scope of the GLA is clearly publicised through appropriate mechanisms and that any changes to the regulations for which it is responsible should be clearly communicated to stakeholders.

Defra will work with the Home Office and other Departments to consider the sponsorship of the GLA alongside the development of the Modern Slavery Bill.

The GLA should continue to implement the recommendations from the Red Tape Challenge and continue to identify further opportunities for reducing financial and administrative burdens on compliant businesses.

The GLA should continue to explore opportunities for securing alternative funding and develop a plan for investigating and implementing these opportunities over the next 12 months.

The GLA remains the right body for delivering its functions of licensing and enforcement and should remain an NDPB.

The documents governing the relationship between GLA and Defra should be reviewed and updated by 31 March 2014.

Following Defra bringing forward secondary legislation to reform the size and structure of the GLA Board, the GLA should develop and agree proposals for a future Board structure which significantly reduces the size of membership; adheres with Cabinet Office principles of good practice; and follows appointment processes that are OCPA compliant.

The GLA should develop mechanisms for effective communication and engagement with stakeholders that feed in to the Board decision-making considerations.

The governance mechanisms should be further developed taking in to account stakeholder views and be sufficiently flexible to allow for any necessary adaptations in future.

Annex A: Compliance with the Principles of Good Corporate Governance

Statutory Accountability	Principle: The public body complies with all applicable statutes and regulations, and other relevant statements of best practice.	This principle is complied with.
Supporting provisions	The public body must comply with all statutory and administrative requirements on the use of public funds. This includes the principles and policies set out in the HMT publication “Managing Public Money” and Cabinet Office/HM Treasury spending controls	The GLA complies with all statutory and administrative requirements on the use of public funds, including the principles and policies set out in “Managing Public Money” and Cabinet Office/HM Treasury spending controls. Achieved through internal management and financial controls, guidance to staff, appropriate delegation levels, and in cases of doubt or uncertainty through discussion and clarification with Defra as lead sponsor. Information is disseminated to GLA staff through staff forums, management meetings, and policies. Compliance is monitored and reported in the Governance Statement published in GLA’s Annual Report and Accounts (ARA).
	The public body must operate within the limits of its statutory authority and in accordance with any delegated authorities agreed with the sponsoring department.	GLA operates within the limits of its statutory authority at all times and in accordance with delegated authorities agreed by Defra and set out in its Framework Documents –Management Statement, Financial Statement, Service Level Agreement
	The public body should operate in line with the statutory requirements and spirit of the Freedom of Information Act 2000. It should have a comprehensive Publication Scheme. It should proactively release information that is of legitimate public interest where this is consistent with the provisions of the Act.	The GLA is committed to promoting and actively developing a culture of openness, transparency and accountability embodied in the Access to Information legislation including the Freedom of Information Act 2000. And as such has a specific Transparency of Communication policy document that includes the handling of FOI requests. The GLA proactively releases information of legitimate public interest within the provisions of the Act including information on policy, invoices, contracts, staff posts and salaries. Directors’ remuneration, bonus payments and pension contributions are shown in the ARA but expenses payments are not published separately. Remuneration and expenses of the Chair are reported in the ARA. Board members are not remunerated. Their expenses are detailed in the ARA under other expenses.
	The public body must be compliant with Data Protection legislation.	GLA compliance with Data Protection legislation is clearly set out in policy and referred to on the GLA website.
	The public body should be subject to the Public Records Acts 1958 and 1967.	GLA is subject to the Public Records Acts 1958 and 1967. The Director of Strategy is responsible for the effective oversight of compliance with this legislation.

Accountability for public money	Principle: The Accounting Officer of the public body is personally responsible and accountable to Parliament for the use of public money by the body and for the stewardship of assets.	This principle is complied with.
	There should be a formally designated Accounting Officer for the public body. This is usually the most senior official (normally the Chief Executive).	The Chief Executive has formally been designated as the Accounting Officer by the Permanent Secretary of Defra. He is personally responsible for safeguarding the public funds for which he has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the GLA.
	The role, responsibilities and accountability of the Accounting Officer should be clearly defined and understood. The Accounting Officer should have received appropriate training and induction. The public body should be compliant with the requirements set out in “Managing Public Money”, relevant Dear Accounting Officer letters and other directions. In particular, the Accounting Officer of the NDPB has a responsibility to provide evidence-based assurances required by the Principal Accounting Officer (PAO). The PAO requires these to satisfy him or herself that the Accounting Office responsibilities are being appropriately discharged. This includes, without reservation, appropriate access of the PAO’s internal audit service into the NDPB.	The prime responsibilities of the Accounting Officer and the importance of “Managing Public Money” are set out in the appointment letter. This highlights the prime financial responsibilities, which are: (a) to ensure that there are proper financial systems in place which promote the efficient and economical conduct of business and the achievement of value for money, that safeguard financial propriety and regularity, and ensure that there is a high standard of financial management and administration in the GLA; (b) to ensure audit arrangements which give adequate assurance on money received and expenditure incurred and on the proper management and control of the funds at the disposal of the GLA; and (c) To ensure that all GLA spending is for the purposes allowed by the Gangmasters (Licensing) Act 2004 and that no other spending is incurred. The Accounting Officer is suitably trained. NAO Internal Audit and External Auditors attend meetings of the GLA Audit and Risk Committee.
	The public body should establish appropriate arrangements to ensure that public funds: - are properly safeguarded; - used economically, efficiently and effectively; - used in accordance with the statutory or other authorities that govern their use; and - deliver value for money for the Exchequer as a whole	The GLA complies with all statutory and administrative requirements on the use of public funds, including the principles and policies set out in “Managing Public Money” and Cabinet Office/HM Treasury spending controls. The Accounting Officer has responsibility for reviewing the effectiveness of internal control, scrutinised by the Audit and Risk Committee and the Finance and General Purposes Committee who are responsible for the oversight and challenge of the internal control framework. Oversight is supported by the work of Internal Audit, comments made by the external auditors in their management letter and other reports and advice from the GLA Board and sub committees. To monitor and evidence compliance, assurance is sought annually through individual Directors’ Statements which inform the Governance Statement which forms part of the GLA’s Annual Report and Accounts. This ensures that public funds administered by the GLA are used economically, efficiently and effectively in delivering value for money.
	The public body’s annual accounts should be laid before Parliament. The Comptroller and Auditor General should be the external auditor for the body	The GLA annual report and accounts are audited by the Comptroller and Auditor General and are sent to the Secretary of State for Environment, Food and Rural Affairs who lay the Annual Report and Accounts before each House of

