



Gangmasters
Licensing Authority

Gangmasters Licensing Authority Annual Report and Accounts

1 April 2010 to 31 March 2011





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1 April 2010 to 31 March 2011

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 came into being formally on 1 April 2005 following the implementation of the Act. This is our sixth Annual Report and Accounts. This is therefore the fifth 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 there under by the Secretary of State, reporting the state of the GLA's affairs as at 31 March 2011 and of its deficit for the year.

Management

We are in no doubt that good regulation is based on proactive intelligence led enforcement activity. Our use of this approach is proving very effective in dealing with those who break the rules. It also means that we leave alone the good labour providers so they can get on with their business without unnecessary bureaucratic interference.

We will come down heavily on those who have flouted the licensing rules, be they related to vulnerable workers, the tax system, or in undercutting legitimate businesses. But in addition to pure enforcement we have provided advice to those we regulate about what is needed to comply with our Standards.

Our overall management objective is effective, direct enforcement activity underpinned by accurate advice and we have created a nimble management structure to achieve this. The Coalition Government had an emergency budget in June 2010 and our funding from Defra was reduced by 5%. We absorbed this reduction whilst keeping the focus of our resources on the front line and minimising back office costs. These changes to our costs structure enabled us to freeze licence fees for the second year in succession. Like all public sector bodies we were asked to make further savings in support of the Coalition's objective of reducing the nation's budget deficit and as we managed the implications of the Spending Review of 2010, we took action in the year to reduce further back office costs and protect, as far as possible, front line services.

In the year we lost all the funding for Community Enforcement Officers from the Department of Communities and Local Government (DCLG), and this has impacted on some of our work objectives.

Our enforcement activity depends on high quality intelligence. We have, over the past few years, increased our capability and last year we introduced Regional Field Intelligence Officers. These fully enforcement trained officers are our regional intelligence specialists, who are on the ground collecting intelligence directly, working with local partner organisations, and enforcing our licensing regime. We maintained this role in 2010-11 and plan to perhaps even increase the number of these posts going forward through re-training and re-skilling of existing staff.

Whilst taking appropriate and proportionate enforcement action against unlicensed labour providers, and those licence holders who breach the standards, we assess the extent of risk to workers and consider areas where we can reduce the burden of inspections on compliant businesses.

External Partners

The complexity and serious nature of our enforcement activities means that more often than not we work closely with other enforcement bodies. We welcome this and, looking forward, we believe this will be increasingly the way we operate. Our partners include: Her Majesty's Revenue and Customs (HMRC), United Kingdom Border Agency (UKBA), Serious Organised Crime Agency (SOCA), all UK Police Forces and the Employment Agency Standards Inspectorate (EASI).

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 and without regard to part-time status, subsequent availability or availability of posts.

Employee Involvement

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

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

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

Complaints Procedure

The Authority, through the Chairman, 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, anybody may request information from a public authority which has functions in England, Wales and/or Northern Ireland. The Act requires that all requests are in writing (this does include emails), stating clearly what information is required with the name of the applicant and an address for correspondence.

Information Security

There have been no incidents of loss of personal data during the year (none 2009-10).

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 19) and in note 5 (on page 37).

Sickness Absence

During the year an absence level of 1.8% was recorded (3.2% 2009-10).

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 2010-11 the Authority achieved an average payment time of 7.13 days (7.21 2009-10).

Overall 2010-11 has been an excellent year which has demonstrated the Authority's ability to regulate and enforce our sector. The focus remains firmly in the coming year to build on this success.



Paul Whitehouse

Chairman

17 June 2011



Ian Livsey

Accounting Officer

17 June 2011

Directors' Report

On behalf of the directors, I am pleased to report that most of the corporate objectives have been met during the year. In certain situations some objectives have not been met and in the main this has been as a result of reduced resources emanating from government spending restrictions. A full explanation of the performance against objectives for 2010-11 and a statement of objectives for 2011-12 are published later in this report.

For the first time in the Authority's history we have been faced with reducing resources to meet reductions in budgets. In essence the funding cuts will start to have a major impact in 2011-12 but we have taken the opportunity to address the situation in 2010-11 and, in total, the Authority has incurred £106,000 (see note 4 on pages 36 and 37) of cost to restructure support functions which will impact positively on spending for 2011-12. Wherever possible, we have attempted to preserve front line operational capability to enable the Authority to meet its primary objectives. As a consequence, the Authority has significantly reduced administrative posts. The Authority recognises that these changes, which became effective from 1 April 2011, will place additional burdens on remaining staff. In addition, a number of objectives for 2011-12 have been modified to recognise the reduction of resources available.

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

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 retreat from taking difficult decisions to ensure vulnerable workers are treated with the respect that they deserve. The Statement on Internal Control (pages 23 to 24) details the Authority's risk and control framework in more depth.

