



Gangmasters
Licensing Authority

Gangmasters Licensing Authority Annual Report and Accounts

1 April 2011 to 31 March 2012





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1 April 2011 to 31 March 2012

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

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Mission Statement

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

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



Foreword

History and Statutory Background

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

Basis of Accounts Preparation

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

The Financial Statements are prepared in accordance with regulation 13 (2) of the Gangmasters (Licensing) Authority Regulations 2005 and directions made thereunder by the Secretary of State, reporting the state of the GLA's affairs as at 31 March 2012 and of its deficit for the year.

Management

Effective regulation is based on intelligence led operations that target non compliant labour providers whilst leaving alone businesses who do conform to the required standards. Such an approach commands support from businesses in the regulated sectors as it promotes fair competition. Over recent years the Authority has received praise and recognition for its work within the sector.

In line with most public sector organisations the GLA has seen a reduction in its level of funding during 2011-12. This has meant that reducing resources have had to be targeted even more effectively to ensure that objectives are met.

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

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

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

External Partners

The complexity and serious nature of our enforcement activities means that more often than not the GLA works closely with other enforcement bodies. The Authority welcomes this and, looking forward, believes that, increasingly, this will be the way it operates. 2011-12 has seen a significant increase in multi-agency operations in which the GLA has played a leading role. The GLA partners include: Her Majesty's Revenue and Customs, United Kingdom Border Agency, Serious and Organised Crime Agency, United Kingdom Human Trafficking Centre, all UK Police Forces and the Health and Safety Executive.

Employees

Employees are kept informed on a regular basis about the Authority's performance and we advise them of future plans. Additionally, consultations take place with employees and their representatives so that their views may be taken into account in making decisions that are likely to affect their interests.

Disabled Persons

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

Diversity and Equality

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

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

Employee Involvement

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

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

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

Complaints Procedure

The Authority, through the Chair, is available to any member of the public who wishes to pursue any complaint. If not satisfied, the complainant can then refer the matter to the Parliamentary Ombudsman, who investigates complaints about maladministration or service failure on the part of the Authority.

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

Freedom of Information Act

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

Information Security

There have been no incidents of loss of personal data during the year (none 2010-11).

Pension Arrangements

Pension arrangements for the Authority are covered by the Superannuation Act 1972 and reflect benefits for members of the Principal Civil Service Pension Scheme (PCSPS). Further details can be found within the Remuneration Report (pages 16 to 20) and in note 3 (on pages 37 and 38).

Sickness Absence

During the year an absence level of 1.25% was recorded (1.8% 2010-11).

Payment Policy

The Authority has a payment policy for all goods, services, works and contracts. Where there is no contractual provision or accepted practice governing the time of payment, the Authority's aim is to pay within 10 days of receipt of the goods or service, or within 10 days of a valid invoice, whichever is the later. We have also undertaken under the Department for Business, Innovation & Skills' directive to pay invoices within 5 days wherever possible. This is in accordance with the Government's Best Payments Code, the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890), the parliamentary control of expenditure and the need to protect the Exchequer's interest. For 2011-12 the Authority achieved an average payment time of 7.10 days (7.13 2010-11).

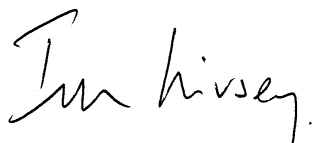
Overall 2011-12 has been a challenging year. The Authority has demonstrated its ability to regulate and provide enforcement in what has always been a difficult sector of UK industry. Going forward, the GLA will adopt the recommendations of the RTC, and move forward to 2012-13 and beyond delivering its mission to safeguard the interests and welfare of the vulnerable workers it exists to protect.



Margaret McKinlay

Chair

7 June 2012



Ian Livsey

Accounting Officer

7 June 2012

Directors' Report

On behalf of the directors, I am pleased to report that the majority of corporate objectives have been met during the year. A full explanation of the performance against objectives for 2011-12 and a statement of objectives for 2012-13 are published later in this report.

Once again during 2011-12 we have been faced with reductions in funding levels from our sponsor department. A significant amount of restructuring has already taken place and this process will continue throughout the life of this parliament as the government's deficit reduction plans have further impact.

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

We continue to receive strong support from our sponsor department, Defra, and recognise that funding reductions also impact on their ability to deliver objectives.

The financial statements and notes are set out in pages 29 to 47.

Explanation of Deficit 2011-12

The Statement of Comprehensive Net Expenditure for the year ended 31 March 2012 on page 29 shows a deficit of £450,000 (£12,000 2010-11).

Prior to every financial year the GLA agrees with Defra its budgeted position. In fact, these figures have been agreed in advance up to 2013-14 and as such the GLA is considered a going concern.

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

For the purposes of the Statement of Comprehensive Net Expenditure, the GIA does not form part of the GLA's income and consequently appears in the accounts in the Cash Flow Statement on page 31. The table overleaf illustrates the budgeted total income (including GIA) which reflects a more accurate position of the Authority's performance against budget.

Income and Expenditure Analysis

	Note	2011-12 £000's	2010-11 £000's
Income budget for the year			
GIA	7	1,424	1,087
Enforcement	5	2,855	3,551
Other income	5	28	-
Total income		4,307	4,638
Expenditure for the year	2	(4,357)	(4,688)
Overspend against budget		(50)	(50)

During 2011-12 total expenditure reduced from £4.688 million to £4.357 million, a reduction of 7.1%. This was predominantly as a result of reduced staffing levels.

