



Gangmasters  
Licensing Authority

# Gangmasters Licensing Authority Annual Report and Accounts

1 April 2013 to 31 March 2014





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**1 April 2013 to 31 March 2014**

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

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## Foreword

We are pleased to introduce the Gangmasters Licensing Authority's (GLA) annual report 2013-14 which describes how we have discharged our aim to protect vulnerable and exploited workers in the agriculture, food processing and packaging, horticulture and shellfish gathering industries. We seek to achieve this aim by helping the industry we regulate flourish and to promote national economic growth.

In this, our ninth year, we have continued to support industries grow in a sustainable way so that the benefits can be realised now and in future generations. We continuously review our licensing system to reduce unnecessary bureaucracy leading to legitimate businesses being able to compete on a level playing field whilst providing a hostile environment for those unscrupulous gangmasters who seek to flout regulation and legislation.

During 2013-14 the United Kingdom (UK) has seen a marked increase in labour exploitation ranging from unlawful travel and subsistence schemes and withholding holiday pay up to and including examples of human trafficking, forced labour, benefit fraud and other heinous crimes committed by organised and determined criminals who have sought to infiltrate the legitimate human resource supply chain.

Significantly, on 9 April 2014, the Prime Minister announced that the Home Office would take over responsibility for the GLA from the Department of Food, Environment and Rural Affairs (Defra) with immediate effect. We welcomed this announcement and see it as a natural step towards working more collaboratively with those other organisations who seek to eradicate modern slavery.

We are uncovering more and more cases

of vulnerable people being trafficked into the UK by organised criminals with the intention of making handsome but entirely unlawful and immoral profits. However, our work in this arena is not to the detriment of the civil regulatory powers we exercise, which we continue to carry out in equal measure.

On 10 April 2014 the findings of the Triennial Review of the GLA were published. These reviews are carried out on all Non-Departmental Public Bodies (NDPBs) to ensure the respective roles they perform are necessary, and that they are complying with principles of good corporate governance. The GLA review concluded that the functions it performs are necessary and that it remains the right body for delivering them. It also concluded that the GLA should remain an NDPB but should seek to reduce the size of its Board.

It also stated that the Authority should continue working to deliver reforms that were under way, namely reducing the financial and administrative burdens on compliant businesses whilst exploring opportunities for alternative sources of revenue. The report recognises that the GLA is continuing to seek ways of working in partnership with industry and with other enforcement bodies to root out those who exploit workers to their own advantage. In implementing the Government's proposals for a smaller Board the GLA will work hard to ensure that the voices of its wide variety of stakeholders will continue to be heard.

April 2013 saw the launch and implementation of the new Strategic Plan for the Gangmasters Licensing Authority 2013-16 which has one single strategic aim: To work in partnership to protect vulnerable and exploited workers. In furtherance of these outcomes, over 1,000 workers within our sector were

identified as being exploited with over £1.7 million of unpaid wages and holiday pay recognised.

This year has also seen the Chair and Chief Executive of the GLA give evidence at a number of committees and evidence review sessions which have contributed to the House of Lords and House of Commons Joint Committee Report on the draft Modern Slavery Bill which was published on 8 April 2014. During the submission of evidence to the Joint Committee many positive comments were received from partner agencies and organisations including “GLA is a highly effective regulator and a dynamic law enforcement agency that is able to identify and disrupt labour exploitation and bring to justice those who seek to flout the law”.

GLA staff have been and will continue to be at the very heart of our success and have undertaken recent additional investigative and interview training and development. Their enthusiasm and commitment has been pivotal to overcoming the challenges of this year and they are set for new challenges to be delivered in the refreshed Strategic Plan 2014-17. We thank them for their dedication, professionalism and drive in making it possible to deliver our vision of working in partnership to protect vulnerable and exploited workers.

We look forward to working with our Board, our new Home Office colleagues, our staff, the industry in its wider sense and also, most importantly, the workers we are here to protect.



A handwritten signature in black ink that reads "Margaret McKinlay". The script is fluid and cursive.

**Margaret McKinlay**  
*Chair*  
6 June 2014



A handwritten signature in black ink that reads "Paul Broadbent". The signature is stylized and cursive.

**Paul Broadbent**  
*Chief Executive*  
6 June 2014

## Chief Executive's Report

Since the inception of the GLA in 2006, 2,532 gangmasters licences have been issued and there are 986 current licences designed to protect circa 500,000 temporary workers.

In this reporting period 96 new licences have been granted, 100 compliance inspections conducted and 20 licences have been revoked. The revocations are all for serious breaches of the GLA licensing standards and/or the commission of a criminal offence. We have conducted enquiries and investigations throughout the UK but most notably in the Eastern region of England, the South East coast, West and East Midlands. Operation Nettle, which originated in the South West of England, was a preventative GLA led partnership initiative designed to protect temporary workers involved with flower picking. This operation has been a resounding success and has preceded workers travelling up the country and into Scotland with the intention of preventing exploitation from taking a hold in this short term, high volume temporary season. Furthermore, arising out of the abolition of the Seasonal Agricultural Workers Scheme in 2013, we mounted Operation Novalis, which saw over 300 farms visited or contacted to offer support, guidance and assistance and to assist to resolve any residual issues resulting from the relaxation of employing workers from Bulgaria and Romania.

We maintained strong financial management delivering our financial outturn within 0.2 per cent (£30,000). To put this into context, we are required as part of the 4 year Comprehensive Spending Review to deliver efficiency savings of £460,000 (11 per cent) across the period to 2014-15. We have successfully delivered 80 per cent of these savings to date, in line with expectations. A further explanation of funding can be found on pages 10 and 11.

We continue to listen to feedback from our customers and stakeholders and in this reporting period we conducted surveys for licence holders and for wider stakeholders which returned satisfaction figures of 78 per cent and 71.8 per cent respectively. Whilst these are excellent statistics we are accelerating our ambitions next year and raising the targets for both satisfaction and response rates to ensure that we listen intently to our customers and respond to their needs.














In addition, this coming year, we will conduct a worker survey where it is hoped to establish the issues that concern workers most and how the GLA can do more to protect workers and eradicate exploitation in the industry.



During 2013-14 we also introduced social media accounts in relation to twitter and facebook and have developed our regular newsletter, which has been well received. We also continue to release information on our activities as well as publishing news and background of our decisions to help understanding.





## End of Year Performance

### Strategic Outcomes

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



## Single Year Outcomes

	Achieved	Exceeded	Baseline set
By March 2014 create and implement a partnership GLA 'Worker Exploitation Prevention Strategy' which will include the joint agencies required to prevent worker exploitation			
Effective communication and implementation of the outcomes of the GLA Inspection Process Consultation			
Completion of the activities generated from the Government's Red Tape Challenge (RTC)			
Full and detailed preparation for the Government's Triennial Review including internal shadow reviews/inspections			

Our contribution to promoting national economic growth through a proportionate and effective GLA regulated labour market continues to focus on the areas that the industry partners and workers tell us matter most.