The financial statements and notes are set out in pages 27 to 46.

During 2010-11 income increased by 4.82% to £4,676,000. Expenditure for the year was £4,688,000 representing an increase of 13.65%. The majority of the increased expenditure related to additional enforcement officers who were funded by payments from DCLG. This funding stream will not be available for 2011-12 and staff numbers and expenditure will reduce accordingly.

The Statement of Comprehensive Net Expenditure shows a deficit for the year of £12,000 (surplus £336,000 2009-10) but it should be noted that this is after charging £106,000 for restructuring costs. Also the account received an exceptional credit of £85,000 (see notes 3 and 15 on pages 35 and 42 respectively) relating to a VAT liability that was no longer appropriate and therefore extinguished.

The Authority has agreed with Defra their funding limits for the next four financial years. These funding limits reflect decisions taken by the Coalition Government contained in the Spending Review 2010 (SR10). The Authority has developed plans to ensure that expenditure limits are not breached during this period and it should be noted that during 2010-11 the Authority has met all of its budgetary targets.

Looking forward to 2011-12 the Authority faces a major challenge in seeking to prevent the exploitation of vulnerable workers with the prospect of fewer resources. It is our intention to ensure that we target our resources specifically to achieve that overriding objective and to ensure value for money of public funds.

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.

Signed



Ian Livsey
Accounting Officer
17 June 2011

Management Commentary

Performance Against Targets 2010-11

Operations			
Objective	Measure	Target Achieved	Commentary
Identify the number of workers subjected to abuse and exploitation following operational activity.	Number of workers controlled by labour providers subject to enforcement operation, combined with financial benefit recovered by exploited workers.	Yes	During the year GLA inspectors identified 845 workers who had been exploited. In financial terms the exploitation amounted to almost £2.5 million.
To carry out at least 18 high profile enforcement operations.	Monthly monitoring of enforcement operations.	No	12 high profile operations were undertaken.
80% of tasked intelligence driven operations result in identification of serious non-compliance or unlicensed activity.	The number of operations identifying serious non compliances.	Yes	91% of operations identified serious non compliances. 78 cases identified.
	Unlicensed activity.	Yes	36 cases identified.
	Licence revocations.	Yes	33 cases identified.
	Successful prosecutions.	Yes	12 prosecutions.
All high impact enforcement operations (as stated above) lead to positive media coverage of GLA activities.	Analysis of media coverage of activities.	Yes	The media profile of the GLA this year has risen considerably. Media coverage of the GLA's work, which we consider to be important in getting our message to vulnerable workers, has greatly improved.
Increased intelligence and operational effectiveness through partnership working with local authorities.	Operating Memorandum of Understanding signed by at least 80 local authorities.	No	This target was terminated when funding was no longer available to support Community Enforcement Officer posts.

Operations			
Objective	Measure	Target Achieved	Commentary
Amount of tax revenues identified which would have been unpaid if enforcement operations had not taken place.	Estimate of tax recovered for individual enforcement operations and annual estimate of aggregate tax saving based on operations.	No	Still awaiting input from HMRC.

People			
Objective	Measure	Target Achieved	Commentary
Train and skill staff to ensure they can contribute to the achievement of the business plan.	Achievement of formal qualifications relevant to GLA activities.	Yes	71% of staff attended a training event during the year. Qualifications gained during the year include Certified Forensic Investigation Practitioner, Prince 2 (Project Management) and Counter Fraud accreditation.
Have good employee relations with staff and the recognised trade union.	Effective internal communication and liaison.	Yes	Progress continued towards Investors in People standard.
	Quarterly Whitley meetings progress GLA/PCS relationship.	Yes	Four meetings throughout the year.
	Staff forum for non-unionised staff operates effectively.	Yes	Regular meetings conducted.
	Staff survey and external assessments.	Yes	Conducted in May 2010.

Financial Performance			
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	After discounting restructuring costs, unit cost of licence production was 5% lower than 2009-10.
Monthly report on the volume of waste paper recycled, numbers of toner cartridges recycled and CO ₂ emissions.	Monthly monitoring of environmental performance.	Yes	We continue to develop our baseline recycling targets.

Corporate			
Target	Measure	Target Achieved	Commentary
Quarterly statistical bulletin on trends in the regulated sector based on GLA data and activities.	Quarterly bulletin published for board discussion.	Yes	Produced in monthly summary performance report.
Exploitation Index developed, measured and published.	Indices of (i) fair employment; (ii) fair treatment at work; and (iii) fair treatment outside work, based on non-compliances against GLA licensing standards.	No	Postponed due to redeployment of resources.
Composite Performance Index (CPI) for the GLA will be produced at year end 2010-11.	Production of CPI by 31 March 2011.	No	Postponed due to redeployment of resources.