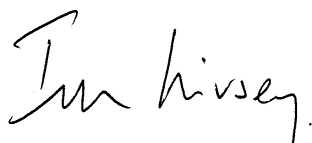
For 2012-13 the Authority's budget has been reduced by a further £200,000 to £4.1 million and a balanced budget has been prepared to meet this constraint. The reduction sets the Authority a significant challenge to meet its objectives with reducing resources but the management remains confident that all financial criteria will be met in the coming year.

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

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

- As far as I am aware, there is no relevant audit information which the Authority's auditor is unaware; and
- I have taken all necessary steps to make myself aware of any relevant audit information, and also to ensure that the Authority's auditor is aware of that information.
- There are no events after 31 March 2012 that would impact on these accounts.

Signed



Ian Livsey
Accounting Officer
7 June 2012

Management Commentary

Performance Against Targets 2011-12

Operations			
Objective	Measure	Target Achieved	Commentary
Identify the number of workers protected from abuse and exploitation following an enforcement operation and take appropriate action in all cases.	Number of workers involved in labour providers subject to enforcement operation.	Yes	2,811 workers identified as being subject to exploitation.
	Financial or other recompense gained by exploited workers.	Yes	Over £1.1 million identified for recovery. In addition, 2,824 days holiday entitlement identified.
To carry out at least 12 high profile enforcement operations.	Monthly monitoring of enforcement operations.	Yes	Report from operational areas.
	Enforcement operations carried out with relevant key partners.	Yes	18 operations undertaken.
	Achieve significant sanction outcomes.	Yes	27 licences revoked during the year.
	Media coverage of enforcement operations.	Yes	Several high profile media articles.
80% of tasked intelligence driven operations result in identification of serious non-compliance or unlicensed activity.	Number of operations identifying serious non-compliance.	No	62% of all tasks resulted in identification of serious non compliance.
	Number of operations identifying unlicensed activity.	Yes	26 cases identified.
	Number of licence revocations.	Yes	27 revocations
	Number of prosecutions.	Yes	10 convictions

Finance			
Target	Measure	Target Achieved	Commentary
Reduction of at least 5% in the cost of processing a licence application or renewal.	Licensing costs monitored monthly.	Yes	Unit cost reduced from £993.97 to £940.66 (5.4%).
Monthly report on the volume of waste paper recycled, numbers of toner cartridges recycled and CO ₂ emissions.	Monthly monitoring of environmental performance.	Yes	Reviewed on a monthly basis by the Executive Management Board (EMB).

People			
Objective	Measure	Target Achieved	Commentary
Motivate and retain staff to ensure they can contribute to the achievement of the business plan.	Staff attrition and natural wastage is kept to under 5%.	Yes	However, voluntary exit scheme increased the number of staff departures.
	Recognition of staff performance in Performance and Development Review (PADR) cycle.	Yes	34 staff qualified for in-year and annual bonus awards.
Have good employee relations with staff and the recognised trade union.	Effective internal communication and liaison takes place.	Yes	Joint working with PCS has been particularly successful.
	Quarterly Whitley meetings progress GLA/PCS relationship.	No	2 meetings took place in 2011-12. Several informal meetings also took place throughout the year.
	Staff forum for non-unionised staff operates effectively.	Yes	6 meetings took place in 2011-12.

Information Technology (IT) Initiative			
Target	Measure	Target Achieved	Commentary
To improve capability of the GLA IT infrastructure of optimum cost.	Successful introduction of an in-house capability by 30 September 2011.	No	Deferred until 2012-13 due to relocation of GLA headquarters.
	Reducing reliance of external contractors and substantially reducing cost of service.	No	See above

Office Relocation			
Target	Measure	Target Achieved	Commentary
To effectively relocate the GLA headquarters before the current site closes on 31 March 2012.	An agreed project plan that enables all services to be seamlessly reconnected with all essential staff relocated.	No	Due to lack of suitable available accommodation the relocation has been deferred until July 2012.

Strategic			
Target	Measure	Target Achieved	Commentary
Forestry Pilot – A project to consider all aspects of licensing in the forestry sector.	Pilot runs for 12 months, finishing on 6 April 2012.	No	12 month pilot started August 2011. Increased applications generated.
	Pilot report recommendations.	No	Analysis delayed until August 2012. Also, see above.
Civil (Macrory) Penalties	Powers are delegated to the GLA.	No	Superseded by RTC.
	Acceptance of how penalties will be applied and circumstances.	No	Superseded by RTC.
Government Reviews	Agree and implement recommendations from Davey, McDonald and other reviews where relevant.	Yes	McDonald recommendations included in RTC submission.

Authority's Objectives 2012-13

Operations	
Target	Measure
Identify the number of workers protected from abuse and exploitation following an enforcement operation and take appropriate action in all cases.	Number of workers involved in labour providers subject to enforcement operation.
	Financial or other recompense gained by exploited workers.
To carry out at least 12 high impact enforcement operations.	Monthly monitoring of enforcement operations.
	Enforcement operations carried out with relevant key partners.
	Achieve significant sanction outcomes.
	Media coverage of enforcement operations.
Re-focus the tasking process to ensure that all regulated sectors are subject to enforcement where intelligence suggests such action is needed.	Monthly monitoring of operations' performance, processes and priorities.
	Intelligence gathering from sectors such as food processing, meat processing, fish processing, poultry and eggs, etc.
	Continued activity on fresh produce intelligence.
	Media coverage of enforcement operations, including pre-emptive information campaigns to alert labour users and labour providers to their obligations.
Develop and trial the concept of 'earned recognition'.	Report by end-September 2012 on principles of 'earned recognition'.
	Trial of 'earned recognition' against a selection of application inspections.
	Consultation with relevant key partners.
Review the current fee structure.	Paper to GLA Board on 17 October 2012.
	Any changes to fees communicated to labour providers by end 2012.
	Any changes to fees introduced in financial year 2013-14.