The strategic outcomes, determined by the GLA Board, indicate that all targets were met, exceeded or, where no previous data existed, a baseline established. Further information on performance against targets can be found on pages 24 to 26.

As systems and processes have been refined the 13 high level performance targets and 39 sub-measures for 2013-14 have translated into targets for next year, being 16 corporate targets and 39 sub-measures.

Overall, performance has exceeded the targets set against a backdrop of marked increase involvement in and investigation of labour exploitation within a tight financial situation. This additional enforcement activity has not, nor would be in any way to the detriment of the licensing and compliance function.

Other key achievements this year have included:

- Preventing £30 million from entering the informal economy, ensuring it is received by HM Government
- Direct intervention on behalf of 1,058 workers to prevent them from being exploited further
- Steps to recover £1.737 million on behalf of workers being exploited financially
- The identification of £900,000 in proceeds of crime including vehicles, properties, businesses and boats
- Assisting to rescue over 100 potential victims of trafficking for labour exploitation
- Regulating the labour supply in an industry worth £100 billion<sup>1</sup> with a budget of 0.004 per cent of that amount

<sup>1</sup> Source: Food and Drink Federation; Defra; and the GLA

In this year, the 10<sup>th</sup> anniversary of the tragedy of Morecambe Bay, where 23 Chinese cockle pickers lost their lives, the GLA is resolved to redoubling its efforts to protect vulnerable workers and prevent labour exploitation in all its forms.

## About the GLA

We are a public body that regulates the supply of labour to the farming, food processing and shellfish gathering sectors. Our aim is to work in partnership to protect vulnerable and exploited workers. We will be unrelenting in our approach to disrupt labour exploitation in all its forms by any lawful, ethical and reasonably cost effective means.

## Who We Are

We were formally established on 1 April 2005 following the tragic deaths of 23 Chinese cockle pickers in Morecambe Bay in the North West of England on 5 February 2004. We work at arm's length from Government departments but are accountable to Ministers. Up until 9 April 2014 we were responsible to Defra. However, since that date we have been transferred to become the responsibility of the Home Office.



We have a wide range of responsibilities principally the administration and management of a licensing scheme to regulate the supply of labour into the GLA sector and the investigation of breaches in licensing standards or criminal offences under the Gangmasters (Licensing) Act 2004 (the Act). We are led and directed by a Chair and Board appointed by the Secretary of State. This is our ninth annual report and accounts and the eighth year of significant operational activity. This has

seen the Authority continue to protect the integrity of the licensing system, catching unlicensed gangmasters through rigorous enforcement. We also produce and promote advice on how to maintain compliance across a range of areas of the licensing standards.

## What We Do

As stated previously our aim is straightforward: 'to work in partnership to protect vulnerable and exploited workers' and we will do this through the following 3 strategic priorities:

- Protect vulnerable workers
- Prevent worker exploitation
- Tackle unlicensed/criminal activity and ensuring those licensed operate within the law

To measure success in these vital areas of activity there are 6 strategic outcomes that all staff will contribute to and be assessed against and which will be continuously reviewed and evaluated to ensure the overarching aim is met. These outcomes are:

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

### How we Fulfil our Role

The GLA regulates a sector reported to be in excess of £100 billion per year.

We regulate activities across the whole of England, Scotland, Wales and Northern Ireland through the management of 986 current gangmaster licences, ensuring compliance with the licensing standards and enforcement of the criminal offences under the Act.

For the purposes of the 2004 Act a gangmaster is a person who supplies a worker to do work covered by the Act; or who uses a worker to do work covered by the Act in the course of providing a service, or makes arrangements for that worker to do the work.

The GLA head office is situated in Nottingham where currently 31 of its staff are based. They undertake core central functions including licensing, collating, analysing and managing intelligence based on a threat and risk methodology and corporate services. A further 35 enforcement officers and managers are home based tackling issues across the UK, covering a sector containing circa 500,000 farm workers, food packing and processing workers and those employed in the shell fish industry. Effective regulation is based on intelligence-led operations that target non-compliant labour providers whilst allowing businesses who do conform to the required standards to flourish. Such an approach commands support from businesses in the regulated sectors as it promotes fair competition. The maintenance of a fair market continues to be a fundamental GLA purpose in the future.

In line with most public sector organisations the GLA has seen a further reduction in its level of funding during 2013-14. This has meant that reducing resources have had to be targeted even more effectively to ensure that objectives and outcomes are met. The Authority has sought to retain the investment in front line services, predominantly compliance and enforcement officers, to ensure that unscrupulous labour providers cannot exploit vulnerable workers and defraud the Exchequer.

The Government, under the auspices of the RTC, has committed that regulation is delivered with a more focused 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 will reduce the administrative burden on compliant businesses through its delivery of the Government's RTC whilst cracking down on rogue gangmasters who seek to gain competitive advantage at the expense of workers who are exploited financially, physically and psychologically.

## External Partners

The complexity and serious nature of our compliance and enforcement activities mean that more often than not the GLA works closely with other regulators and enforcement bodies and the Authority will continue to work with all partner agencies to meet its outcomes. 2013-14 has seen a significant increase in multi-agency operations in which the GLA has played a leading role. Partners include: HMRC, United Kingdom Border Agency, Serious and Organised Crime Agency (SOCA), UKHTC, UK Police Forces and the HSE.

We also work closely in collaboration across the private sector and are pleased to report that a number of initiatives such as Stronger Together (raising awareness of labour exploitation) and a refreshed Supplier/Retailer Protocol launched by the Home Secretary in October 2013 have both yielded significant success.

We aim to work in an open and transparent manner meeting our legislative and service delivery obligations in accordance with the principles of better regulation and following the Government's statutory guidance on Managing Public Money.

## Our Governance

We are governed by a Board comprising a Chair and 19 Board members representative of 15 organisations with interests in this sector. In addition there are 9 ex-officio Board members from 9 Government departments. The composition of the Board is specified in secondary legislation. Appointments to the Board are made by the Secretary of State. The Board is responsible for developing the overall vision, strategy and policy as well as for the governance of the organisation. In furtherance of the Triennial Review of the GLA, governance arrangements are currently being revised.

Supporting the Board is an executive team led by a Chief Executive Officer. The team is responsible for directing the activities to deliver the GLA's Strategic Plan approved by the Board which sets out the GLA's vision and strategy. There are three board committees: the Audit and Risk Committee (ARC); the Finance and General Purposes Committee (F&GP); and the Remuneration Committee. Work of these committees provides assurance to the Board that the GLA operates as an effective delivery body, demonstrating good value for money and propriety.