		Parliament.
Ministerial Accountability	Principle: The Minister is ultimately accountable to Parliament and the public for the overall performance of the public body.	This principle is complied with.
Supporting provisions	The Minister and sponsoring department should exercise appropriate scrutiny and oversight of the public body.	<p>The Secretary of State for Environment, Food and Rural Affairs is accountable to UK Parliament for the activities and performance of the GLA. Oversight by Defra is managed through quarterly meetings between the sponsorship team and the GLA and also through the attendance of Defra officials on the GLA Board and on the GLA Finance and General Purposes Committee. The sponsorship team engages with Defra Finance in relation to business cases for non-standard expenditure. Monitoring of the GLA's spending performance against its budget allocations is undertaken by Defra's Network Bodies Team.</p> <p>The GLA Board is required to submit its Annual Report and Accounts to the Secretary of State.</p> <p>Ministers have no role in relation to day to day operations of the GLA but have statutory authority to give general or specific directions to the GLA.</p>
	Appointments to the board should be made in line with any statutory requirements and, where appropriate, with the Code of Practice issued by the Commissioner for Public Appointments	<p>The Secretary of State for Environment, Food and Rural Affairs appoints the Chair and the members of the GLA Board.</p> <p>The appointment of the Chair follows the Code of Practice issued by the Commissioner for Public Appointments.</p> <p>The Secretary of State makes Board appointments in accordance with the requirements of the Gangmasters (Licensing Authority) Regulations 2005. These Regulations are in the process of being amended to bring GLA Board appointments into line with the Code of Practice for Public Appointments.</p> <p>At present, in line with the 2005 Regulations, the GLA Board comprises 19 Nominated Members from 15 specified organisations plus 9 Representative Members from 6 Whitehall Government Departments, including Defra, together with a representative of the Scottish Government, the National Assembly of Wales and a representative of the Minister for Agriculture and Rural Development for Northern Ireland.</p> <p>In line with the 2005 Regulations, the appointment of Nominated Members is made by the Minister following interview of nominees from each organisation by a panel comprising a Defra representative, the Chair of the GLA and an</p>

		independent member.
	The Minister will normally appoint the Chair and all non-executive board members of the public body and be able to remove individuals whose performance or conduct is unsatisfactory	The Secretary of State for Environment, Food and Rural Affairs appoints the Chair and the members of the GLA Board. The appointments of Committee members may be terminated in the event of bankruptcy, absence from meetings or if they are unable or unfit to discharge their functions.
	The Minister should be consulted on the appointment of the Chief Executive and will normally approve the terms and conditions of employment.	The Minister was consulted about the appointment of the Chief Executive in Autumn 2012. Prior to recruitment, the Defra Accounting Officer and the Minister approved the package to be offered to candidates.
	The Minister should meet the Chair and/or Chief Executive on a regular basis.	GLA's Chair and Chief Executive meet the relevant Defra Minister whenever there are issues the Minister wishes to discuss. In the last year there have been 3 such meetings
	A range of appropriate controls and safeguards should be in place to ensure that the Minister is consulted on key issues and can be properly held to account. These will normally include: <ul style="list-style-type: none"> a requirement for the public body to consult the Minister on the corporate and/or operational business plan; a requirement for the exercise of particular functions to be subject to guidance or approval from the Minister; a general or specific power of Ministerial direction over the public body; a requirement for the Minister to be consulted by the public body on key financial decisions. This should include proposals by the public body to: (i) acquire or dispose of land, property or other assets; (ii) form subsidiary companies or bodies corporate; and (iii) borrow money; and - a power to require the production of information from the public body which is needed to answer satisfactorily for the body's affairs 	The Defra sponsorship team are kept fully informed about key issues affecting the GLA. They decide which need to be referred to Ministers. Typically these relate to policy matters. Defra are not involved, either at official or ministerial level, in day to day operational matters. In March 2013 the GLA Strategic Plan (2013-16) was made available in draft and final version to the Defra sponsorship team. More generally, a range of controls and safeguards are in place and reflected in the GLA's Framework Documents. These include the requirement for the GLA to comply with Treasury and other relevant guidance and instructions issued by central departments and seeking Defra approval for a range of financial decisions. The GLA's Framework Documents require it to provide Defra with such information about its operations, performance, or other expenditure as the Department may reasonably require. The GLA owns no land or property. As at 31 March 2013 the total value of GLA tangible assets was £81,000.
	There should be a requirement to inform Parliament of the activities of the public body through publication of an annual report.	The GLA publishes an annual report and accounts, which is laid before UK Parliament.
Role of sponsoring department	Principles: The departmental board ensures that there are robust governance arrangements with the board of each arm's length body. These arrangements set out the terms of their relationship and explain how they will be put in place to promote high performance and safeguard propriety and	These principles are complied with.

	<p>regularity. There is a sponsor team within the department that provides appropriate oversight and scrutiny of, and support and assistance to, the public body.</p>	
	<p>The departmental board's regular agenda should include scrutiny of the performance of the public body. The departmental board should establish appropriate systems and processes to ensure that there are effective arrangements in place for governance, risk management and internal control in the public body.</p>	<p>The Defra Supervisory Board has selected the following organisations to provide quarterly performance reports, given the proportion of Defra's overall budget and delivery priorities that they represent: - Environment Agency; Forestry Commission; Kew; Marine Management Organisation and, Natural England. The GLA has not been selected by the Supervisory Board to provide quarterly performance reports but remains fully accountable. The GLA reports performance (including financial performance) monthly to its sponsors and performance meetings are held each quarter with representatives of Defra. GLA documents set out arrangements for governance, risk management and internal control. These documents will be further reviewed following the conclusion of the Triennial Review. In addition there is regular contact between the GLA (involving the Chair, CEO and senior GLA directors) and the Defra sponsor team where any issues of concern can be raised.</p>
	<p>There should be a Framework Document in place which sets out clearly the aims, objectives and functions of the public body and the respective roles and responsibilities of the Minister, the sponsoring department and the public body. This should follow relevant Cabinet Office and HM Treasury guidance. The Framework Document should be published. It should be accessible and understood by the sponsoring department, all board members and by the senior management team in the public body. It should be regularly reviewed and updated.</p>	<p>The GLA Management Statement sets out the respective roles of the GLA, the GLA Board and the Defra sponsorship team of matters of governance. The aims, objectives and functions of the GLA are set out in the Strategic Plan 2013 -16 and is published on the GLA website.</p> <p>In the light of this Review, GLA and the Defra sponsor team has initiated a review of the suite of existing documents governing the relationship between the GLA and its sponsoring Department, Defra, including the Management Statement, Financial Memorandum and Service Level Agreement to bring them into compliance with the latest guidance on Framework Documents. This should be reviewed and updated as by 31 January 2014.</p>
	<p>There should be a dedicated sponsor team within the parent department. The role of the sponsor team should be clearly defined.</p>	<p>The GLA is sponsored by Defra. The Defra sponsor team's role includes: co-ordinating policy input into the GLA's Strategic Plan, monitoring financial performance and priority performance measures, oversight of the corporate governance framework, providing assurances of financial propriety to the Permanent Secretary as Defra's Accounting Officer, advising on appointments and relationship management, and providing clarification on any matter relating to the Act or those regulations under the control of Defra. The dedicated sponsor team sits within Defra's Food Policy Unit.</p>