Authority's Objectives 2011-12

Operations	
Target	Measure
Identify the number of workers protected from abuse and exploitation following an enforcement operation and take appropriate action in all cases.	<p>Number of workers involved in labour providers subject to enforcement operation.</p> <p>Financial or other recompense gained by exploited workers.</p> <p>Number of workers who would have been potentially at risk over a twelve month period had the enforcement action not taken place.</p>
To carry out at least 12 high impact enforcement operations.	<p>Monthly monitoring of enforcement operations.</p> <p>Enforcement operations carried out with relevant key partners.</p> <p>Achieve significant sanction outcomes.</p> <p>Media coverage of enforcement operations.</p>
80% of tasked intelligence driven operations result in identification of serious non-compliance or unlicensed activity.	<p>Number of operations identifying serious non-compliance.</p> <p>Number of operations identifying unlicensed activity.</p> <p>Number of licence revocations.</p> <p>Number of prosecutions.</p>

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 is kept to under 5%. Recognition of staff performance in PADR cycle.
Have good employee relations with staff and the recognised trade union.	Effective internal communication and liaison takes place. Quarterly Whitley meetings progress GLA/PCS relationship. Staff forum for non-unionised staff operates effectively. Staff survey and external assessment.

Information Technology (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 2011. Reducing reliance of external contractors and substantially reducing cost of service.

Office Relocation	
Target	Measure
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.

Strategic	
Target	Measure
Forestry Pilot – A project to consider all aspects of licensing in the forestry sector.	Pilot runs for 12 months, finishing on 6 April 2012. Pilot report recommendations.
Civil (Macrory) Penalties	Powers are delegated to the GLA. Acceptance of how penalties will be applied and circumstances.
Government Reviews	Agree and implement recommendations from Davey, McDonald and other reviews where relevant.

Remuneration Report

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 Chairman of the Authority is employed on a contract basis. Payments made during the financial year total £31,000 (£30,000 2009-10) which are included in the staff costs total of £3,340,000 (£2,540,000 2009-10) in (note 4 on pages 36 and 37) to the financial statements. Payments of £10,000 (£14,000 2009-10) have also been made to the 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.

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 the Executive Management Board (EMB) and the Chairman (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)

Payments for performance related pay amounting to £23,462 (£30,669 2009-10) have been paid to senior managers during 2010-11.

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

Senior Manager	Title	2010-11 Salary (in bands of £5,000)	2010-11 Performance Related Bonus (in bands of £5,000)	2009-10 Salary (in bands of £5,000)	2009-10 Performance Related Bonus (in bands of £5,000)
Ian Livsey	Chief Executive	80-85	5-10	80-85	10-15
Ray Dawson	Chief Operating Officer	70-75	5-10	70-75	5-10
Darryl Dixon	Director of Strategy	60-65	5-10	55-60	5-10
Nicola Ray	Director of Projects	35-40	-	35-40	0-5

Benefits in Kind

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.

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 accounts 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)

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

2009-10								
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	0-5	N/A	33	58	21	N/A
Ray Dawson	2.5-5	N/A	15-20	N/A	292	357	46	N/A
Darryl Dixon	0-2.5	2.5-5	20-25	60-65	304	351	27	N/A
Nicola Ray	0-2.5	0-2.5	15-20	25-30	170	203	21	N/A

The opening CETV figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (transfer values) (amendment) Regulations 2008.

Declarations of Interest

Senior Manager	Declaration of Interest
Paul Whitehouse, Chairman	Directorships: Sidcot School Limited Sidcot Leisure Limited The Dutch Barge Association Ltd Trusteeships: Starehe UK Quakers & Business Group
Ian Livsey, Chief Executive	Chairman, SummitSkills Non-Executive Director, Alliance of Sector Skills Council
Ray Dawson, Chief Operating Officer	None
Darryl Dixon, Director of Strategy	None
Nicola Ray, Director of Projects	None

Authority Board Composition

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

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

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

Representative Members

The Association of Labour Providers	David Camp and Joanne Young
National Farmers Union	Sharon Cross and Phil Hudson
National Farmers Union Scotland	Graham Bruce
The Recruitment and Employment Confederation	Marshall Evans
Trade Union Congress	Hannah Reed and John Gorle
Unite	Ian Waddell and Steve Kemp
British Retail Consortium	Chris McCann
Fresh Produce Consortium	Nigel Jenney
Food and Drink Federation	Position currently vacant
National Association of Citizens Advice Bureau	Jane Mordue
Sea Fish Industry Authority	Position currently vacant
Shellfish Association of Great Britain	Gillian Mills
Association of Chief Police Officers	Simon Chesterman
Police Superintendents Association	Russell Hardy
Local Authorities Coordinators of Regulatory Services	Position currently vacant

Ex-Officio Members

Representatives of:

The Secretary of State for Home Affairs	Jeremy Oppenheim
Department for Business, Innovation and Skills	Peter Stephens
The Secretary of State for Work and Pensions	Rebecca Murphy
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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Signed on behalf of the Authority

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

Ian Livsey
Accounting Officer
17 June 2011

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 Government Financial Reporting Manual and in particular to:

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

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.