Declarations of Interest for the executive team can be found in the Remuneration Report on page 32.

## Our Staff

The GLA values its staff and this year has focused on empowering our workforce to deliver our challenging organisational strategy for protecting vulnerable workers. An exercise to determine what skills and knowledge we required to deliver this strategy resulted in specific learning opportunities being provided for all our employees. In particular, we have worked with the University of Derby to improve our investigative skill set. There was also an opportunity for us to second one of our experienced Enforcement Officers to the UKHTC. This has enabled us to consolidate and build on our knowledge of human trafficking and modern slavery which has characterised much of our enforcement and compliance work this year. Our “one team” events occur twice a year and provide a forum for open discussion and review of our performance. They also provide an opportunity for us to expose our employees to the wider law enforcement community.

Every employee has a job description and a set of business and personal development objectives. We have overhauled our performance management system. This allows our people the opportunity to reflect on their performance; hold constructive conversations and determine how things can be continually improved. We are considering how best to embed our values further so that we can demonstrate them in all our dealings:

- P** Professional
- R** Respect
- O** One team
- U** Utmost integrity, trust, openness
- D** Doing it differently

A key development this year has been the launch of the People Strategy for 2013-15. The strategy will be underpinned by people plans to drive forward our vision. The aims of the People Strategy are to:

- Enable the successful delivery of the Strategy for Protecting Vulnerable and Exploited Workers 2013-16 through our staff;
- Respond proactively to the change agenda flowing from the Written Ministerial Statement announced by Jim Paice on 24 May 2012; and
- Help create a high performance working culture within the organisation.

We will have 5 strands for delivering the strategy which will flow from the People programme:

- **Capacity** - the right staff with the right skills in the right place so that we get the most out of our resources through prioritisation and planning.
- **Capability** - our staff will continually develop their skills and knowledge in order to maximise their potential and deliver current and future business outcomes.
- **Reward** - we will develop a policy for rewarding our staff which allows for flexibility and value for money whilst retaining high levels of engagement.

- **Performance management** - our managers and staff will continuously drive high levels of performance at individual, team and organisational levels.
- **Commitment** - our staff will be highly motivated and engaged and understand their contribution to the GLA business outcomes.

We work with our staff to ensure that they understand how to work safely. There is mandatory training for all new starters as part of our induction and ongoing needs are met through e-learning or the provision of advice and guidance. And, we follow an equal opportunities policy for fair and open recruitment of permanent staff regardless of age, disability, sex or ethnic origin.

As at 31 March 2014 there were 2 female and 2 male senior managers. Other staff consist of 23 females and 39 males.

The GLA is an equal opportunities employer and welcomes applications from all sections of the community. No job applicant will be treated less favourably because of his or her sex, race, colour, ethnic origin, age, marital status, disability, religion or belief, sexual orientation, or by any other condition or requirement that cannot be shown to be justified. The GLA welcomes applications from people with disabilities and will do all it can to make reasonable adjustments, which will allow disabled applicants to do the job.

We have encouraged our employees to share their views on a number of topics. We use various methods to achieve this including:

- Our annual staff survey which had a response rate of 77 per cent
- Our bi-monthly staff forum which has representatives from across the business and reports to our Senior Leadership Team meetings
- Staff Suggestion Scheme
- Open forums with our Chief Executive at our “One Team” meetings and ‘Friday at Four’ open conference calls

Our Chief Executive also provides regular ‘Keeping In Touch’ updates for all staff and is open to receiving feedback to issues that are raised. A vibrant staff forum plays an important role in identifying issues and suggesting solutions to a wide range of operational and strategic issues. These channels have allowed us to provide opportunities for staff to influence the way that our business is operating.

## Explanation of Funding 2013-14

Prior to every financial year the GLA agrees with the sponsor department its budgeted position. Funding has been agreed in advance up to 2014-15 and as such the GLA is considered a going concern.

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

The Statement of Comprehensive Net Expenditure for the year ended 31 March 2014 on page 43 shows a deficit of £585,000 (£581,000 2012-13).

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 45. Income from licensing receipts is surrendered to the consolidated fund.

The table below illustrates the budgeted total income (including GIA) which reflects a more accurate position of the Authority's performance against budget.

<b>Income Budgeted for Year</b>	<b>Note</b>	<b>2013-14 £000's</b>	<b>2012-13 £000's</b>
GIA Cash	7	1,270	1,495
GIA Non-Cash	7	186	185
Enforcement Income	5	2,890	2,529
Other Income		3	90
<b>Total Income</b>		<b>4,349</b>	<b>4,299</b>
<b>Total Expenditure</b>		<b>(4,319)</b>	<b>(4,115)</b>
<b>Underspend</b>		<b>30</b>	<b>184</b>

## Pensions 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 27 to 32) and in note 3 (pages 51 to 53).

## 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 goods or service, or within 10 days of a valid invoice, whichever is the later. We have also undertaken the Department for Business, Innovation and Skills' directive to pay invoices within 5 days wherever possible. This is in accordance with the Government's Best Payments Code, the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890), the Parliamentary Control of Expenditure and the need to protect the Exchequer's interest. For 2013-14 the Authority achieved an average payment time of 4.41 (4.56 days in 2012-13).

## Complaints Procedure

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

Enquiries to the Ombudsman should be made via the complainant's local MP in writing within 12 months of the matters alleged in the 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](http://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 (FOI Act), which came into force on 1 January 2005, anybody may request information from a public authority which has functions in England, Wales and/or Northern Ireland. The Act requires that all requests are in writing (this does include emails), stating clearly what information is required with the name of the applicant and an address for correspondence. The Authority provides guidance on how it handles Freedom of Information requests under S12 of its external communications policy.

In 2013-14 the GLA received 13 requests under the FOI Act with 12 responses provided inside the stipulated 20 day period. In the one outstanding case, following a comprehensive investigation, it was found that the information requested was not held by the GLA and, consequently, it could not be provided. This result was not established conclusively until 3 days after the deadline and the enquirer was informed immediately.

## Information Security

There have been no incidents of loss of personal data during the year (none 2012-13).

## Disabled Persons

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

## Diversity and Equality

The Authority follows an equal opportunities policy for fair and open recruitment and 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.

## Sickness Absence

For the reporting year to 31 March 2014 the average percentage number of days sickness for our staff was 2.41 per cent (2.19 per cent 2012-13) which is a third of the Civil Service figure of 7.6 days.



## Basis of Accounts Preparation

These accounts have been prepared in the form directed by 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 2014 and of its surplus for the year.

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

As far as I am aware, there is no relevant audit information which the Authority's auditor is unaware. The Accounting Officer has also taken all steps that he ought to have taken to make himself aware of any relevant audit information and to ensure that the Authority's auditor is aware of that information.