Operations	
Target	Measure
80% of tasked intelligence driven operations result in identification of serious non-compliance or unlicensed activity.	Number of operations identifying serious non-compliance.
	Number of operations identifying unlicensed activity.
	Number of licence revocations.
	Number of prosecutions.

Finance	
Target	Measure
Reduction of at least 5% in the cost of processing a licence application or renewal.	Licensing costs monitored monthly.
Monthly report on the volume of waste paper recycled, numbers of toner cartridges recycled and CO ₂ emissions.	Monthly monitoring of environmental performance.

People	
Target	Measure
Motivate and retain staff to ensure they can contribute to the achievement of the business plan.	Staff attrition and natural wastage.
	Recognition of staff performance in PADR cycle.
Have good employee relations with staff and the recognised trade union.	Quarterly Whitley meetings progress GLA/PCS relationship.
	Staff forum for non-unionised staff operates effectively.

IT Initiative	
Target	Measure
To improve the capability of the GLA IT infrastructure at optimum cost.	Successful introduction of an in-house capability by 30 September 2012.
	Reducing reliance of external contractors and substantially reducing cost of service.

Office Relocation	
Target	Measure
To effectively relocate the GLA headquarters.	All essential staff relocated to central Nottingham office by end July 2012.

Corporate	
Target	Measure
Review corporate structure and processes.	Report to GLA Board on the future working of the Audit and Risk Committee (ARC).
	Report to GLA Board on the role of the Board.
	If and where necessary, introduce changes to corporate governance by end financial year 2012-13.

Strategic	
Target	Measure
Improve the GLA's processes for licensing and enforcement.	Plan and implement recommendations from the RTC by end March 2013.
	Plan and implement recommendations from the Farming Regulation Task Force Report by end December 2012.

Remuneration Report

Senior Management Team

The composition of the senior management team, EMB, in the reporting period was as follows:

Ian Livsey	Chief Executive
Ray Dawson	Chief Operating Officer
Darryl Dixon	Director of Strategy
Nicola Ray	Director of Projects

Contract Information

Policy on the Remuneration of Senior Managers

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

The Chair of the Authority is employed on a contract basis. The previous Chairman, Paul Whitehouse, received total remuneration of £10,000 during the period 1 April 2011 to 10 July 2011 (£31,000 2010-11) and the current Chair, Margaret McKinlay received total remuneration of £23,000 during the period from 11 July 2011 to 31 March 2012 (nil 2010-11). These costs are included in the staff costs total of £2,969,000 (£3,340,000 2010-11) in note 3 on page 37 and 38 to the financial statements. Payments of £5,000 (£10,000 2010-11) have also been made to the Chair/Chairman in regard to travel and subsistence.

The Chief Executive, Ian Livsey, was initially employed on a three year contract which commenced on 1 November 2007. This contract was extended for a further two years and will expire on 31 October 2012.

Board Members

No board member who served during the year received any remuneration. Normal business related travel and subsistence was reimbursed in line with the Authority's policy. This amounted to £4,000 in 2011-12 (£2,000 2010-11).

Policy on the Duration of Contracts and Notice Periods

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

Policy on Performance Related Pay

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

Salary Information (Subject to Audit)

Remuneration

Payments for PRP amounting to £22,562 (£23,462 2010-11) have been paid to senior managers during 2011-12.

The Chief Executive's PRP is determined by existing arrangements for senior civil servants and is again dependent upon meeting agreed personal objectives. For 2011-12 a bonus has been accrued and will be paid subject to approval and authorisation by Defra.

Senior Manager	Title	2011-12 Salary (in bands of £5,000)	2011-12 Performance Related Bonus (in bands of £5,000)	2010-11 Salary (in bands of £5,000)	2010-11 Performance Related Bonus (in bands of £5,000)
Ian Livsey	Chief Executive	80-85	5-10	80-85	5-10
Ray Dawson	Chief Operating Officer	75-80	5-10	70-75	5-10
Darryl Dixon	Director of Strategy	60-65	5-10	60-65	5-10
Nicola Ray	Director of Projects	35-40	0-5	35-40	-

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

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

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

The banded remuneration of the highest-paid director in the financial year 2011-12 was £90-95K (£90-95K, 2010-11,). This was 2.88 times (2.92, 2010-11,) the median remuneration of the workforce, which was £31,303 (£30,771, 2010-11,).

No employees received remuneration in excess of the highest paid director (none 2010-11).

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

Pension Information

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

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

CETV

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total pensionable service, not just their current appointment. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Civil Service Pensions

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

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

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

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

CETV Information (Subject to Audit)

2011-12

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

2010-11

Senior Manager	Increase in pension (Bands of £2,500)	Real increase/ (decrease) in lump sum at age 60 (Bands of £2,500)	Value of accrued pension (Bands of £5,000)	Related lump sum at age 60 (Bands of £5,000)	Cash equivalent transfer value (TV) at 1 April (£1,000)	Cash equivalent transfer value (TV) at 31 March (£1,000)	Real increase in cash equivalent TV in year (£1,000)	Employers contribution to Partnership pension
Ian Livsey	0-2.5	N/A	5-10	N/A	52	84	21	N/A
Ray Dawson	0-2.5	N/A	20-25	N/A	332	403	26	N/A
Darryl Dixon	0-2.5	0-2.5	20-25	60-65	309	361	6	N/A
Nicola Ray	0-2.5	0-2.5	15-20	25-30	172	209	10	N/A

The actuarial factors used to calculate CETVs were changed in 2011-12. The CETVs at 31 March 2011 and 31 March 2012 have both been calculated using the new factors, for consistency. The CETV at 31 March 2012 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Declarations of Interest