Statement on Internal Control

Scope of Responsibility

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

The system of internal control in use has been subject to regular review by the Executive Management Board (EMB). In addition the Audit and Risk Committee (ARC) meet regularly to review risks both commercial, operational, fraud and pension. 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.

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 2011 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Capacity to Handle Risk

Commercial, operational, fraud and pension risks are identified and reviewed monthly by the Senior Management Team (SMT) 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.

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 95% success rate in the current year. 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.

The Risk and Control Framework

As Accounting Officer, I continue to review risk at regular intervals, as previously detailed. All staff have undergone training in dealing with the handling of sensitive data. Our process of reviewing and updating risk registers has proved to be extremely effective.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Authority who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised by the Board on the effectiveness of my review of the system of internal control, the ARC has a plan to address any weaknesses and ensure continuous improvements.

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

The internal auditors are currently undertaking the audit for the third year of a three year programme. We continue to address issues raised by internal audit as they arise. During 2010-11, at my request, the internal auditors continued to consider operational issues rather than purely accounting processes for example, studies of procedures in the Licensing and Intelligence departments have been undertaken.

One of the major issues in the latter part of 2010-11 has been the impact of the SR10 undertaken by the incoming Coalition Government. As a consequence the GLA budgets for 2011-12 will be reduced from previous levels. The management team, under my direction, has attempted wherever possible to protect front line operational services. As a result we have been forced to critically review and reduce the investment in back office functions eg. administration, finance, etc. These savings, whilst necessary to maintain financial balance, may have an adverse impact on the ability to control risk in the future.

As a result of the comprehensive review of the system of internal control, I conclude that significant control issues have been mitigated appropriately.



Ian Livsey
Accounting Officer
17 June 2011

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

I certify that I have audited the financial statements of the Gangmasters Licensing Authority for the year ended 31 March 2011 under the Gangmasters (Licensing) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of 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 the 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 material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

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

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 2011 and of its 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 issued under the Gangmasters (Licensing) Act 2004; and
- the information given in the Foreword, the Directors' Report, the Management Commentary, included 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all the information and explanations I require for my audit; or
- the Statement on Internal Control 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*

27 June 2011

Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2011

		2010-11	2009-10
		£000's	£000's
	Note		
Expenditure			
Staff Costs	4, 5	(3,340)	(2,540)
Travel and Subsistence		(291)	(232)
Information Technology		(241)	(226)
Marketing		11	(129)
Consultancy		(11)	(9)
Other	3	(816)	(989)
Total expenditure		(4,688)	(4,125)
Income			
Enforcement	7	3,551	3,190
Licence Fees	8	710	810
Application Inspections		415	461
Total income		4,676	4,461
Net (Expenditure)/Income		(12)	336
(Deficit)/surplus		(12)	336

The notes on pages 31 to 46 form an integral part of the accounts.

Statement of Financial Position as at 31 March 2011

		31 March 2011		31 March 2010	
	Note	£000's	£000's	£000's	£000's
Non-current assets:					
Property, plant and equipment	9		380		372
Intangible assets	11		1,001		1,152
Total non-current assets			1,381		1,524
Current assets:					
Trade and other receivables	13	54		37	
Cash and cash equivalents	14	577		641	
Total current assets			631		678
Total assets			2,012		2,202
Current liabilities					
Trade and other payables	15	(754)		(971)	
Finance Lease	15	(64)		(49)	
Total current liabilities			(818)		(1,020)
Total assets less current liabilities			1,194		1,182
Non-current liabilities					
Finance lease	15	(330)		(317)	
Total non-current liabilities			(330)		(317)
Total liabilities			(1,148)		(1,337)
Assets less liabilities			864		865
Reserves					
General reserve			645		669
Revaluation reserve			219		196
Total reserves			864		865

Signed on behalf of the Authority



Ian Livsey
Accounting Officer
17 June 2011

The notes on pages 31 to 46 form an integral part of the accounts.