There are no events after 31 March 2014 that would impact on these accounts.



**Paul Broadbent**  
*Accounting Officer*  
6 June 2014

# Strategic Report

## Aims, Priorities and Outcomes

The GLA has a very clear aim:

‘Working in partnership to protect vulnerable and exploited workers’

This aim will be achieved through the delivery of 3 straightforward priorities:

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

To effectively measure success in these vital areas of activity there are 6 strategic outcomes that all staff contribute to, are assessed against and which are continuously reviewed and evaluated to ensure the overarching aim is met. Further information on strategic outcomes can be found in the Management Commentary on pages 18 to 23.

## Strategic Outcomes

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



## Delivering the Priorities 2013 – 16

Working in partnership to protect vulnerable and exploited workers is dependent upon a clear framework for delivery underpinned by sustained performance under any climate. The framework provides:

- Strong governance
- Effective performance 'grip' and accountability
- Robust financial management
- A professional workforce

The framework enables the organisation to realise continuous improvement in service delivery and to meet the demands of the 21<sup>st</sup> century. Hence the GLA delivers its aim through the framework of 5 strategic programmes, all led by an executive member, accountable to the Chair and GLA governance boards with specific, measurable, time limited, realistic yet stretching outcomes.

The 5 Strategic Programmes are listed below and include, but are not limited to, the subjects within each heading. The subjects will obviously develop over the course of the plan, and upon completion no doubt new and emerging themes will take their place.

A number of the subjects are cross cutting both internally and for other agencies but by setting a clear path for delivery, the GLA has a desire to constantly improve, be transparent in what it does, how and why, and also provide the most effective and efficient service possible by any NDPB/law enforcement agency.

The common theme running through these programmes is that the GLA demonstrate in all it delivers that there is a proportionate yet robust grip, relentless follow up to ensure delivery and a forensic attention to detail to reassure all whom come into contact with the GLA that it will deliver against its aim, priorities and outcomes.

## Partnerships

- Prevent and Protect (strategies/activities to ensure workers' needs are met)
- Law Enforcement – labour providers/users, retailers, trade unions, workers
- Government departments
- Joint Tasking, Joint Threat/Intelligence Assessments
- Service Level Agreement (SLA) and information sharing protocols with all key agencies
- Academia – research, emerging trends, local, national, international
- Europol – speedier intelligence exchange
- Refresh Retailer/Supplier Protocol
- Forging new partnerships (e.g. London Fire Brigade - reducing risks to vulnerable persons through awareness raising)

## Productivity

- Value for Money – workforce planning, procurement, asset management
- Audit and Compliance – targeted to provide greater insight
- McDonald Review
- RTC
- Compliance/Enforcement – individual, team, partnership
- Outcomes led – Not target driven
- Threat and Risk based – development of improved structure, access
- Intelligence led – National Intelligence Model (revised) compliance
- Income Generation – Proceeds of Crime, European Union, Industry

## People

- Training, skills, career path, succession planning, secondments
- Leadership – Future, Engage, Deliver
- Change Management – transitional, transactional, transformational
- Senior leaders engage in operational work, visibility
- Continued professional development – competency based assessments
- Values, Communication

## Public

- Key stakeholders, Industry
- Workers, Communities
- Communication
- Community Intelligence
- Forced/Bonded Labour (Expansion)
- Awareness = Public Support
- Self and co-regulation by legitimate trade

## Performance

- Prepare and Pursue - strategic and operational activities to disrupt exploiters
- Target non-compliant – reduce the burden on the compliant
- Problem Profile – All Agencies
- Stifle unscrupulous labour users/providers
- OCG Mapping, disrupt, dismantle
- Tackle Criminality
- Value for Money Profiles – Comparisons, in sourcing, Business Partnering
- Outcomes and outputs
- Joint performance measures

## Key Performance Indicators

The targets and outcomes are designed to improve performance in relation to the issues which are of greatest concern. Each target has an annual sub set of targets/indicators to ensure consistent and continuous monitoring and evaluation of activity and progress is maintained throughout the reporting period. The headline performance targets, supported by the specific indicators will then measure tangible progress against the 6 organisational outcomes leading to demonstrating activity against the 3 strategic priorities and the single Aim.

Improvements will be measured and evaluated year on year against the 2012-13 baseline. They will be analysed over a 3 year period to enable meaningful interpretation and will be based upon accurate data and analysis, supported by robust systems and structures, driven by staff with the necessary expertise and skill to maximise the function.

Performance against targets will be reported to each and every GLA Board and the F&GP to ensure oversight, scrutiny and governance.



## Management Commentary

**One** Target, dismantle and disrupt serious and organised crime/early identification of human trafficking

- 10 OCGs identified and registered with the National Crime Agency (NCA)
- Proceeds of Crime Act asset recovery - £750,000 identified
- Victim referrals – over 100
- Joint operations and investigations with partner law enforcement agencies – 22
- Effective exchange of intelligence between partner agencies

This year we have developed the methodology and procedures for the identification and recording of OCGs operating within the regulated sector. A clear line of communication has been established for the onward reporting of such OCGs to the relevant law enforcement agencies. This subsequently informs the UK National Threat Assessment and other strategic fora with law enforcement, Home Office and other key partners. Clearly the work of the GLA, working jointly with the NCA and each individual police force to effectively and swiftly address and disrupt serious and organised crime, is instrumental in the fight against modern slavery. Consequently the GLA has been involved in the collection and dissemination of intelligence relating to every known national OCG which is



involved in modern slavery in the labour market. Throughout this intelligence development stage and into investigation and investigative action, the GLA has been formally recognised as the UK's leading investigative agency into labour exploitation. We have assisted in a number of operations most notably in the Eastern region, the South East coast, the West Midlands and East Midlands and as an organisation we have identified criminal assets worth £900,000 and have seized items including vehicles, properties, businesses and boats.

In January 2014 the first UK prison sentence for being an unlicensed gangmaster was given to a Lithuanian organised criminal who had for some time terrorised vulnerable overseas workers in Norfolk.

The alignment of the GLA under the Home Office has immediately increased collaboration, capacity and capability due to the proximity of other law enforcement agencies engaged in addressing and disrupting serious and organised criminality including human trafficking for labour exploitation in the UK.