		The role of the Sponsor team is set out in the GLA Management Statement.
	There should be regular and ongoing dialogue between the sponsoring department and the public body. Senior officials from the sponsoring department may as appropriate attend board and/or committee meetings. There might also be regular meetings between relevant professionals in the sponsoring department and the public body.	Regular and ongoing dialogue between Defra and the GLA is maintained through regular meetings. The Deputy Director, Food Policy Unit, attends all GLA Board meetings.
Role of the Board	Principle: The public body is led by an effective board which has collective responsibility for the overall performance and success of the body. The board provides strategic leadership, direction, support and guidance. The board – and its committees – have an appropriate balance of skills, experience, independence and knowledge. There is a clear division of roles and responsibilities between non-executive and executives. No one individual has unchallenged decision-making powers	These principles are partially complied with. This Review makes specific conclusions to reform the existing Board arrangements.
	The board of the public body should: meet regularly; retain effective control over the body; and effectively monitor the senior management team.	The GLA Board meets four times a year with dates of meetings published on the GLA website. Members discuss strategic and organisational issues as well as making high-level advice, strategy, funding and planning decisions. The Board's primary role is (i) to "direct the affairs" of the GLA; and (ii) to ensure that the GLA properly discharges its functions and complies with the requirements of the 2005 Regulations. The size of the GLA Board limits the opportunity for detailed review at Board level. The Board has two sub-committees each with four non –executive Board members: the Audit and Risk Committee and the Finance and General Purposes Committee. At these meetings more detailed controls can be exercised and the senior management team held to account. The Chairs of the sub-committees (who are GLA Board members) make formal reports to each GLA Board meeting.
	The size of the board should be appropriate.	Following the Red Tape Challenge in 2011-12, a public consultation was held which, inter alia, proposed that the existing Board was too large to be effective. Public response largely supported this view. Consideration of a more appropriate size of Board is currently underway.

	Board members should be drawn from a wide range of diverse backgrounds.	Defra processes for appointing independent committee members comply fully with the requirements of the Gangmasters (Licensing Authority) Regulations 2005. The diversity of the Board members depends on the nominations made by the organisations eligible to nominate prospective Board Members and the Government Departments who send Representative Members.
	The board should establish a framework of strategic control (or scheme of delegated or reserved powers). This should specify which matters are specifically reserved for the collective decision of the board. This framework must be understood by all board members and by the senior management team. It should be regularly reviewed and refreshed.	The Board has internal delegations (from Board to Audit & Risk and Finance & General Purposes Committees). The terms of reference for these committees details the areas of responsibility delegated, and requires the body or individuals to whom responsibilities are delegated to escalate any matters that may involve the Board in significant risk to reputations, legal standing or financial positions.
	The Board should establish formal procedural and financial regulations to govern the conduct of its business.	The GLA Board conducts business in accordance with the 2005 Regulations.
	The Board should establish appropriate arrangements to ensure that it has access to all such relevant information, advice and resources as is necessary to enable it to carry out its role effectively.	The Board and sub committees are supported by the Chief Executive and Directors and have access to information and support from the GLA as they require.
	The Board should make a senior executive responsible for ensuring that appropriate advice is given to it on all financial matters.	The Chief Executive is appointed as Accounting Officer. The Chief Executive reports to each Committee and includes appropriate information on financial matters.
	The Board should make a senior executive responsible for ensuring that Board procedures are followed and that all applicable statutes and regulations and other relevant statements of best practice are complied with.	The Chief Executive has responsibility for corporate governance in relation to the GLA and compliance is reported in the Governance Statement published in the Annual Report and Accounts.
	The Board should establish a remuneration committee to make recommendations on the remuneration of top executives. Information on senior salaries should be published. The board should ensure that the body's rules for recruitment and management of staff provide for appointment and advancement on merit.	The GLA has a remuneration committee and the rules for recruitment and management of staff provide for appointment and advancement on merit. Salaries of Directors are published in the Annual Report and Accounts and job titles and pay scales for all other staff are published on the GLA website and Data.gov.uk .
	The Chief Executive should be accountable to the Board for the ultimate performance of the public body and for the implementation of the Board's policies. He or she should be responsible for the day-to-day management of the public body and should have line responsibility for all aspects of executive management	The Chief Executive has responsibility for all aspects of executive management, oversees day-to-day management and is accountable to the Chair and GLA Board for the performance of the GLA.
	There should be an annual evaluation of the performance of the board and its committees – and of the Chair and individual board members.	The Chair conducts annual appraisals with all GLA Board Members. This covers the contribution made by the members and also their views on the performance of the Board as a whole and the Chair. An evaluation of the performance of the