Statement of Cash Flows for the year ended 31 March 2011

		2010-11	2009-10
	Note	£000's	£000's
Cash flows from operating activities:			
Net (Expenditure)/Income after cost of capital and interest		(12)	336
Adjustments for non-cash transactions:			
Depreciation	3	49	58
Amortisation	3	175	173
Adjustment to the Service Concession Arrangement (SCA)	3	(54)	(52)
Finance costs	3	24	-
(Increase)/Decrease in trade and other receivables	13	(17)	(22)
(Decrease)/Increase in trade and other payables		(198)	(516)
<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		(1,118)	(1,151)
Net cash outflow from operating activities		(1,151)	(1,174)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	-	(5)
Purchase of intangible assets	11	-	(86)
Net cash outflow from investing activities		-	(91)
Cash flows from financing activities			
Capital - Grant-in-aid	6	-	86
Revenue - Grant-in-aid	6	1,087	1,422
Total Financing		1,087	1,508
Net (decrease)/increase in cash and cash equivalents in the period		(64)	243
Cash and cash equivalents at the beginning of the period		641	398
Cash and cash equivalents at the end of the period	14	577	641

The notes on pages 31 to 46 form an integral part of the accounts.

Statement of Changes in Tax Payers' Equity for the year ended 31 March 2011

	General Reserve	Revaluation Reserve	Total Reserves
	£000's	£000's	£000's
Balance at 31 March 2009	(40)	127	87
<i>Changes in taxpayers' equity for 2009-10</i>			
Net gain on revaluation of intangible assets	-	69	69
Surplus for the period	336	-	336
<i>Total recognised Income and Expense for 2009-10</i>	296	196	492
Financing	1,508	-	1,508
Payment to consolidated fund	(1,135)	-	(1,135)
Balance at 31 March 2010	669	196	865
<i>Changes in taxpayers' equity for 2010-11</i>			
Net gain on revaluation of intangible assets	-	23	23
Deficit for the period	(12)	-	(12)
<i>Total recognised Income and Expense for 2010-11</i>	657	219	876
Financing	1,087	-	1,087
Payment to consolidated fund	(1,099)	-	(1,099)
Balance at 31 March 2011	645	219	864

The notes on pages 31 to 46 form an integral part of the accounts.

Notes to the Financial Statements

1. Accounting Policies

General Information

The GLA operates under the direction of the Act and its mission statement and principal objectives set out in page 3.

Adoption of new and revised International Financial Reporting Standards

In the current year, the Authority has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 April 2010.

Where the Financial Reporting Manual (FRM) 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.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

International Financial Reporting Standards (IFRS) 9 – Financial Instruments
International Accounting Standards (IAS) 24 (amended) – Related Party Disclosures
IAS 32 (amended) – Classification of Rights Issues
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments
IFRIC 14 (amended) – Prepayments of a Minimum Funding Requirement
Improvements to IFRSs (May 2010)

The adoption of IFRS 9 which the GLA plans to adopt for the year beginning on 1 January 2013 will impact both the measurement and disclosures of Financial Instruments. The directors do not expect that the adoption of the other standards listed above will have a material impact on the financial statements of the GLA in future periods.

Basis of Accounting

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

The accounts are prepared in accordance with International Financial Reporting Standards as adapted or interpreted for the public sector context and the Companies Act requirements, the disclosure and accounting requirements contained in HM Treasury's *Fees and Charges Guide* and in the *FRM*, insofar as these are appropriate to the Authority, and are in force for the financial year for which the accounts are prepared.

The financial statements are prepared under the historical cost convention modified to account for the revaluation of plant, equipment and intangibles.

The financial statements are prepared on the going concern basis.

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

Going Concern

The Statement of Comprehensive Net Expenditure for the year shows a deficit of £12,000 and the Statement of Financial Position shows total reserves of £864,000. Following the SR10 the GLA has received confirmation of proposed funding levels until 2014-15, therefore there is no reason to believe that 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 IAS 14, it has been necessary to add to the existing full cost recovery analysis, and therefore both current and non-current assets are now reported on a segmental basis.

Grant-in-Aid and Grants

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 income and expenditure 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 25 on page 45, the Authority is a non-departmental public body (NDPB) of Defra. Defra's IT outsourcing arrangement within IBM falls within the scope of the IFRIC 12 and is disclosed within the accounts as a service concession arrangement. 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:

Information Technology	2-10 Years
Furniture and Fittings	1-5 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
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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 untaken leave due at the balance sheet date utilising the measurement method of the average daily rate per department divided by the average number of staff per department for the amount of leave due.

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 2010. See also note 5 on page 37.

Cost of Capital

As directed by the FReM from 2010-11 the cost of capital charge is no longer applicable to these accounts and therefore there is a nil charge (£21,000 2009-10). A prior year adjustment has therefore been made to the cost of capital recognised in the previous year, such an adjustment is not considered material to these financial statements.