**Two** Provide effective, meaningful engagement with stakeholders thereby enhancing reputation

- Implemented a partnership 'Worker Exploitation Prevention Strategy'
- Effective use of labour provider/labour user liaison group meetings
- Retailer/Supplier Protocol developed and launched by Home Secretary
- Stakeholder satisfaction survey

This year we have looked for even more opportunities to connect with our stakeholders dedicating a large amount of time to meet members of the industry and workers as well as regular contact with trade associations, trade unions, retailers and labour providers and users. The creation of a 'business change and development' role (from an existing post) has helped us to develop more concepts much quicker than previously. A key element of the ongoing engagement was the launch of the refreshed Retailer/Supplier Protocol, which in October of last year was endorsed by the Home Secretary, Rt Hon Theresa May MP. The GLA already enjoys a healthy and open dialogue with labour providers so this Protocol sought to bring together labour users, growers and also retailers. Our joint commitment was and remains to eradicate slavery and the exploitation of workers by:

- Working in partnership to protect vulnerable and exploited workers
- To agree to share information, wherever possible, to help stop or prevent the exploitation of workers
- To work together to manage information sensitively and confidentially
- Commit to raising awareness within the supply chain
- Maintain momentum through this Protocol by communicating regularly

The co-signatories of this Protocol included the British Retail Consortium, the Food and Drink Federation, Fresh Produce Consortium and the GLA. This Protocol is already yielding remarkable results in terms of the increased flow of intelligence from parts of the industry not previously tapped into and also the identification of low level forms of exploitation that can be resolved quickly and effectively to the satisfaction of the worker without formal regulatory intervention.

We are constantly seeking to forge new relationships with all parties wishing to address labour exploitation and this has seen a SLA between ourselves and London Fire Brigade to tackle rogue landlords who seek to accommodate temporary workers in often squalid and dangerous living conditions. We are optimistic that this will be implemented nationally within 2014-15.

Formal partnerships have been formed with Boston Borough and Fenland District Councils to share Government funding to address unscrupulous landlords linked to labour exploitation in rural and semi-rural locations.

We were particularly pleased to launch our multi agency Worker Exploitation Prevention Plan which incorporates a number of tactical and strategic options and initiatives with which to prevent worker exploitation, prepare the industry to help itself to prevent worker exploitation, to protect workers from exploitation and also to relentlessly pursue those criminals who seek to exploit vulnerable workers physically, financially, emotionally and psychologically.

**Three** Work with industry to recognise and address non-compliance without formal GLA intervention

- Direct interventions with labour providers leading to the immediate recovery of £11,752 on behalf of workers
- Engagement through the 'Stronger Together' programme
- Positive contribution to intelligence picture from industry sources

We have been a partner agency with the Association of Labour Providers and Migrant Help in developing a toolkit entitled 'Stronger Together: Tackling Hidden Exploitation'. Stronger Together has been developed within the UK food processing and packaging, horticultural and agricultural industries but the good practice and tools may be used in any sector where hidden exploitation occurs. The objective of Stronger Together is to reduce the occurrence of forced labour, labour trafficking and other forms of hidden third party labour exploitation. The toolkit that has been put together includes pragmatic guidance and a range of resources for employers and labour providers wishing to tackle hidden third party exploitation and include:

- Multi-language workplace posters and worker leaflets
- Workforce induction and training powerpoint slide deck
- Downloadable DVD for use in induction and training
- Regional workshops to train managers and worker representatives

This package is currently being rolled out across the UK.

A great deal of work has gone into assisting the statutory authorities and the industry itself to manage the shellfish gathering sector. There are real and present inherent dangers around shellfish gathering and the GLA has worked extensively in the coastal areas to ensure that the gathering that does take place is under a strictly controlled environment with the safety of the worker of paramount importance.

Whilst the direct interventions with labour providers leading to the immediate recovery of £11,752 on behalf of workers for the full financial year 2013-14 may seem low, this does in fact represent a very small amount of the total monies identified as not being paid to workers across the sector in its entirety. In this example, once the £11,752 of withheld wages had been identified and brought to the attention of the labour provider, the issues were immediately rectified and the workers recompensed. Consequently, this amount, which was recovered on behalf of the workers prior to formal intervention by the GLA is seen as positive in that, in the main, licensed gangmasters are compliant with the GLA licensing standards.



**Four** Tackle tax evasion, health and safety negligence, fraud, breaches of employment and other law/regulations

- Closer working with HMRC including a dedicated technical adviser on tax issues
- Targeting illegal 'travel and subsistence' or non-compliant tax avoidance related practices
- Compliance inspection activity remains intelligence-led and focused on serious non-compliance of licensing standards
- Licence decisions based on proven breaches of GLA standards remain strong in all of the above categories

This strategic outcome is underpinned by the 8 GLA licensing standards and the 38 sub-criteria that each applicant and existing licence holder is assessed against. Wherever elements of tax evasion, health and safety, breaches of employment and other law or regulations are identified there is an immediate notification to any other relevant statutory body who may wish to investigate further matters that the GLA has uncovered. Throughout the course of this year the GLA has worked with a wide range of other partners and has identified over £30 million that it strongly believed would have found its way into the informal economy had it not been for the investigative actions of the GLA's staff.

Added to this, a number of criminal prosecutions are ongoing which include fraud, obtaining a GLA licence by deception and other breaches of employment law. It is stressed that the vast majority of GLA licence holders are not only compliant but seek to ensure that they demonstrate transparency in all they do but, sadly, of the 20 licences revoked during this reporting period a total of 1,058 workers were known to have been exploited and a further £1.737 million has been identified as unpaid wages, holiday pay or excessive transport charges.

Over the year there have been 22 joint operations with partners including HMRC, Local Authorities, Police, Fire and Rescue, Department for Work and Pensions (DWP), NCA, HSE and others. This is more than double the number of joint operations conducted throughout 2012-13. Furthermore, upon conclusion of these joint operations, a structured debrief takes place whereby opportunities for further joint working are identified and also any issues that may assist each agency moving forward. Of the 20 licences revoked through 2013-14, 8 licences have either been refused or revoked which involved the use of tax relief schemes. In addition, 5 licences were suspended and revoked with immediate effect stopping further exploitation immediately for over 650 workers and also preventing hundreds more being exploited in the future.

**Five** Maintain credible licensing scheme creating level playing field and promoting growth

- New licence applications increased on previous year despite removal of Forestry from the requirement for a licence
- Robust approach to serious non-compliance
- Introduction of Licence 'Suspension' Procedure
- All licence 'Appeals' upheld by the Appointed person in favour of the GLA decision
- Discretionary 'Application Inspection' procedures introduced
- Inspection timeliness improved

The number of licences granted for 2013-14 were 96, compliance inspections were 100 and the total of 986 GLA licences are in existence at this time. We have adopted a proportionate yet robust approach to serious non-compliance and have invoked the 'licence suspension' procedure on a number of occasions which has sought to prevent any further exploitation whilst sufficient evidence was gathered to establish what the key issues were and whether or not a licence revocation should take place. Of particular note was the culmination of a case involving exploited workers in the chicken catching industry which was recently withdrawn by the appellants after the horrific circumstances fully evidenced exploitation uncovered by the GLA. The licensing scheme that the GLA operates attracts a number of points per standard breached and in this case the points accumulated were a record 320, which indicates the worst exploitation that we had ever witnessed.