Senior Manager

Declaration of Interest

Margaret McKinlay, Chair (from 11 July 2011 to 31 March 2012)

Directorships:
Wispway Properties Limited

Governor:
Westminster Kingsway College

Trusteeships:
Friends of the Connection

Paul Whitehouse, Chairman (from 1 April 2011 to 10 July 2011)

Directorships:
Nacro Staff Benefits Plan Trustee Limited
Sidcot Leisure Limited
Sidcot School Limited
The Dutch Barge Association Limited

Trusteeships:
Starehe UK
Quakers & Business Group

Ian Livsey, Chief Executive

Chairman, SummitSkills
Non-Executive Director, Alliance of Sector Skills Council (resigned 6 December 2011)

Ray Dawson, Chief Operating Officer

None

Darryl Dixon, Director of Strategy

None

Nicola Ray, Director of Projects

None

Signed on behalf of the Authority



Ian Livsey

Accounting Officer

7 June 2012

Statement of Accounting Officer's Responsibilities

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

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

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

Ian Livsey was appointed Accounting Officer on 1 November 2007. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the GLA's assets, are set out in the Accounting Officer's Memorandum issued by HM Treasury and published in Managing Public Money.

Governance Statement

Framework

The GLA's activities are controlled and monitored by the Authority's Board. The Board consists of the Chair, Margaret McKinlay (who succeeded Paul Whitehouse on 11 July 2011), fifteen representative members, currently with six vacancies, nine ex-officio members and one official observer. These represent various stakeholders throughout the sector which is regulated by the GLA. Meetings are also attended by the Authority's Executive.

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

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

Representative Members

Organisation	Representative	Attendance (Maximum 4)
Association of Chief Police Officers	Simon Chesterman	2
The Association of Labour Providers	David Camp	4
	Joanne Young	3
British Retail Consortium	Vacancy	-
Fresh Produce Consortium	Nigel Jenney	3
Food and Drink Federation	Vacancy	-
Local Government Regulation	Vacancy	-
National Association of Citizens Advice Bureau	Jane Mordue	3
National Farmers Union	Sharon Cross	-
	Vacancy	-
National Farmers Union Scotland	Graham Bruce	3
Police Superintendents Association	Russell Hardy	1
The Recruitment and Employment Confederation	Marshall Evans	4
Sea Fish Industry Authority	Vacancy	-
Shellfish Association of Great Britain	Gillian Mills	4
Trade Union Congress	Hannah Reed	4
	John Gorle	1
Unite	Steve Kemp	4
	Vacant	-

The six vacancies above were appointed by the Secretary of State on 27 March 2012 and will come into effect from 1 April 2012. A further vacancy has become available following the resignation of the representative from The Association of Chief Police Officers on 7 March 2012. A replacement is currently being sought for this position.

The ARC met on four occasions during the year and was fully quorate at all times. Jane Mordue attended 4 meetings, Nigel Jenney attended 4 meetings and the representative from Local Government Regulation attended 4 meetings prior to his appointment by the Secretary of State. A fourth member of the ARC has been appointed from the Board.

Ex-Officio Members

Representatives of:

The Secretary of State for Home Affairs	Jeremy Oppenheim
Department for Business, Innovation and Skills	Amanda Dickens
The Secretary of State for Work and Pensions	Stuart Whitney
The Health and Safety Executive	David Coackley
The Scottish Ministers	Ron Vass
The Welsh Assembly for Wales	Wynfford James
The Secretary of State for Environment, Food and Rural Affairs	Jeremy Cowper
The Commissioners of Inland Revenue and the Commissioners of Customs and Excise jointly	Robin Wythes
The Minister for Agriculture and Rural Development for Northern Ireland	Keith Morrison

Official Observer

Ethical Trading Initiative	Peter McAllister
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The Board has a number of sub-committees. The ARC, chaired by the Authority's Deputy Chair, Jane Mordue, meets at least quarterly and is charged with reviewing, inter alia, the effectiveness of the internal controls operating within the GLA.

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

The Worker Liaison Group is chaired by the Authority's Chair and reports to the Board on the adoption of existing or new policies and strategies that will impact on workers within the regulated sector.

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

The Chair is also discussing with our sponsor department the optimum arrangements for the composition of the Authority Board.

Operationally the Authority's objectives are delivered by the directors and senior managers. On a monthly basis the Authority reports its performance to its sponsor in Defra and the Chair. Quarterly performance data is submitted to the ARC who review and give suitable assurances to the Board.

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

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Authority's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

In preparing my annual Governance Statement for 2011-12 I have incorporated the advice and guidance from HM Treasury DAO(GEN)02/12, the new Managing Public Money annex 3.1 and have applied the principles set out in the Corporate Governance Code so far as they are applicable to the GLA.

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

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

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable but not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Authority policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2012 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Capacity to Handle Risk

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

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

During the year the main risks have been:

- uncertainty over the Authority's future in advance of completion of the RTC project
- staff retention due to uncertainties over the future
- relocation of the Authority's headquarters.

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

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

Due to the nature of the Authority's business and its determination to enforce the rights of exploited workers, it is almost inevitable that revocations of existing licences will be the subject of appeal. This is probably the largest single risk facing the Authority and I take a keen personal interest in this area. The Authority's record in defending appeals has been excellent with a 100% success rate in the current year (95% for 2010-11). However, the nature of the revocation and appeals process means there is an inherent risk that decisions could adversely impact on the Authority.