2. Analysis of Net Expenditure by 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.

	2010-11 £000's	2010-11 £000's	2010-11 £000's	2009-10 £000's	2009-10 £000's	2009-10 £000's
	Licensing	Enforcement	Total	Licensing	Enforcement	Total
Gross Expenditure	(1,168)	(3,520)	(4,688)	(1,301)	(2,824)	(4,125)
Income	1,125	3,551	4,676	1,271	3,190	4,461
Net (Expenditure) / Income	(43)	31	(12)	(30)	366	336

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	2010-11			2009-10		
	£000's Licensing	£000's Enforcement	£000's Total	£000's Licensing	£000's Enforcement	£000's Total
Staff Costs	611	2,729	3,340	587	1,953	2,540
Travel and Subsistence	28	263	291	51	181	232
Information Technology	184	57	241	127	99	226
Marketing	(3)	(8)	(11)	33	96	129
Consultancy	5	6	11	4	5	9
Other	343	473	816	499	490	989
Total	1,168	3,520	4,688	1,301	2,824	4,125

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 overhead, facilities management and associated capital charges.

3. Other Expenditure

	2010-11			2009-10		
	Licensing	Enforcement	Total	Licensing	Enforcement	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Depreciation	20	29	49	22	36	58
Amortisation	168	7	175	160	13	173
Adjustment to the SCA	(20)	(37)	(57)	(18)	(34)	(52)
IBM Finance Costs	8	16	24	-	-	-
Legal Costs – Appeals	170	-	170	150	-	150
Application Inspection Costs	-	1	1	-	3	3
Recruitment	1	1	2	29	62	91
Rent	25	25	50	32	32	64
Training	7	(10)	(3)	54	65	119
Auditors Remunerations - External	14	14	28	16	15	31
- Internal	5	5	10	5	5	10
Telephone	7	60	67	14	72	86
Interpreters	-	34	34	1	17	18
Stationery/Postage	15	17	32	16	16	32
Board Expenses	1	1	2	5	5	10
Legal Support	-	100	100	-	-	-
Restructuring Costs	103	3	106	-	-	-
VAT Liability released	(85)	-	(85)	-	-	-
Other	14	97	111	74	122	196
Total	453	363	816	560	429	989

The remuneration to the National Audit Office (NAO) in respect of external audit work carried out was £28,000 (£31,000 2009-10).

4. Staff Costs

	2010-11 £000's			2009-10 £000's		
	Licensing	Enforcement	Total	Licensing	Enforcement	Total
Staff salaries including performance related pay	496	2,196	2,692	466	1,548	2,014
Employee Benefits as per IAS 19	(4)	-	(4)	9	32	41
Social security costs	38	169	207	34	114	148
Pension service costs (Note 5)	81	364	445	78	259	337
Total	611	2,729	3,340	587	1,953	2,540

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

The Chairman, Paul Whitehouse, received total remuneration of £31,000 (£30,000 2009-10). Full details of the senior staff costs are provided within the Remuneration Report on pages 16 to 19.

Temporary administration staff at a cost of £23,000 (£51,000 2009-10) are included within the licensing staff costs, and £3,000 (£1,000 2009-10) are included within the enforcement staff costs. However, this did not increase the average number employed.

33 employees were employed on a short term basis for 2010-11 (24 employees 2009-10).

A total of £76,000 (£84,000 2009-10) was paid for performance related pay during the year, £46,000 (£48,000 2009-10) for licensing staff and £30,000 for enforcement staff (£36,000 2009-10).

Average number of employees	2010-11	2009-10
Licensing	29	33
Enforcement	50	31
Community Enforcement	10	4
Total	89	68

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 Civil Service Compensation Scheme, 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 Civil Service pension scheme.

There were no exit packages to report in 2009-10.

5. 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 2010. Details of the latest actuarial valuation can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

To 31 March 2011, employer's contributions of £445,000 were payable to the PCSPS (£337,000 2009-10) at one of four rates in the range of 16.7 to 24.3 percent of pensionable pay (as per the rates in 2009-10), 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 2010-11 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 £25,000 (£9,000 2009-10) 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 £1,640 (£680 2009-10), 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 (£1,200 2009-10). Contributions prepaid at that date were nil (nil 2009-10).

6. Financing

	2010-11	2009-10
	£000's	£000's
Capital – Grant-in-Aid	-	86
Revenue – Grant-in-Aid	1,087	1,422
Total	1,087	1,508

7. Enforcement Income**2010-11****2009-10**

	£000's	£000's
Enforcement Income for operating activities within Great Britain	3,451	3,090
Additional Grant-in-Aid funding from Defra for Regional Food activity	100	100
Total	3,551	3,190

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.