Furthermore, in continuance of the RTC, a revised physical site visit application inspection process was introduced whereby, on occasions, it would be possible to grant or refuse a licence without the necessity to physically attend the applicant's premises. This discretionary approach has been used on 4 occasions since its inception in October 2013, of the 41 applicants made to the GLA. In relation to the appeals process surrounding the revocation of a licence throughout 2013-14 there were no successful appeals which, demonstrates the proportionate, necessary, lawful and appropriate approach using licence revocation as one of the last resorts to protect workers.

**Six** Identify and tackle forced/bonded labour by licensed and unlicensed gangmasters

- 22 joint operations with partner agencies
- Effective information and intelligence sharing provisions between partner agencies
- First custodial sentence for gangmaster involved in serious criminality (7 years)
- Use of Proceeds of Crime Act provisions to target assets gained through unlawful activity

It is on public record that the GLA has been a leading contributor to the UK in response to modern slavery including giving evidence to the Modern Slavery Bill Evidence Review, the All Party Parliamentary Group on Human Trafficking and the Joint Committee on Modern Slavery. From other witnesses who gave evidence there was widespread consensus over the excellent reputation of the GLA and it was commented that “across Europe the GLA has been held in high regard as an example of good practice”. To quote from the draft Modern Slavery Bill “the Gangmasters Licensing Authority (GLA) has been much praised as an internationally respected model of good practice. The weight of evidence we received suggested that expanding the GLA’s powers and industrial remit would yield positive results. At the same time we recognise that its resources are already over stretched, and any expansion in its role would require additional resources”. The report also commented that “the extent to which changes to the GLA may contribute to tackling modern slavery warrants broader discussion and it is recommended that the Government conducts a review of the GLA including:

- (1) Powers
- (2) Industrial remit, which might include risk based analysis of sectors
- (3) Funding model and levels
- (4) Sponsoring department
- (5) Collaboration with other agencies

This review should be completed in time for any necessary amendments to the Gangmasters (Licensing) Act 2004 to be made before the Modern Slavery Bill receives royal ascent.”



We welcome the positive comments and support of the Joint Committee on the draft Modern Slavery Bill and we are already working closely with the Home Office in furtherance of the recommendation that is made in that Bill. The GLA has also led the debate on labour exploitation nationally, including the first GLA stakeholder conference to identify and address the barriers and enable us to address labour exploitation which was very well received across the public, private and third sector. We have identified and assisted over 100

potential trafficked victims through the UK NRM all of whom have gone on to be able to rebuild their lives and contribute in a meaningful way to society.

## Performance against Targets

### Delivery Plan Targets 2013-16

Target	Status	Commentary
Increase by 15 per cent year on year the number of forced labour victims identified and removed from danger	Exceeded	During 2012-13 the total number of victims in this category was 39. The GLA were however involved in other cases where another first responder (Police or Salvation Army) made the relevant referral. In addition there are cases where the victim declines referral to the NRM but have nevertheless been assisted. New recording mechanisms have now been introduced to capture this data and which can then be used to set a baseline for subsequent years. The number of victims identified during 2013-14 was over 100.
Increase by 20 per cent year on year the identification and seizure of proceeds of crime through unlawful activity within the sector	Exceeded	The process of realising the proceeds of crime takes many months to come to fruition and Treasury incentivisation rules indicate that forfeited proceeds of crime are divided equally between the Courts, Crown Prosecution Service and Law Enforcement. The GLA has an agreement to take a share of 50 per cent of that allocated to law enforcement which equates to 16.5 per cent of the total. £750,000 proceeds of crime were identified from one exploitation case however the Trial Judge made an order on only £57,000.
Increase by 15 per cent year on year the number of referrals made to the UKHTC (NRM referrals)	Exceeded	A joint operation with Police and other partner agencies took place in October 2013 (Op Endeavour). This one operation identified in excess of 70 potential victims of Human Trafficking. There are ongoing cases involving suspected human trafficking lead by Cambridgeshire Police, Wiltshire Police, Nottinghamshire Police, Derbyshire Constabulary and West Midlands Police where the GLA are assisting or advising. The GLA are also investigating a case in the West Midlands area where a principal subject has been identified as a 'controller' for workers referred into the NRM by another agency.
15 per cent increase year on year referrals of OCG identification and activity to Law Enforcement ROCUs	Baseline set	The GLA identifies and reports OCGs to those law enforcement agencies most configured to deal with them. Ten significant OCGs, whose primary role is to exploit vulnerable people for their labour, have been referred into the NRM and the GLA continues to work with law enforcement to disrupt, at every opportunity, these criminal networks.

Target	Status	Commentary
Monitor and maintain the identification and enforcement of breaches of employment standards, National Minimum Wage and statutory employment rights	Achieved	The identification and positive and immediate action to prevent further breaches of the GLA licensing standards are included within the management information portfolio examined quarterly by the F&GP to inform any significant issues or trends.
Increase by 20 per cent year on year the assistance given to labour users/providers in the co-identification of and dealing with potential worker exploitation prior to formal regulatory engagement	Baseline set	There are cases where the GLA makes direct contact with the labour provider in an effort to identify and resolve minor issues without the need for formal inspection activity. In 2013-14 there were 20 such interventions leading to the recovery of £11,752 on behalf of workers.
To develop closer working relationships with HMRC, HSE, UKHTC and law enforcement agencies through 10 joint operations in year one rising by 25 per cent year on year	Exceeded	Data relating to information exchanged between the GLA and other agencies including the above demonstrate that the GLA is very active in ensuring that relevant information is disseminated. Further breakdown of this information is examined by the F&GP. During 2013-14 there have been 22 joint operations with partners including HMRC, Local Authority, Police, Fire and Rescue, DWP, SOCA, HSE and others.
Improve the satisfaction of licence holders with the service provided by the GLA by 10 per cent year on year	Baseline set	As a customer centred organisation, the GLA is seeking to continually improve its service to licence holders. In 2013 structured feedback was sought to establish a satisfaction with service baseline (78 per cent) from which the GLA can make tangible and measurable improvements to the way it works.
Improve perception amongst all key stakeholders that the GLA is doing a good or very good job by 10 per cent year on year	Baseline set	Stakeholders (other than licence holders) were surveyed to establish the level of confidence they have in the GLA doing a good or very good job. From a baseline of 71.8 per cent the organisation is able to identify which issues are most important to partners and make adjustments and alterations as appropriate for the forthcoming years.