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

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Authority who have responsibility for the development and maintenance of the internal control framework. I have been advised by the Board on the effectiveness of my review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The ARC, on behalf of the Authority's Board, has been diligent in reviewing the effectiveness of the system of internal control. Our internal auditors have, to date, issued audit reports which have identified some specific areas of concern and all such issues have been addressed quickly and in detail. In addition, the Chair of the ARC has submitted her annual written report. This is the key report to the Board, which appraises members of ongoing governance, control and risk issues. Currently there are no areas which give them, or myself, any cause for concern.

The head of internal audit has issued an annual opinion that indicates all internal control mechanisms are operating effectively.

The internal auditors are currently undertaking the audit for the fourth year of a four year programme. We continue to address issues raised by internal audit as they arise. During 2011-12, at my request, the internal auditors continued to consider operational issues rather than purely accounting processes, for example studies of procedures in the Licensing, Human Resources and Intelligence departments have been undertaken. In addition the internal auditors have also reviewed our arrangements for corporate governance and the achievement of our business plan

objectives. Internal Audit has confirmed that there are no specific weaknesses in the corporate governance framework.

During 2011-12 the GLA has continued to work within the financial controls set by the coalition government. This has seen budgets reduced from previous levels and the management team, under my direction, has critically reviewed budgets with the objective of, wherever possible, protecting front line operational services. These reviews have led to a further reduction of spend on support functions without seriously impacting on our ability to protect vulnerable workers in the regulated sector. It remains a concern that these savings, whilst fundamental to achieving financial balance, may have an adverse impact on our ability to control risk. This situation will continue to pose challenges as we move into 2012-13 and will receive my close attention.

As noted in the Foreword on pages 4 to 7 there have been no incidents of loss of personal data during the year.

As a result of the comprehensive review of the system of internal control, I conclude that there are no significant control issues where corrective action has not been taken. As a further consequence of these reviews, I also conclude that our control systems are robust and effective.



Ian Livsey
Accounting Officer
7 June 2012

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

I certify that I have audited the financial statements of Gangmasters Licensing Authority for the year ended 31 March 2012 under the Gangmasters (Licensing) Act 2004. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective Responsibilities of Accounting Officer and Auditor

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

Scope of the Audit of the Financial Statements

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

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Gangmasters Licensing Authority's affairs as at 31 March 2012 and of the net expenditure for the year then ended; and

- the financial statements have been properly prepared in accordance with the Gangmasters (Licensing) Act 2004 and Secretary of State directions issued thereunder.

Opinion on Other Matters

In my opinion:

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

Matters on Which I Report by Exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

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

13 June 2012

Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2012

	Note	2011-12 £000's	2010-11 £000's
Expenditure			
Staff Costs	3	(2,969)	(3,340)
Travel and Subsistence		(216)	(291)
Information Technology		(228)	(241)
Marketing		(9)	11
Consultancy		(1)	(11)
Other	4	(934)	(816)
Total expenditure		(4,357)	(4,688)
Income			
Enforcement	5	2,855	3,551
Licence Fees	6	706	710
Application Inspections		318	415
Other	5	28	-
Total income		3,907	4,676
Net Expenditure		(450)	(12)
Deficit		(450)	(12)

The notes on pages 33 to 47 form an integral part of the accounts.

Statement of Financial Position as at 31 March 2012

	Note	31 March 2012 £000's	31 March 2011 £000's
Non-current assets:			
Property, plant and equipment	8	148	380
Intangible assets	9	867	1,001
Total non-current assets		1,015	1,381
Current assets:			
Trade and other receivables	10	116	54
Cash and cash equivalents	11	568	577
Total current assets		684	631
Total assets		1,699	2,012
Current liabilities			
Trade and other payables	12	(704)	(754)
Finance Lease	12	(31)	(64)
Total current liabilities		(735)	(818)
Total assets less current liabilities		964	1,194
Non-current liabilities			
Finance lease	12	(144)	(330)
Total non-current liabilities		(144)	(330)
Total liabilities		(879)	(1,148)
Assets less liabilities		820	864
Reserves			
General reserve		577	645
Revaluation reserve		243	219
Total reserves		820	864

Signed on behalf of the Authority



Ian Livsey
Accounting Officer
7 June 2012

The notes on pages 33 to 47 form an integral part of the accounts.

Statement of Cash Flows for the year ended 31 March 2012

	Note	2011-12 £000's	2010-11 £000's
Cash flows from operating activities:			
Net Expenditure after cost of capital and interest		(450)	(12)
Adjustments for non-cash transactions:			
Depreciation	4	45	49
Amortisation	4	164	175
Adjustment to the Service Concession Arrangement (SCA)	4	7	(54)
Finance costs	4	24	24
Credit write back	4	(53)	-
Increase in trade and other receivables	10	(62)	(17)
Decrease in trade and other payables	12	(50)	(198)
<i>Less movements in payables relating to items not passing through the statement of comprehensive net expenditure</i>			
Payments to the Consolidated Fund which are outside the scope of the Authority's activities		(1,042)	(1,118)
Net cash outflow from operating activities		(1,417)	(1,151)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(10)	-
Purchase of intangible assets	9	(6)	-
Net cash outflow from investing activities		(16)	-
Cash flows from financing activities			
Revenue - Grant-in-aid	7	1,424	1,087
Total Financing		1,424	1,087
Net decrease in cash and cash equivalents in the period		(9)	(64)
Cash and cash equivalents at the beginning of the period		577	641
Cash and cash equivalents at the end of the period	11	568	577

The notes on pages 33 to 47 form an integral part of the accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2012

	General Reserve	Revaluation Reserve	Total Reserves
	£000's	£000's	£000's
Balance at 31 March 2010	669	196	865
Changes in taxpayers' equity for 2010-11			
Net gain on revaluation of intangible assets	-	23	23
Deficit for the period	(12)	-	(12)
Total recognised Income and Expense for 2010-11	657	219	876
Financing	1,087	-	1,087
Payment to consolidated fund	(1,099)	-	(1,099)
Balance at 31 March 2011	645	219	864
Changes in taxpayers' equity for 2011-12			
Net gain on revaluation of intangible assets	-	24	24
Deficit for the period	(450)	-	(450)
Total recognised Income and Expense for 2011-12	195	243	438
Financing	1,424	-	1,424
Payment to consolidated fund	(1,042)	-	(1,042)
Balance at 31 March 2012	577	243	820

The notes on pages 33 to 47 form an integral part of the accounts.