		Chair is due in Spring 2014.
Role of the Chair	Principle: The Chair is responsible for leadership of the board and for ensuring its overall effectiveness.	This principle is complied with.
	The board should be led by a non-executive Chair.	The Board is led by a non-executive Chair.
	There should be a formal, rigorous and transparent process for the appointment of the Chair. This should be compliant with the Code of Practice issued by the Commissioner for Public Appointments. The Chair should have a clearly defined role in the appointment of non-executive board members.	<p>The appointment of the Chair follows the Code of Practice issued by the Commissioner for Public Appointments. Also, in 2011, the Defra preferred candidate was interviewed in public by the Efra Select Committee prior to appointment.</p> <p>The Chair is a member of the panel interviewing prospective Nominated Members of the GLA Board.</p> <p>The GLA Chair does not have a role with respect to the selection of Representative GLA Board Members who are drawn from Government Departments.</p>
	<p>The duties, role and responsibilities, terms of office and remuneration of the Chair should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements. The responsibilities of the Chair will normally include:</p> <ul style="list-style-type: none"> representing the public body in discussions with Ministers; advising the sponsoring Department and Ministers about board appointments and the performance of individual non-executive board members; ensuring that non-executive board members have a proper knowledge and understanding of their corporate role and responsibilities. The Chair should ensure that new members undergo a proper induction process and is normally responsible for undertaking an annual assessment of non-executive board members' performance; ensuring that the board, in reaching decisions, takes proper account of guidance provided by the sponsoring department or Ministers; ensuring that the board carries out its business efficiently and effectively; representing the views of the board to the general public; and 	<p>The Chair has received an appointment letter from the Secretary of State setting out her terms and conditions of appointment, which are in line with Cabinet Office guidance and statutory requirements.</p> <p>The Chair is responsible to the Secretary of State for Environment Food and Rural Affairs and the Minister for Agriculture and Rural Development for Northern Ireland. He or she is responsible for ensuring that policies and actions support Ministers' wider strategic policies and that the GLA's affairs are conducted with probity.</p> <p>The Chair's responsibilities are set out in the letter of appointment. This makes clear, amongst other things, that the Chair is expected to play a significant role in ensuring that the Authority and its staff maintain the capability (within available resources), to: deliver the GLA's statutory responsibilities and objectives; achieve its performance indicators; enable it to respond positively and constructively to any changes in its policy or operational context; and take fully into account Government objectives and priorities in the area of employment protection for vulnerable workers.</p> <p>The Chair has established induction arrangements for all new GLA Board</p>

	developing an effective working relationship with the Chief Executive and other senior staff.	Members and conducts annual appraisals of all Nominated Board Members and, on request, provides feedback to Representative Members. The Chair ensures that the Board is informed of guidance provided by the sponsoring departments or Ministers and seeks to ensure the efficient operation of the Board. The Chair publicly represents the Board and, on policy matters, the GLA. The Chair has frequent contact with the Chief Executive and senior staff of the GLA.
	The roles of Chair and Chief Executive should be held by different individuals	The roles of the Chair and the Chief Executive are held by different individuals.
Role of Non-Executive Board Members	Principle: As part of their role, non-executive board members provide independent and constructive challenge.	This principle is complied with.
	There should be a majority of non-executive members on the board.	At present, all the members of the GLA Board are non-executive.
	There should be a formal, rigorous and transparent process for the appointment of non-executive members of the board. This should be compliant with the Code of Practice issued by the Commissioner for Public Appointments.	The Secretary of State makes Board appointments in accordance with the requirements of the Gangmasters (Licensing Authority) Regulations 2005. These Regulations are in the process of being amended to bring GLA Board appointments into line with the Code of Practice for Public Appointments.
	The duties, role and responsibilities, terms of office and remuneration of non-executive board members should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements. The corporate responsibilities of non-executive board members (including the Chair) will normally include: <ul style="list-style-type: none"> establishing the strategic direction of the public body (within a policy and resources framework agreed with Ministers); overseeing the development and implementation of strategies, plans and priorities; overseeing the development and review of key performance targets, including financial targets; ensuring that the public body complies with all statutory and administrative requirements on the use of public funds; ensuring that the board operates within the limits of its statutory authority and any delegated authority agreed with the sponsoring department; ensuring that high standards of corporate governance are 	Nominated Board members receive an appointment letter from the Minister setting out their terms and conditions of appointment. The Board's responsibilities and those of its members are set out in the GLA's Framework Documents. The responsibilities of the Board include: (a) establishing and taking forward the strategic aims and objectives of the GLA consistent with its overall strategic direction and within the policy and resources framework determined by Ministers; (b) ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the Department and administrations, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by the Department; (c) ensuring that the Board receives and reviews regular financial information concerning the management of the GLA; is informed in a timely manner about any concerns about the activities of the GLA; and provides positive assurance to the Department and administrations that appropriate action has been taken on

	observed at all times. This should include ensuring that the public body operates in an open, accountable and responsive way; and representing the board at meetings and events as required.	such concerns; (d) set performance objectives for the GLA and for the Chief Executive which give due weight to the proper management and use of public monies. (e) nominated Board members come from the sector regulated by the GLA. Some are employed by companies which hold a GLA Licence or for trade associations which represent GLA licensees. These associations are specified in the 2005 Regulations as being entitled to nominate Board members. (f) board members are required to provide details of their private interests so that any conflicts of interest are identified. They are also required to do so at each Board meeting.
	All non-executive Board members must be properly independent of management	All Board members are properly independent of management, and are required by the Management Statement and Board Members' Code of Practice to carry out their roles with integrity, honesty, objectivity and impartiality. Amongst other matters the Code requires members to register their interests and sets out how members should deal with any potential conflicts of interest or commercial interactions with the GLA.
	All non-executive board members must allocate sufficient time to the board to discharge their responsibilities effectively. Details of board attendance should be published (with an accompanying narrative as appropriate).	The minimum time commitment of Board members is discussed with nominated candidates before they are appointed in order to confirm that they have sufficient available time to discharge their responsibilities effectively.
	There should be a proper induction process for new board members. This should be led by the Chair. There should be regular reviews by the Chair of individual members' training and development needs.	Induction arrangements for new board members are provided by the GLA and led by the Chair with support from the Chief Executive. The Chair also keeps individual members' training and development needs under review as part of the annual appraisal process.
Effective Financial Management	Principle: The public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.	This principle is complied with.
	The body must publish on a timely basis an objective, balanced and understandable annual report. The report must comply with HM Treasury guidance	An annual report is published, which is objective, balanced, understandable and compliant with HM Treasury guidance.
	The public body must have taken steps to ensure that effective systems of risk management are established as part of the systems of internal control.	There is a risk management strategy in place that outlines how the GLA manages risk. The risk management strategy is in line with Treasury guidance. GLA has three risk registers covering all significant risks: business risk, fraud risk and pension risk. Each corporate risk is owned by a Director. Directors review the risk register monthly. On behalf of the Board, the Audit and Risk Committee reviews the three risk registers at every meeting.