Within Year 2013-14

Target	Status	Commentary
By March 2014 create and implement a partnership GLA 'Worker Exploitation Prevention Strategy' which will include the joint agencies required to prevent worker exploitation	Achieved	This strategy has been delivered and implemented with social partners/key stakeholders being consulted and assisting on a wide range of matters that will comprise this strategy. A GLA disruption strategy has also been devised providing clear tactical options with which to create a hostile environment for those seeking to exploit others for their labour.
Effective communication and implementation of the outcomes of the GLA Inspection Process Consultation	Achieved	There is a full audit trail and evidence capture of all work streams relating to the GLA consultation, which is being communicated both internally and externally when it is relevant and appropriate to do so.
Completion of the activities generated from the Government's RTC	Achieved	The RTC activities are managed and monitored through the GLA Senior Leadership Team meetings, 1-2-1 with key individuals, the ARC/F&GP/Quarterly sponsorship meetings and the GLA Board. There are some activities outside of the control of the GLA but overall, at this time, timescales are being met.
Full and detailed preparation for the Government's Triennial Review including internal shadow reviews/inspections	Achieved	An internal self-assessment based upon previous Triennial Review criteria and Her Majesty's Inspectorate inspections was carried out. A 'master' register of all these inspections including outcomes, outputs and instructions was created and linked to the key staff annual appraisal process and evidenced to support the Triennial Review team. The report was published on 10 April 2014 and concluded that the functions of the GLA are necessary and that the GLA remains the right body to deliver them. It also concluded that the GLA should remain a NDPB and should continue to deliver reforms already in train to reduce financial and administrative burdens on compliant businesses and to focus effort on enforcement.



**Paul Broadbent**  
Accounting Officer  
6 June 2014

# Remuneration Report

## Executive Management Board

The composition of the Executive Management Board in the reporting period was as follows:

Paul Broadbent	Chief Executive
Ray Dawson	Chief Operating Officer (from 1 April to 30 June 2013)
Darryl Dixon	Director of Strategy
Nicola Ray	Director of People and Licensing

## Contract Information

### Policy on the Remuneration of Senior Managers

The initial salary packages for all senior managers were set by Defra using a benchmarking process to define comparable packages for the area and the specialist skills required and are in line with Civil Service guidelines. All positions were advertised nationally. Salary information is recorded in the table on pages 28 and 29.

The Chair of the GLA is employed on a contract basis. During the financial year, the Chair, Margaret McKinlay, received total remuneration of £22,000 (£27,000 2012-13). These costs are included in the staff costs total of £2,833,000 (£2,767,000 2012-13) in note 3 on page 51 and 52 to the financial statements. Payments of £1,000 (£1,000 2012-13) have also been made to the Chair in regard to travel and subsistence.

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

### Board Members

No Board member who served during the year received any remuneration. Normal business related travel and subsistence was reimbursed in line with the Authority's policy. This amounted to £2,000 in 2013-14 (£6,000 2012-13).

### Tax Arrangements for Public Sector Appointees

There were no off-payroll engagements as of 31 March 2014 for more than £220 per day and that lasted for longer than 6 months and there were no new off-payroll engagements between 1 April 2013 and 31 March 2014 for more than £220 per day and that lasted for longer than 6 months.

The Chair of the GLA was appointed on an off-payroll engagement from 11 July 2011 until 31 December 2013. This was subject to a risk based assessment and assurance was received from the Chair that tax had been paid on these payments. The Chair was moved onto the Authority's payroll from 1 January 2014.

## Policy on the Duration of Contracts and Notice Periods

All senior managers' contracts within the organisation contain a 3 month notice period which is an appropriate time to allow for a handover period.

## Policy on Performance Related Pay

All GLA staff members, other than casual staff, may qualify for performance related pay (PRP) in addition to basic salaries. The PRP for all staff is set by a Rewards Committee consisting of the CEO and Directors (and the Chair where directors' remuneration is discussed) and considers recommendations from all managers on behalf of their staff 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 £11,000 (£6,000 2012-13) have been paid to senior managers during 2013-14.

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

2013-14						
Single Total Figure of Remuneration						
Senior Manager	Job Title	Salary £000's	Bonus Payments £000's	Severance Payments £000's	Pensions Benefits £000's	Total £000's
Paul Broadbent	Chief Executive	80-85	11	-	-	90-95
Ray Dawson (left 30 June 2013)	Chief Operating Officer	45-50	-	77	(2)	120-125
Darryl Dixon	Director of Strategy	60-65	-	-	3	65-70
Nicola Ray	Director of People and Licensing	35-40	-	-	5	50-55

2013-14	
Band of highest paid executive disclosed in the financial year 2013-14	90-95
Median remuneration of the workforce (£)	32,367
Ratio	2.86



2012-13						
Single Total Figure of Remuneration						
Senior Manager	Job Title	Salary £000's	Bonus Payments £000's	Severance Payments £000's	Pensions Benefits £000's	Total £000's
Paul Broadbent (joined 7 January 2013)	Chief Executive	20-25	-	-	8	25-30
Ian Livsey (left 31 October 2012)	Chief Executive	45-50	-	40	23	110-115
Ray Dawson	Chief Operating Officer	75-80	-	-	29	105-110
Darryl Dixon	Director of Strategy	60-65	6	-	(2)	65-70
Nicola Ray	Director of People and Licensing	35-40	-	-	28	70-75

2012-13	
The banded remuneration of the highest paid director in the financial year 2012-13	80-85
Median remuneration of the workforce (£)	£31,835
Ratio	2.36

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

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

In 2013-14 no employees received remuneration in excess of the highest paid director (none 2011-12). Remuneration ranged from £17,000 - £65,000.

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

The Chief Operating Officer was made redundant on 30 June 2013. On advice from Defra and in line with Civil Service guidance on the redundancy process, payments were made to this officer. This included a 6 month payment in lieu of notice, although it subsequently emerged that a shorter notice period of 3 months should have been applied, resulting in an overpayment of £24,000.

This is a complex area and it is acknowledged by auditors that all parties acted in good faith and believed they were following central policy and guidance and paying only what was allowed. Following review by the NAO and HM Treasury of the application of these rules, it has been identified that this was incorrect and only the contractual notice period (3 months) should have been applied. This resulted in an additional payment of £24,000. This is illustrated in the table below.