Notes to the Departmental Accounts

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2011-12 FReM issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the GLA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the GLA for the reportable activity are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Accounting Convention

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

Pensions

Past and present employees are covered by the provisions of the PCSPS. Full details can be found on pages 18 and 19 of the Remuneration report.

Impending Application of Newly Issued Accounting Standards not yet Effective

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

Going Concern

The Statement of Comprehensive Net Expenditure for the year shows a deficit of £450,000 and the Statement of Financial Position shows total reserves of £820,000. Following the SR10 the GLA has received confirmation of proposed funding levels until 2014-15, therefore there is no reason to believe Defra's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Segmental Reporting

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

Grant in Aid

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

Income Recognition

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

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

Financial Assets and Liabilities

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

Derivative Financial Instruments and Hedging

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

Property, Plant and Equipment

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

As stated in note 17 on page 46, the Authority is a non-departmental public body (NDPB) of Defra. Defra's IT outsourcing arrangement within IBM falls within the scope of the International Financial Reporting Interpretation Committee 12 (IFRIC) and is disclosed within the accounts as a SCA. A lease liability has been included to reflect the fair value payments to IBM to lease IT infrastructure assets throughout the duration of the 8 year contract. A matching asset has been raised to reflect the benefit that the Authority will derive from having access to IBM's IT infrastructure assets. This asset is recorded under plant, property and equipment as a 'right of use' asset provided to both Licensing and Enforcement departments.

Depreciation

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

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

Amortisation

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

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

Intangible Assets

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

Employee Benefits

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

Pension Costs

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

Past and present employees of the Authority are covered by the provisions of the PCSPS. The Scheme is a defined benefit scheme and liability rests with the scheme and not the Authority. Benefits are paid from the Civil Superannuation Vote to which the Authority makes contributions calculated to cover accruing pension entitlement for staff employed. Statements of account for the Scheme are provided by the Cabinet Office Civil Superannuation Resource Account. The scheme actuary valued the Scheme as at 31 March 2011. See also note 3 on page 37.

Value Added Tax

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

2. Statement of Operating Costs by Operating Segment

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

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

	2011-12 £000's			2010-11 £000's		
	Licensing	Enforcement	Total	Licensing	Enforcement	Total
Gross Expenditure	(1,253)	(3,104)	(4,357)	(1,278)	(3,410)	(4,688)
Income	1,052	2,855	3,907	1,125	3,551	4,676
Net (Expenditure)/Income	(201)	(249)	(450)	(153)	141	(12)

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

Function	2011-12 £000's			2010-11 £000's		
	Licensing	Enforcement	Total	Licensing	Enforcement	Total
Staff Costs	551	2,418	2,969	611	2,729	3,340
Travel and Subsistence	27	189	216	28	263	291
Information Technology	154	74	228	184	57	241
Marketing	5	4	9	(3)	(8)	(11)
Consultancy	-	1	1	5	6	11
Other	516	418	934	453	363	816
Total	1,253	3,104	4,357	1,278	3,410	4,688

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

The figures in last year's Annual Report and Accounts were subsequently found to be wrongly classified between licensing and enforcement. This did not impact on the primary statements. The correct figures for 2010-11 have been inserted above.

3. Staff Costs

	2011-12 £000's			2010-11 £000's		
	Licensing	Enforcement	Total	Licensing	Enforcement	Total
Staff salaries including performance related pay	440	1,931	2,371	496	2,196	2,692
Employee Benefits as per IAS 19	(3)	(11)	(14)	(4)	-	(4)
Social security costs	37	161	198	38	169	207
Pension service costs	77	337	414	81	364	445
Total	551	2,418	2,969	611	2,729	3,340

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

The previous Chairman, Paul Whitehouse, received total remuneration of £10,000 during the period 1 April 2011 to 10 July 2011 (£31,000 2010-11) and the current Chair, Margaret McKinlay received total remuneration of £23,000 during the period from 11 July 2011 to 31 March 2012 (nil 2010-11). Full details of the senior staff costs are provided within the Remuneration Report on pages 16 to 20.

Temporary administration staff at a cost of £16,000 (£23,000 2010-11) is included within the licensing staff costs, and £1,000 (£3,000 2010-11) is included within the enforcement staff costs. However, this did not increase the average number employed.

24 employees were employed on a short term basis for 2011-12 (33 employees 2010-11).

A total of £70,000 (£76,000 2010-11) was paid for PRP during the year, £25,000 for licensing staff (£46,000 2010-11) and £45,000 for enforcement staff (£30,000 2010-11). All payments for 2011-12 have been accrued, consistent with previous years.

Pension Costs

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

To 31 March 2012, employer's contributions of £414,000 were payable to the PCSPS (£445,000 2010-11) at one of four rates in the range of 16.7 to 24.3 percent of pensionable pay (as per the rates in 2011-12), based on revalorised salary bands on the advice of the scheme actuary.

The contribution rates are set to meet the cost of the benefits accruing during 2011-12 to be paid when the member retires, and not the benefits during this period to existing pensioners.