	The public body must have taken steps to ensure that an effective internal audit function is established as part of the systems of internal control. This should operate to Government Internal Audit Standards and in accordance with Cabinet Office guidance.	GLA internal audit is carried out under a framework agreement between Defra and an internal audit provider. Internal audit activity is targeted at assessing the adequacy and effectiveness of the systems of internal control and governance. The Head of Internal Audit reports to the Audit and Risk Committee (a subcommittee of the Board) and provides assurance to the Accounting Officer.
	There must be appropriate financial delegations in place. These should be understood by the sponsoring department, by board members, by the senior management team and by relevant staff across the public body. Effective systems should be in place to ensure compliance with these delegations. These should be regularly reviewed	Within the GLA, financial and non financial delegations are set out in a Schedule of Delegations approved by Defra and Executive Management Board as appropriate. The Finance and Planning Team checks compliance with the financial delegations. The GLA has a procurement policy which also forms part of the Finance Manual which clearly states delegation limits and these are adhered to by way of purchase orders and ensure supporting documentation is included.
	There must be effective anti-fraud and anti-corruption measures in place.	The GLA Anti-fraud and Corruption Policy is available to all staff. All relevant staff has completed Counter Fraud Training. The Anti-Fraud Policy is also reviewed at the Audit and Risk Committee on an annual basis.
	There must be clear rules in place governing the claiming of expenses. These should be published. Effective systems should be in place to ensure compliance with these rules. The public body should proactively publish information on expenses claimed by board members and senior staff.	GLA has a Staff Expenses Policy which complies with the Treasury's principles governing travel and subsistence claims. Compliance is monitored. The GLA travel and subsistence policy complies with Treasury principles and has received a dispensation in this regard from HMRC. Expenses of senior staff and board members are not published other than stated previously.
	The annual report should include a statement on the effectiveness of the body's systems of internal control and of the external audit process	Effectiveness of internal control systems is reported in the Governance Statement published in the Annual Report and Accounts.
	The board should establish an audit (or audit and risk) committee with responsibility for the independent review of the systems of internal control and of the external audit process.	An Audit and Risk Committee is a sub-committee of the Board and keeps under independent review GLA's internal control systems and the external audit process. It advises the Board and the Accounting Officer on matters of financial accountability, risk, control and governance.
	The body should have taken steps to ensure that an objective and professional relationship is maintained with the external auditors.	An objective and professional relationship is maintained with the National Audit Office who attends all Audit and Risk Committee meetings.
Communications	Principle: The Public Body is open, transparent, accountable and responsive.	This principle is complied with.
	The public body should have identified its key stakeholders. It should establish clear and effective channels of communication with these stakeholders	The 2005 Regulations provide for the setting up of Liaison groups to advise the Board on the operation of the 2004 Act to assist the Board in keeping under review the activities of gangmasters and to provide a forum for communication between the Board and other interested parties. At present there is one active liaison group attended by representatives of labour providers and labour users. Periodically the GLA has meetings with representatives of the food retailing sector and are in the process of finalising an information exchange protocol with them. In addition, the GLA engages with stakeholders through ad hoc (issues based) bilateral meetings with senior executives; regular multi-stakeholder

		<p>groups; occasional workshops according to need; and, on a day to day basis, at officer level. It utilises all channels of communication with licence holders and stakeholders to maximise engagement with it in relation to its recent public consultation on RTC related change.</p> <p>The GLA has in place a series of Memoranda of Understanding with other Government Departments and agencies who have enforcement obligations that appertain to labour providers (e.g. HMRC, HSE,) and work closely with the police with whom it seeks to work closely</p>
	<p>The public body should make an explicit commitment to openness in all its activities. It should engage and consult with the public on issues of real public interest or concern. This might be via new media. It should publish details of senior staff and boards members together with appropriate contact details</p>	<p>All Board papers and minutes of Board meetings are published on the GLA website. The GLA recently updated its External Communications Policy which is also available on the GLA website. Where the GLA is making significant changes to its operations its practice is to conduct a public consultation exercise. Information on members of the Board, are published on the GLA website, with details of how to contact the GLA.</p> <p>As a body receiving public funding the GLA is committed to being open about the decisions it makes and the way in which it makes them. It works with Defra, the Devolved Administrations and other partners in a flexible, open and truly collaborative way. It involves partners early in developing issues, shares data and analysis and reviews working relationships regularly. Every effort is made to respect institutional, procedural and cultural differences. A Management Statement and Service Level Agreement are in place setting out how the GLA works with Defra and the Devolved Administrations and the GLA has similar agreements with other partners.</p>
	<p>The public body should consider holding open board meetings or an annual open meeting</p>	<p>The GLA and Board are committed to the principle of open government and have been holding open meetings since its creation. Members of the public are welcome to attend board meetings as observers except when confidential issues are being discussed.</p>
	<p>The public body should proactively publish agendas and minutes of board meetings.</p>	<p>Agendas and board papers are made available one week ahead of meetings to Board members and made publicly available, together with draft minutes normally one week later. Inter-sessional papers, provided between Board meetings, are also available. Meetings are run in accordance with a set of Standing Orders.</p>
	<p>The public body should proactively publish performance data.</p>	<p>Performance data is included in quarterly reports to the Board, of which the main organisational targets are published on the GLA website, and also in the GLA Annual Report and Accounts.</p>
	<p>In accordance with transparency best practice, public bodies should consider publishing their spend data over £500. By regularly publishing such data and by opening their books for public scrutiny, public bodies can demonstrate their commitment</p>	<p>The GLA publishes all invoices over £25,000, contracts over £10,000 and credit card expenditure over £500 but it has decided not to publish general spend data over £500 after consideration of the administrative burden. This data is included in the Annual Reports and Accounts(ARA).</p>

	to openness and transparency and to making themselves more accountable to the public.	
	The public body should establish effective correspondence handling and complaint procedures. These should make it simple for members of the public to contact the public body and to make complaints. Complaints should be taken seriously. Where appropriate, complaints should be subject to investigation by the Parliamentary Ombudsman. The public body should monitor and report on its performance in handling correspondence.	<p>The GLA has a transparent complaints procedure which the Director of Strategy has responsibility for. All complaints are to be resolved within 15 working days and with confirmation of receipt by return. The majority of complaints are resolved within 5 working days. Performance in this area is subject to monthly scrutiny through the Senior Leadership Team where any patterns, trends; themes are identified and critically examined.</p> <p>The GLA recognises the importance of handling correspondence, including complaints expeditiously. The GLA website sets out how to contact the GLA, channelling the contact appropriately: Licence and General, Press, Reporting Information, Freedom of Information and queries about the website. The GLA seeks to resolve all complaints within 15 working days, though where further investigation is required a holding reply will be sent by return but in any event within 5 working days of receipt. The Director of Strategy deals with all serious complaints and oversees the entire complaints procedure, dip sampling as necessary. Escalated complaints go to the Chief Executive. If complainants remain dissatisfied they may escalate their complaint, through their MP to the Parliamentary Ombudsman.</p> <p>Similar standards are set for responses to routine correspondence, a response within 5 working days and a resolution within 15 working days.</p>
Marketing and PR	The public body must comply with the Government's conventions on publicity and advertising. These conventions must be understood by board members, senior managers and all staff in press, communication and marketing teams.	This principle is complied with.
	Appropriate rules and restrictions must be in place limiting the use of marketing and PR consultants	<p>Appropriate rules and restrictions are in place.</p> <p>All staff are advised of the spending controls and a system has been introduced to cover any proposed expenditure covered by the controls.</p>
	The public body should put robust and effective systems in place to ensure that the public body is not, and is not perceived to be, engaging in political lobbying. This includes restrictions on board members and staff attending Party Conferences in a professional capacity.	Appropriate rules and restrictions are in place, as set out in the Management and Financial Statements and Staff Code of Conduct.
Conduct and Behaviour	Principle: The board and staff of the public body work to the highest personal and professional standards. They promote the values of the public body and of good governance	This principle is complied with.