8. Licence Fees

Annual Turnover	Fee Band	Annual Licence Fee		Application Inspection Fee		Renewal Fee	
		2010-11 £000's	2009-10 £000's	2010-11 £000's	2009-10 £000's	2010-11 £000's	2009-10 £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 whole licensing scheme and create a register for gangmasters who are operating in agriculture, horticulture and shellfish gathering and associated processing and packaging industries. Exclusions to this are set out in the Gangmasters (Exclusions) Regulations 2006.

The number of licences issued was as follows:

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

As at 31 March 2010 Restated	Licences Issued	Licence Applications Cancelled	Licence Applications Refused	Licences Revoked	Recognised £000's
Horticulture, Agriculture and Forestry	1,493	82	36	30	810
Shellfish	2	6	-	-	-
Total	1,495	88	36	30	810

The figures as at 31 March 2010 has been restated as they did not reflect the number of licences revoked.

9. Property, Plant and Equipment 2010-11

	Information Technology			Furniture and Fittings			Authority
	Licensing £000's	Enforcement £000's	Total £000's	Licensing £000's	Enforcement £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			49				
At 31 March 2011			164				
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			6			-	6
Leased:							
Net Book Value as at 31 March 2011			380			-	380
Net Book Value as at 31 March 2010			366			-	366

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 (IS) 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.

10. Property, Plant and Equipment 2009-10

	Information Technology			Furniture and Fittings			Authority
	Licensing £000's	Enforcement £000's	Total £000's	Licensing £000's	Enforcement £000's	Total £000's	Total £000's
At 1 April 2009	79	121	200	3	-	3	203
Additions	5	-	5	-	-	-	5
Adjustment to the SCA	2	4	6	-	-	-	6
Extension to the SCA	100	186	286	-	-	-	286
Disposals	(1)	(9)	(10)	-	-	-	(10)
At 31 March 2010	185	302	487	3	-	3	490
Depreciation							
At 1 April 2009	31	36	67	3	-	3	70
Charge for the period			58				
Disposals			(10)				
At 31 March 2010	52	63	115	3	-	3	118
Net book value:							
At 31 March 2010	133	239	372	-	-	-	372
At 31 March 2009	48	85	133	-	-	-	133
Asset Financing							
Owned:							
Net Book Value as at 31 March 2010			6			-	6
Net Book Value as at 31 March 2009			6			-	6
Leased:							
Net Book Value as at 31 March 2010			366			-	366
Net Book Value as at 31 March 2009			127			-	127

11. Intangible Assets 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

12. Intangible Assets 2009-10	Software Licence		Total £000's
	Licensing £000's	Enforcement £000's	
At 1 April 2009	1,594	58	1,652
Additions	86	-	86
Revaluation	137	5	142
At 31 March 2010	1,817	63	1,880
Amortisation			
At 1 April 2009	444	38	482
Charge for the period	160	13	173
Revaluation	67	6	73
At 31 March 2010	671	57	728
Net book value:			
At 31 March 2010	1,146	6	1,152
At 31 March 2009	1,150	20	1,170

	2010-11	2009-10
	£000's	£000's
13. Trade and Other Receivables		
Other receivables:		
Prepayments and accrued income	54	37
Total	54	37

	2010-11	2009-10
	£000's	£000's
14. Cash and Cash Equivalents		
Balance at 1 April	641	398
Net change in cash and cash equivalent balances	(64)	243
Balance at 31 March	577	641
The following balances at 31 March were held at:		
Commercial banks and cash in hand	577	641
Balance at 31 March	577	641

	2010-11	2009-10
	£000's	£000's
15. Trade Payables and Other Payables		
Amounts falling due within one year		
VAT	-	85
Other taxation and social security	84	66
Trade payables	31	117
Accruals and deferred income	639	703
Total	754	971
Finance Lease falling due within one year		
Finance Lease	64	49
Total	64	49
Amounts falling after more than one year		
Finance Lease	330	317
Total	330	317

Included in amounts falling due within one year is a total amount of £82,000 (£81,600 2009-10) which relates to balances with OGDs which fall within the whole of government accounting (WGA) boundaries.

Also included within finance leases is the future liability to pay for the "Right of Use" assets to IBM. The current liability is £64,000 (£49,000 2009-10); the non current liability is £330,000 (£317,000 2009-10).

During the year £85,000 was written off to the Statement of Comprehensive Net Expenditure. This liability was associated to HMRC's decision to de-register the Authority under the provisions of VAT legislation. HMRC has confirmed that this amount is not payable.

16. Capital Commitments

The Authority had no capital commitments as at 31 March 2011 (nil 2009-10).

17. Obligation under Service Concession Arrangement	2010-11	2009-10
	£000's	Restated £000's
Rentals due within 1 year	63	56
Rentals due within 2-5 years	233	191
Rentals due thereafter	97	119
Total	393	366

18. Commitments under Leases	2010-11	2009-10
	£000's	£000's
Buildings:		
Not later than one year	17	15
Later than one year and not later than five years	-	30
Total	17	45

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.