Employees can opt to open a partnership pension account or a stakeholder pension with an employer contribution. Employer's contributions of £21,000 (£25,000 2010-11) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer's contributions are age-related and range from 3 to 12.5 percent of pensionable pay. Employers also match employee contributions up to 3 percent of pensionable pay. In addition, employer contributions of £1,480 (£1,640 2010-11), 0.8 percent of pensionable pay, were payable to the PCSPS in order to cover the cost of future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were nil (nil 2010-11). Contributions prepaid at that date were nil (nil 2010-11).

Average number of employees	2011-12	2010-11
Licensing	21	29
Enforcement	51	50
Community Enforcement	-	10
Total	72	89

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

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

Reporting of Civil Service and other compensation schemes - exit packages 2010-11

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	4	4
£10,000 - £25,000	-	1	1
£25,000 - £50,000	-	-	-
£50,000 - £100,000	-	1	1
£100,000- £150,000	-	-	-
£150,000- £200,000	-	-	-
Total number of exit packages by type	-	6	6
Total resource cost/£000's		106	

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

4. Other Expenditure

	2011-12			2010-11		
	Licensing	Enforcement	Total	Licensing	Enforcement	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Depreciation	17	28	45	20	29	49
Amortisation	164	-	164	168	7	175
Adjustment to the SCA	2	5	7	(20)	(34)	(54)
IBM Finance Costs	8	16	24	8	16	24
IBM Credit write back	(19)	(34)	(53)	-	-	-
Legal Costs – Appeals Licensing	193	-	193	170	-	170
Application Inspection Costs	-	-	-	-	1	1
Recruitment	-	-	-	1	1	2
Rent	28	28	56	25	25	50
Training	7	17	24	7	(10)	(3)
Auditors Remunerations - External	14	14	28	14	14	28
- Internal	8	8	16	5	5	10
Telephone	8	69	77	7	63	70
Interpreters	-	28	28	-	34	34
Stationery/Postage	10	10	20	15	17	32
Board Expenses	2	2	4	1	1	2
Legal Support Enforcement	-	100	100	-	100	100
Restructuring Costs	55	8	63	103	3	106
VAT Liability released	-	-	-	(85)	-	(85)
Other	19	119	138	14	97	111
Total	516	418	934	453	363	816

The remuneration to the National Audit Office in respect of external audit work carried out was £28,000 (£28,000 2010-11). This work was undertaken by Deloitte on behalf of the NAO.

5. Enforcement Income

	2011-12	2010-11
	£000's	£000's
Enforcement Income for operating activities within Great Britain	2,754	3,451
Additional Enforcement Income from DARDNI for Regional Food activity	101	100
Total	2,855	3,551

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

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

In addition a further £28,000 (nil 2010-11) was received which was income derived from a successful application to the Asset Recovery Incentive Scheme.

6. Licence Fees

Annual Turnover	Fee Band	Annual Licence Fee		Application Inspection Fee		Renewal Fee	
		2011-12 £000's	2010-11 £000's	2011-12 £000's	2010-11 £000's	2011-12 £000's	2010-11 £000's
£10m+	A	5.5	5.5	2.9	2.9	2.6	2.6
£5-10m	B	4.4	4.4	2.4	2.4	2.0	2.0
£1-5m	C	3.4	3.4	2.2	2.2	1.2	1.2
<£1m	D	2.3	2.3	1.9	1.9	0.4	0.4

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

The number of licences issued was as follows:

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

As at 31 March 2011	Licences Issued	Licence Applications Cancelled	Licence Applications Refused	Licences Revoked	Recognised £000's
Horticulture, Agriculture and Forestry	1,233	109	18	32	710
Shellfish	-	-	-	-	-
Total	1,233	109	18	32	710

7. Financing

	2011-12 £000's	2010-11 £000's
Revenue – GIA	1,424	1,087

8. Property, Plant and Equipment 2011-12

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

Asset Financing

Owned:

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

Leased:

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

Defra has a contract with IBM for the provision of IT services and infrastructure assets. This contract was reframed on 1 February 2010. It aims to support the Department by providing a modernised IT infrastructure, in line with the wider government Information Systems strategy, which will give the Department access to cost effective IT services and infrastructure.

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

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

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

Property, Plant and Equipment 2010-11

	Plant and Machinery			Information Technology			Fixtures and Fittings			Authority
	Lic £'000s	Enf £'000s	Total £'000s	Lic £000's	Enf £000's	Total £000's	Lic £000's	Enf £000's	Total £000's	Total £000's
At 1 April 2010	-	-	-	185	302	487	3	-	3	490
Adjustment to the SCA	-	-	-	20	37	57	-	-	-	57
At 31 March 2011	-	-	-	205	339	544	3	-	3	547
Depreciation										
At 1 April 2010	-	-	-	52	63	115	3	-	3	118
Charge for the period	-	-	-	20	29	49	-	-	-	49
At 31 March 2011	-	-	-	72	92	164	3	-	3	167
Net book value:										
At 31 March 2011	-	-	-	133	247	380	-	-	-	380
At 31 March 2010	-	-	-	133	239	372	-	-	-	372

Asset Financing**Owned:**

Net Book Value as at 31 March 2011	-	-	-	-	-	-	-	-	-
Net Book Value as at 31 March 2010	-	-	-	5	1	6	-	-	6

Leased:

Net Book Value as at 31 March 2011	-	-	-	133	247	380	-	-	-	380
Net Book Value as at 31 March 2010	-	-	-	128	238	366	-	-	-	366

9. Intangible Assets

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

2010-11	Software Licence		Total £000's
	Licensing £000's	Enforcement £000's	
At 1 April 2010	1,817	63	1,880
Revaluation	36	1	37
At 31 March 2011	1,853	64	1,917
Amortisation			
At 1 April 2010	671	57	728
Charge for the period	168	7	175
Revaluation	13	-	13
At 31 March 2011	852	64	916
Net book value:			
At 31 March 2011	1,001	-	1,001
At 31 March 2010	1,146	6	1,152

The carrying amount of the intangible fixed assets had the revaluation not occurred is £624,000 (£782,000 2010).