	through their conduct and behaviour	
	A Code of Conduct must be in place setting out the standards of personal and professional behaviour expected of all board members. This should follow the Cabinet Office Code. All members should be aware of the Code. The Code should form part of the terms and conditions of appointment	In October 2011 the GLA Board adopted the Cabinet office Code of Conduct for Board members as its own Code of Conduct. This includes adherence to the Nolan principles of public life.
	The public body has adopted a Code of Conduct for staff. This is based on the Cabinet Office model Code. All staff should be aware of the provisions of the Code. The Code should form part of the terms and conditions of employment	A Staff Code of Conduct setting out the standards of behaviour expected of all GLA employees has been agreed and published. This Code is part of the contractual relationship between GLA and its employees. The GLA also introduced a set of organisational values and principles by which all staff conduct is measured via the staff appraisal system. The appraisal system specifically assesses skill, competency and evidence of: public service, leadership, professionalism, decision making, working with others and any performance issues are addressed immediately.
	There are clear rules and procedures in place for managing conflicts of interest. There is a publicly available Register of Interests for board members and senior staff. This is regularly updated	A yearly Register of Interests is compiled by questionnaire and responses are centrally held. Access to the Board members' Register of Interests is published on the GLA website and the Chair and Directors' Register of Interests are published in the Annual Report and Accounts.
	There are clear rules and guidelines in place on political activity for board members and staff. There are effective systems in place to ensure compliance with any restrictions	The GLA Codes of Conduct for the Board and Code of Practice for staff set out clear guidance on political activities. Staff are regularly reminded of their conduct and action if they intend to engage, or stand for local or national elections, and the impact such periods also have on planned policy changes.
	There are rules in place for board members and senior staff on the acceptance of appointments or employment after resignation or retirement. These are effectively enforced.	The Cabinet Office Code of Conduct adopted by the GLA says that Board members must discuss other appointments with the Chair while they are in office and must adhere to the policy of the organisation as regards acceptance of employment after they leave.
Leadership	Board members and senior staff should show leadership by conducting themselves in accordance with the highest standards of personal and professional behaviour and in line with the principles set out in respective Codes of Conduct.	This is covered in the GLA Management Statement, the Board Code of Conduct and the Staff Code of Conduct which place emphasis of promoting the highest standards of personal and professional behaviour.

Annex B: Terms of Reference of Review

TRIENNIAL REVIEW OF THE GANGMASTERS LICENSING AUTHORITY

TERMS OF REFERENCE

Aim of the Review

Triennial Reviews are to ensure that non-Departmental Public Bodies are still needed and comply with principles of good corporate governance.

The Review will follow two stages:

Stage 1: To review the functions and form of the GLA to confirm they remain appropriate. The Review will examine:

- the GLA's main objectives and how the organisation structures its functions, people and resources to deliver them;
- the nature of the functions to confirm that they remain appropriate;
- alternative models to confirm that delivery of GLA's functions through an NDPB continues to be the most appropriate delivery model.

In reaching conclusions on Stage 1, to confirm that the GLA is still required in its current form, the Review will draw on evidence available from previous reviews, including the conclusions of the review of Defra's arm's length bodies in 2010 and the conclusions of the Red Tape Challenge review in 2012, including responses to public consultations.

Stage 2: If it is agreed that the GLA should remain as an NDPB, to review the control and governance arrangements in place to ensure that the public body is complying with recognised principles of good corporate governance.

The Review will be undertaken by Defra Civil Servants. It will be conducted in an open and inclusive way, working closely with GLA, other Government Departments, the Devolved Administrations, Parliament and a range of stakeholders. Anyone with an interest will be able to contribute.

The Review was launched on 10 September 2013. Preliminary conclusions from Stage 1 of the Review will be made available as soon as possible. Final conclusions will be published later in 2013/14.

Annex C: Background to the GLA

Background

The Gangmaster (Licensing) Act was introduced into Parliament in 2003 as a Private Member's Bill intended to tackle worker mistreatment in the agricultural, shellfish gathering and food processing sectors. The Bill was adopted as a further protection by the Government in the wake of the death of 23 cockle pickers in Morecambe Bay in February 2004. Government support for the Bill was a response to heightened awareness and public outcry following significant media attention.

The Bill aimed to protect the most vulnerable workers employed in the specific sectors highlighted by ensuring those engaged in the supply of workers, or who use workers to provide a service, meet minimum employment and other standards. While the Bill was before Parliament, discussions took place between stakeholders and Ministers on the design and operation of the licensing arrangements and the way in which those arrangements would be enforced.

Various options were considered. It was agreed that a statutory licensing authority should be established and that there should be a high degree of stakeholder involvement in the operation of the licensing arrangements. It was also agreed that the licensing authority should be responsible for ensuring compliance with the conditions attached to a licence and that the Government should enforce the new criminal offences created under the Act.

Staffing levels

The GLA has achieved significant staff reductions during the SR10 period, reducing the number of Full Time Equivalent (FTE) staff undertaking work devoted to licensing activities by 30% and those undertaking enforcement activities by more than 20%. The Authority has reduced the number of staff undertaking HR/IT/Finance functions from 7 FTE to 4 (these staff also perform wider corporate services and operational functions), and in the current financial year it has achieved further savings by regrading some posts and by bringing functions which were carried out by external service providers in-house.

During the period, the GLA has maintained the level of licensing activity it undertakes (1,000 labour providers licensed) and has needed to expand its enforcement activities as mandated by the 2012 ministerial statement. GLA licensing and enforcement activity overall has become more complex in nature and more severe due to the emerging elements of human trafficking, forced labour and other forms of criminal behaviour (blackmail, benefit fraud, etc.).

	10/11	11/12	12/13	13/14
Grant in Aid	£1.634m	£1.634m	£1.418m	£1.376m
Enforcement budget (under a separate Service Level Agreement with Defra)	£2.597m	£2.597m	£2.597m	£2.597m
Licensing Staff FTE	29	21	19	19
Enforcement Staff FTE	60	51	47	47
Total Staff	89	72	66	66 ¹⁴

¹⁴ 66FTE spread across 68 staff.