19. Other Financial Commitments

The Authority has entered into contracts which are not leases, for the provision of mobile phones and 3G cards as well as a SLA for the provision of pension administration services. The payment to which the Authority is committed during 2010-11, analysed by the period during which the commitment expires, is as follows:

	2010-11	2009-10
	£000's	Restated £000's
Not later than one year	138	145
Later than one year and not later than five years	324	427
Later than five years	130	235
Total	592	807

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.

20. Losses and Special Payments

Managing Public Finances 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 2010 – 31 March 2011 the Authority incurred a special payment of £65,000 (nil 2009-10).

21. Financial Instruments

The majority of financial instruments relate to contracts to buy non-financial items in line with the Authority's expected purchase and usage requirements and the Authority is therefore exposed to little credit, liquidity or market risk.

IFRS 7 requires disclosure of the role which financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. As the cash requirements of the Authority are met by GIA provided by Defra, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. In addition, financial assets and liabilities generated by day-to-day operational activities are not held in order to change the risks facing the Authority in undertaking its activities.

The Authority relies upon Defra for its cash requirements, having no power itself to borrow or invest surplus funds and the Authority's main financial assets and liabilities have a nil rate of interest. The short term liquidity and interest rate risks are therefore slight and there is no foreign currency risk as all income and expenditure, and material assets and liabilities, are denominated in sterling.

The Authority is exposed to credit risk only to a limited extent, as payments from third parties in respect of licence applications are generally received in advance. As permitted by accounting standards, receivables and payables which mature or become payable within 12 months from the Statement of Financial Position date have been omitted from this disclosure note.

22. Financial Assets by Category

The following table shows by category the Authority's financial assets and financial liabilities as at 31 March 2011 and 31 March 2010.

Financial Assets	31 March 2011	31 March 2010
	Total £000's	Total £000's
Cash and cash equivalents (at bank and in hand)	577	641
Total	577	641

Financial Liabilities – at amortised cost	31 March 2011	31 March 2010
	Total	Total
	£000's	£000's
Finance Lease	394	366
Trade and other payables	450	668
Total	844	1,034

23. 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 27 June 2011. The authorising officer is the Accounting Officer, Ian Livsey.

24. Contingent Liabilities

There are no contingent liabilities.

25. Related Party Transactions

Body	Relationship	2010-11	2009-10
		£000's	£000's
Defra	Sponsoring body	4,538	4,583
The Cabinet Office	Manager of PCSPS	445	337
Land Registry	Landlord	50	64
DARDNI	Sponsoring body associate	100	100
Ministry of Defence	Authorised pensions administration centre via People, Pay and Pensions Agency	2	2
National College for School Leadership	Conference venue	-	-

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 6 on page 37 along with income for enforcement activities as disclosed in Note 7 on page 38.

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

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

Body	Relationship	2010-11	2009-10
		£000's	£000's
Defra	Sponsoring body	-	-
The Cabinet Office	Manager of PCSPS	-	-
Land Registry	Landlord	1	(15)
DARDNI	Sponsoring body associate	-	25
Ministry of Defence	Authorised pensions administration centre via People, Pay and Pensions Agency	-	-
National College for School Leadership	Conference venue	-	-

Remuneration of Key Management Personnel

The remuneration of the key management personnel is set out below in aggregate for each of the categories specified in IAS 24 Related Party Transaction.

	2010-11	2009-10
	£000's	£000's
Remuneration	337	327
Total	337	327

Glossary

the Act	Gangmasters (Licensing) Act 2004
ARC	Audit and Risk Committee
CPI	Composite Performance Index
CETV	Cash Equivalent Transfer Value
CLOS	Clear Line of Sight
DARDNI	Department for Agriculture and Rural Development
DCLG	Department of Communities and Local Government
Defra	Department For Environment, Food and Rural Affairs
EASI	Employment Agency Standards Inspectorate
EMB	Executive Management Board
FReM	Financial Reporting Manual
GIA	Grant in Aid
GLA	Gangmasters Licensing Authority
HMRC	Her Majesty's Revenue and Customs
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IS	Information Systems
IT	Information Technology
NAO	National Audit Office
NDPB	Non-Departmental Government Body
OGDs	Other Government Departments
PCS	Public and Commercial Services Union
PCSPS	Principal Civil Service Pension Scheme
PRP	Performance Related Pay
RPI	Retail Price Index
SCA	Service Concession Arrangement
SLA	Service Level Agreement
SMT	Senior Management Team
SOCA	Serious Organised Crime Agency
SR10	Spending Review 2010
UEL	Useful Economic Life
UKBA	United Kingdom Border Agency
WGA	Whole of Government Accounting



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