10. Trade Receivables and Other Current Assets

	2011-12 £000's	2010-11 £000's
Trade receivables:		
Trade receivables	1	-
Other receivables:		
Prepayments and accrued income	115	54
Total	116	54

11. Cash and Cash Equivalents

	2011-12 £000's	2010-11 £000's
Balance at 1 April	577	641
Net change in cash and cash equivalent balances	(9)	(64)
Balance at 31 March	568	577
The following balances at 31 March were held at:		
Commercial banks and cash in hand	568	577
Balance at 31 March	568	577

12. Trade Payables and Other Current Liabilities

	2011-12 £000's	2010-11 £000's
Amounts falling due within one year		
Other taxation and social security	57	84
Trade payables	5	31
Accruals and deferred income	642	639
Total	704	754
Finance Lease falling due within one year		
Finance Lease	31	64
Total	31	64
Amounts falling after more than one year		
Finance Lease	144	330
Total	144	330

Included in amounts falling due within one year is a total amount of £70,000 (£82,000 2010-11) which relates to balances with OGDs which fall within the Whole of Government Accounting boundaries.

Also included within finance leases is the future liability to pay for the "Right of Use" assets to IBM. The current liability is £31,000 (£64,000 2010-11); the non current liability is £144,000 (£330,000 2010-11).

13. Capital Commitments

The Authority had no capital commitments as at 31 March 2012 (nil 2010-11).

14. Commitments under Leases

	2011-12 £000's	2010-11 £000's
Buildings:		
Not later than one year	7	17
Later than one year and not later than five years	-	-
Total	7	17

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

15. Obligation under Service Concession Arrangement

	2011-12 £000's	2010-11 £000's
Rentals due within 1 year	31	63
Rentals due within 2-5 years	117	233
Rentals due thereafter	27	97
Total	175	393

16. Other Financial Commitments

The Authority has entered into contracts which are not leases, for the provision of mobile phones and data cards as well as a SLA for the provision of pension administration services. The payment to which the Authority is committed during 2011-12, analysed by the period during which the commitment expires, is as follows:

	2011-12 £000's	2010-11 £000's
Not later than one year	542	138
Later than one year and not later than five years	1,894	324
Later than five years	373	130
Total	2,809	592

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

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

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

17. Related Party Transactions

Body	Relationship	2011-12 £000's	2010-11 £000's
Defra	Sponsoring body	4,206	4,538
The Cabinet Office	Manager of PCSPS	414	445
Land Registry	Landlord	56	50
DARDNI	Sponsoring body associate	101	100
Ministry of Defence	Authorised pensions administration centre via MyCSP	2	2

The Authority is a NDPB of Defra and Defra is regarded as a related party. During the year GIA has been received from Defra as disclosed in Note 7 on page 40 along with income for enforcement activities as disclosed in Note 5 on page 39.

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

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

Body	Relationship	2011-12 £000's	2010-11 £000's
Defra	Sponsoring body	-	-
The Cabinet Office	Manager of PCSPS	-	-
Land Registry	Landlord	(12)	1
DARDNI	Sponsoring body associate	1	-

18. Losses and Special Payments

Managing Public Money requires disclosure of losses and special payments by category type and value where they exceed £250,000 in total and for any individual items above £250,000. During the year 1 April 2011 to 31 March 2012 the Authority incurred no special payments (£65,000 2010-11).

19. Financial Assets by Category

The following table shows by category the Authority's financial assets and financial liabilities as at 31 March 2012 and 31 March 2011.

	31 March 2012 Total £000's	31 March 2011 Total £000's
Financial Assets		
Cash and cash equivalents (at bank and in hand)	568	577
Total	568	577

	31 March 2012 Total £000's	31 March 2011 Total £000's
Financial Liabilities – at amortised cost		
Finance Lease	175	394
Trade and other payables	386	450
Total	561	844

20. Events after the Reporting Date

There are no events after the reporting date.

The Authority's financial statements are laid before the Houses of Parliament by the Parliamentary Clerk for Defra. The authorised date for issue is 13 June 2012. The authorising officer is the Accounting Officer, Ian Livsey.

21. Contingent Liabilities

Under Parliamentary reporting requirements, the GLA is required to disclose any contingent liabilities where the likelihood of a transfer of economic benefits is remote. The GLA has not entered into any such liabilities (nil 2010-11).

Glossary

the Act	Gangmasters (Licensing) Act 2004
ARC	Audit and Risk Committee
CETV	Cash Equivalent Transfer Value
DARDNI	Department for Agriculture and Rural Development
Defra	Department For Environment, Food and Rural Affairs
EMB	Executive Management Board
FReM	Financial Reporting Manual
GIA	Grant in Aid
GLA	Gangmasters Licensing Authority
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IT	Information Technology
NDPB	Non-Departmental Government Body
OGDs	Other Government Departments
PADR	Performance and Development Review
PCS	Public and Commercial Services Union
PCSPS	Principal Civil Service Pension Scheme
PRP	Performance Related Pay
RPI	Retail Price Index
RTC	Red Tape Challenge
SCA	Service Concession Arrangement
SLA	Service Level Agreement
SR10	Spending Review 2010
UEL	Useful Economic Life



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