Annex D: Background on GLA functions

As set out in the body of the report, the GLA has two functions.

- a. licensing of gangmasters; and
- b. ensuring there is an effective, intelligence-led, approach to enforcement

This annex provides more information and case studies relating to these functions

Facts and Figures on GLA operations

- 2,512 licences granted to date
- 1,000 current licence holders
- 203 revocations/suspensions (represent 8% of all licenses issued);
- 172 refusals
- 100 appeals: 93% appeals rejected; all appeals rejected since 2010

- 6 April 2006 started accepting applications
- 31 May 2006 first application refused
- 67 Prosecutions
 - 43 Unlicensed gangmaster
 - 23 Using unlicensed gangmaster
 - 1 Obstruction
- Since 2010 – 5,029 workers protected
- Cash loss recovered for victims £4 million

Delivery Plan Targets for 2013-16

- Increase by 15% year on year the number of forced labour victims identified and removed from danger;
- Increase by 20% year on year the identification of and seizure of proceeds of crime through unlawful activity within the sector;
- Increase by 15% year on year the number of referrals made to the UK Human Trafficking Centre (NRM referrals);
- 15% increase year on year referrals of 'Organised Crime Group' identification and activity to Law Enforcement Regional Organised Crime Units (ROCU);
- Monitor and maintain the identification and enforcement of breaches of employment standards, National Minimum Wage and statutory employment rights;
- Increase by 20% year on year the assistance given to labour users/providers in the co-identification of and dealing with potential worker exploitation prior to formal regulatory engagement;
- To develop closer working relationships with HMRC, HSE, UKHTC and law enforcement agencies through 10 joint operations in year one rising by 25% year on year;
- Improve the satisfaction of licence holders with the service provided by the GLA by 10% year on year;
- Improve perception amongst all key stakeholders that the GLA is doing a good or very good job by 10% year on year.

Case Studies of enforcement operations

Kent based gangmaster's licence is revoked following joint GLA/Police operation

The GLA revoked the gangmaster licence of a Kent based labour provider in October 2012 following consideration of evidence obtained during a joint operation with Kent Police earlier in the month. The GLA investigation found that the licence holder had score the highest number of penalty points ever recorded against the Authority's Licensing Standards. As a consequence the licence was revoked with immediate effect.

Two people were arrested by the police during the operation on suspicion of human trafficking offences.

Police assist the GLA in raids identifying unlicensed labour provision and illegal workers

Police forces in Kent and Essex assisted in a large multi-agency operation involving GLA, HM Revenue and Customs, the Regional Organised Crime Unit and the Salvation Army. The operation, which resulted in the arrest of a Kent man on suspicion of being an unlicensed gangmaster, took place in June 2012. The arrest was made during a series of six raids across Essex and Kent.

In addition to the arrest of a suspected unlicensed labour provider, up to 15 workers were detained on suspicion of being in the country illegally and subsequently handed over to the UK Borders Agency.

Massive operation targets worker exploitation in Fenland

The GLA played a leading role in a large scale operation in Cambridgeshire which culminated in 10 arrests for offences related to labour exploitation and the suspension of two gangmaster licences. The operation involved 300 people including police officers, and officers and staff from a range of partner agencies including the GLA, the National Crime Agency, Fenland District Council and the Home Office.

Workers were found to be receiving significantly less than the national minimum wage in spite of working very long hours. There was also evidence that the labour providers had used debt accumulated from the provision of accommodation as a means of exerting control over the workers.

Following raids on eight separate addresses approximately 80 individuals were removed to a temporary reception centre where they were given assistance in finding alternative employment and accommodation.

This operation was part of a wider, multi-agency campaign in Cambridgeshire and East Anglia aimed at tackling worker exploitation, forced labour and human trafficking.

Annex E: Summary of stakeholder evidence and previous reviews

This Annex summarises the process for engaging with stakeholders and the evidence submitted to this Review and provides a summary of the key evidence and conclusions from previous reviews and debates which have considered the GLA. These include:

- Public Bodies Review 2010
- Independent Farming Regulation Task Force Review – May 2011
- Forestry Regulation Taskforce – October 2011
- Westminster Hall debate – February 2012
- Red Tape Challenge – April 2011 – May 2012

Evidence submitted to this Review

Key stakeholders were consulted directly with the option of a conversation with the Review team. The Review was also flagged on the Government and GLA websites, inviting other interested parties to contribute views to the Review team. Wider evidence gathering included discussions with relevant policy teams within Defra and other Government departments, a review of background literature and an analysis of previous reviews of the GLA.

The invitation to stakeholders highlighted the fact that the Review team would be considering the evidence submitted to previous reviews to ensure that stakeholders did not feel they had to repeat themselves and provide the same evidence again.

A few stakeholders provided formal written responses and follow up conversations with members of the Review team were held when requested. Discussions were also held with stakeholders at a GLA Board meeting and at a special event.

All contributions and engagement with stakeholders supported the important role that the GLA play in licensing labour providers and in ensuring that there is an effective, intelligence-led, approach to enforcement in its sectors. The combination of these two functions were seen to be important in ensuring that there was a level playing field for law-abiding labour providers, confidence for farmers who use them as a source of labour and adequate protections in place for workers.

One response to this Review from an employer representative organisation suggested that the GLA might be more effective as a broader intelligence gathering body, driven not by the formal licensing of businesses but by the reports of workers and businesses that experience or encounter non-compliance. This Review recognises the importance of the intelligence gathering activities of the GLA in exercising its enforcement function.

However, it also concludes that licensing is an important function of the GLA in providing a level playing field to suppliers and labour users in its sectors, where all parties can be assured that the suppliers are meeting the required compliance standards. The Review

supports the need to continue to explore how evidence gathering can best be utilised as the GLA moves towards targeting areas of greatest risk.

Engagement with stakeholders on the governance found that most – although not all – supported the move to significantly reduce the Board’s size. All those who responded were keen to ensure that any future structures retain effective stakeholder input. They placed a significant value on having such a wide range of viewpoints and sectors represented in GLA’s decision making as a result of the current Board structure. Particular benefits raised of the wide representation on the Board were: having specialist knowledge feeding directly in to the Board; the wide range of views and dialogue across a number of sectors; direct engagement with stakeholders; smaller interest groups have a voice; and stakeholders are well-informed of the GLA’s activities by hearing discussions first hand.

Some stakeholders, notably those from Trade Union organisations, commented that, in addition to effective communication, they would want direct representation of stakeholder groups to be retained on the Board. Some stakeholders also commented that they would want the nomination process, whereby stakeholder groups nominate members to the Board to be retained.

Independent Farming Regulation Task Force Review – May 2011

This review intended to identify the most onerous burdens – and to work out how they could be reduced or removed – by looking at regulations from the point of view of the affected business. It involved extensive consultation with industry and others and considered whether changes were needed in the “culture” of regulation in Defra, its agencies and delivery partners.

Regarding the GLA, the Review endorsed the 2010 Public Bodies Review conclusion that the GLA should be retained and made recommendations regarding the focus of the GLA’s activities:

- “Amendments should be made to the gangmasters licensing system that are designed to improve farmers’ and growers’ perception of the system, and make inspections more targeted while still protecting workers.”
- “The Gangmasters Licensing Authority should move its inspection regime to a more targeted, risk-based approach using the principles of earned recognition.”

Through this review, some consultees suggested abolishing the Gangmasters Licensing Authority altogether. They felt that its existence was unfair, putting the agricultural and horticultural industries in a negative light. Other consultees believed that the GLA is working well. The Review¹⁵ was clear that it did not agree with calls for the abolition of the GLA, stating that it has an important role to play to protect worker welfare in its sectors and that many of the issues raised were related to perception rather than principle.

¹⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/69201/pb13527-farm-reg-task-report.pdf

This review also identified a clear perception problem from labour users surrounding who the GLA inspects and how they inspect them. Some felt that the GLA literature tarnishes the reputation of horticulture and some respondents are unclear which activities are within and which are outside the GLA's scope.

Forestry Regulation Taskforce – October 2011

The Forestry Regulation Task Force, which was set up in January 2011 and explored how best to achieve a proportionate, risk-based and targeted approach to regulations relevant to forestry-related businesses, also considered the GLA. The Task Force supported the role of the GLA and recognised the important function of enforcing the law. The Task Force also concluded that the Forestry Sector poses a very low risk of abuse and exploitation of its workers and recommended its exclusion from the scope of licensing. This recommendation was accepted and a regulation came into force on 1 October 2013 which excludes forestry from the scope of licensing.

Westminster Hall debate – February 2012

Ian Murray MP (Edinburgh South, Labour) brought a debate on the GLA¹⁶. There was cross-party support for the work of the GLA with no one speaking against its existence or value. In particular, its development, achievements and effectiveness in protecting workers were highlighted.

Particular concerns were expressed around the Government's Red Tape Challenge process which considered whether legislation is still required, with the strong opinion that it continued to be necessary, and that the drive to cut regulation should not apply to the GLA legislation.

A number of members also raised the question as to whether the scope of GLA should be extended to other sectors – with construction and catering mentioned explicitly. Some felt that there was a case to extend the scope to cover these sectors based on evidence that there is exploitation of workers in these industries; others felt the evidence was not currently sufficient and that breaches of compliance are best dealt with by industry-specific initiatives.

Richard Benyon, Parliamentary Under-Secretary for Defra, closed the debate confirming that the Government endorsed the need for the GLA to enforce protection for vulnerable workers in the relevant sector; that the Government will continue to look at what more the GLA needs to do to tackle non-compliant high risk operators while also reducing unnecessary burdens on those who are compliant; and that the Government was looking at the issue of enforcement as a whole across Government, commenting that there was a lack of hard evidence about employment abuses in the construction industry.

Red Tape Challenge – April 2011

The Employment Theme of the Red Tape Challenge process explored the following questions in relation to the regulations the GLA operates under:

¹⁶ <http://www.publications.parliament.uk/pa/cm201212/cmhansrd/cm120221/halltext/120221h0001.htm>

- Should we scrap them altogether?
- Could their purpose be achieved in a non-regulatory way (eg through a voluntary code?) How?
- Could they be reformed, simplified or merged? How?
- Can we reduce their bureaucracy through better implementation? How?
- Can we make their enforcement less burdensome? How?
- Should they be left as they are?

In December 2011 the Red Tape Challenge Ministerial Star Chamber endorsed the need for GLA to continue to enforce the law against rogue operators, while requiring it to look at reducing burdens on compliant operators.

There were 869 responses to the Compliance and Enforcement section of the Red Tape Challenge Employment Theme, with the vast majority strongly supporting the continuation of the National Minimum Wage. Few referred to the GLA or the Gangmasters (Licensing) Act 2004 explicitly, and most of those that did were supportive of the role of the GLA and the need to have workers' protection enshrined by a legal and regulatory framework.

As part of the Red Tape Challenge process, BIS commissioned Adrian Beecroft to look at employment law and regulation. This report stated that abolishing the GLA should be seriously considered. Defra responded to this review stating that the conclusion on the GLA was based on a series of misunderstandings about the GLA's statutory role and scope.

In May 2012 BIS published a report setting out what actions the Government would and would not be taking forward following the Beecroft report. It stated a refocused role of the GLA was being pursued.

In May 2012 Defra's Minister for State also announced the outcomes of the Red Tape Challenge process. The announcement commended the positive work of the GLA and made a number of recommendations including:

- Ensure GLA targets suspected serious and organised crime by working more closely with the Serious Organised Crime Authority and other specialist law enforcement agencies;
- Ensure that evidence of worker exploitation by unlicensed labour providers or licence holders will contribute effectively to continued successful investigation and prosecution of organised crime groups and assist in the earlier identification of the victims of human trafficking;
- Reduce the burden on compliant labour providers and labour users and focus forensically on gross abuse of workers by unscrupulous gangmasters - whose crimes include tax evasion, trafficking, health and safety negligence and other serious crimes;

- Streamline the process for issuing licences and remove the general requirement for an application inspection and associated fee, aim to reduce fees and charges and extend the licensing period from twelve months to two years or more for highly compliant businesses;
- Remove from scope of the GLA, activities or sectors which are low risk, including apprenticeships, forestry, cleaning contractors, land agents and voluntary workers;
- Provide for those with exclusive rights to use the seashore for shellfish cultivation to be able use their workers to grade and gather shellfish stock without needing to be licensed as a gangmaster. This measure would leave fully in scope of the Act activities such as the gathering of cockles from public shellfish beds;
- Adopt an approach in respect of a labour user who uses an unlicensed gangmaster proportionate to the circumstances of the offence, for example the financial advantage gained and whether or not there has been abuse of the workers; and
- Amend the structure of the Board of the GLA and introduce a smaller Board to provide clear strategic leadership and direction to the GLA.