Salary (April – June) £000's	Redundancy £000's	3 Months Payment in Lieu of Notice £000's	Non-Contractual Payment £000's	Total £000's
24	53	24	24	125

## Pension Information

### Civil Service Pensions

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

Employee contributions are salary related and range between 1.5 per cent and 6.25 per cent of pensionable earnings for classic and 3.5 per cent and 8.25 per cent for premium, classic plus and nuvos. Increases to employee contributions applied from 1 April 2013. Benefits in classic accrue at the rate of 1/80<sup>th</sup> of pensionable salary for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60<sup>th</sup> of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with the Pensions increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (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 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

### Cash Equivalent Transfer Values

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

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

### Real Increase in Cash Equivalent Transfer Values (CETV)

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

### CETV Information (Subject to Audit)

2013-14							
Senior Manager	Increase in pension £000's	Real increase in lump sum at age 60 £000's	Value of accrued pension £000's	Related lump sum at age 60 £000's	CETV at 1 April £000's	CETV at 31 March £000's	Real increase in CETV £000's
Paul Broadbent <sup>2</sup>	-	-	-	-	-	-	-
Ray Dawson	0-2.5	0-2.5	25-30	0-5	491	504	9
Darryl Dixon	0-2.5	0-2.5	20-25	70-75	415	444	1
Nicola Ray	0-2.5	(2.5)-0	15-20	30-35	263	284	2

<sup>2</sup> Paul Broadbent opted out of the pension scheme in 2013-14

2012-13							
Senior Manager	Increase in pension £000's	Real increase in lump sum at age 60 £000's	Value of accrued pension £000's	Related lump sum at age 60 £000's	CETV at 01 April £000's	CETV at 31 March £000's	Real increase in CETV £000's
Paul Broadbent	0-2.5	-	0-5	-	5	4	4
Ian Livsey	0-2.5	-	10-15	-	120	141	14
Ray Dawson	0-2.5	-	25-30	-	436	491	28
Darryl Dixon	0-2.5	0-2.5	20-25	65-70	394	415	(1)
Nicola Ray	0-2.5	0-2.5	15-20	30-35	235	266	17

None of our executive team are members of the partnership pension scheme.

## Declarations of Interest

### Senior Manager

### Declarations of Interest

Margaret McKinlay, Chair

Directorships: Wispway Properties Limited

Governor: Westminster Kingsway College

Trusteeships: Friends of the Connection; and The London Chorus

Paul Broadbent, Chief Executive

Chair: South Yorkshire Crimestoppers; and Government Agencies Intelligence Network

Directorship: National Business Crime Forum

Ray Dawson, Chief Operating Officer (from 1 April to 30 June 2013)

Non-Executive Director: Sherwood Forest Hospitals Foundation Trust (from 1 June 2013)

Darryl Dixon, Director of Strategy

None

Nicola Ray, Director of People and Licensing

None

Signed on behalf of the Authority



**Paul Broadbent**  
Accounting Officer  
6 June 2014

## Statement of Accounting Officer's Responsibility

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

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

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

Paul Broadbent was appointed Accounting Officer on 7 January 2013. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the GLA's assets, are set out in the Accounting Officer's Memorandum issued by HM Treasury and published in Managing Public Money.

## Governance Statement

As the designated Accounting Officer for the GLA, I have responsibility for the management and control of the resources used within the organisation. This Governance Statement explains the GLA's governance arrangements, describes how risk is managed, outlines the system of internal control and comments on the effectiveness of these arrangements.

### Framework

The GLA's activities are controlled and monitored by the Authority's Board whose members are appointed by the Secretary of State. The Board consists of the Chair, Margaret McKinlay, 19 members nominated by 15 organisations, currently with 4 vacancies. In addition there are 9 ex-officio members, currently with 1 vacancy and 1 official observer. Meetings are also attended by the Authority's Executive.

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

A full list of members, the organisations they represent and their individual attendance records at Board meetings is detailed below. A public register of interests for Board members is held, and this may be accessed via the Authority's website at [www.gla.gov.uk](http://www.gla.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	Vacancy	0
British Retail Consortium	Catherine Pazderka	4
Food and Drink Federation	Angela Coleshill	4
Fresh Produce Consortium	Nigel Jenney	3
Local Government Regulation	Cllr Paul Bettison	4
National Association of Citizens Advice Bureau and GLA Deputy Chair	Jane Mordue	3
National Farmers Union	Hayley Campbell-Gibbons	3
	Sharon Cross	3
National Farmers Union Scotland	Graham Bruce	3
Police Superintendents Association	Vacancy	
Sea Fish Industry Authority	Ivan Bartolo	2
Shellfish Association of Great Britain	Gillian Mills	4
The Association of Labour Providers	David Camp	4
	Joanne Young	4

<b>Organisation</b>	<b>Representative</b>	<b>Attendance (Maximum 4)</b>
The Recruitment and Employment Confederation	Marshall Evans	4
Trade Union Congress	Hannah Reed Vacancy	4
Unite the Union	Steve Kemp Vacancy	3

<b>Ex Officio Members Department / Organisation</b>	<b>Representative</b>
Secretary of State for Environment, Food and Rural Affairs	Susanna May/Tim Render
Secretary of State for Home Affairs	Jeremy Oppenheim
Secretary of State for Business, Innovation and Skills	Gaynor Ithell
Secretary of State for Work and Pensions	Christopher Jennings
The Commissioners of Inland Revenue and the Commissioners of Customs and Excise jointly	Chris Patrick (until October 13)
The Director General of the Health and Safety Executive	David Coackley
The Minister for Agriculture and Rural Development for Northern Ireland	Colette McMaster
The Scottish Ministers	Gordon Jackson
The Welsh Assembly for Wales	To be confirmed

<b>Official Observer Organisation Representative</b>	
Ethical Trading Initiative	Peter McAllister

There are a number of vacancies identified above; however transitional arrangements are in place, while the Board's structure and composition is reviewed following the Triennial Review.

No new representative Board member appointments to the GLA Board are being made pending revisions to The Gangmasters (Licensing Authority) Regulations 2005.

The Board has a number of sub committees that conducts business on its behalf.

The ARC considers risk management, corporate governance, internal and external audit provision and the compilation of the Authority's Annual Report and Accounts. Reports are submitted to quarterly board meetings.

The F&GP was formed to consider the budgetary control aspects of the Authority's business, its financial performance and to supervise the compilation of the Authority's Corporate and Business Plans. Reports are submitted to quarterly Board meetings.

The Remuneration Committee makes recommendations with regard to the performance management and any remuneration applicable to the CEO. Its members are the same as the F&GP.

There is also a Liaison Group which consists of labour providers and labour users and is chaired by the Authority's Chair. This group reviews the operation of the GLA within the regulated sector from a stakeholder perspective. The group seeks to enhance co-operation between the Authority and stakeholders, identifying joint areas of interest and the adoption of new policies and strategies. Reports are submitted to quarterly Board meetings.

The composition of the main sub committees are as follows:

<b>Audit and Risk Committee</b>	<b>Attendance (Maximum 3)</b>
Jane Mordue (Chair)	3
Nigel Jenney	2
Cllr Paul Bettison	2
Joanne Young	3

<b>Finance and General Purposes Committee</b>	<b>Attendance (Maximum 4)</b>
Angela Coleshill (Chair)	4
Marshall Evans	4
Hannah Reed	3
Hayley Campbell-Gibbons	1

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

Future governance arrangements for the GLA will be the subject of further consultation following the Triennial Review.

Operationally the Authority's objectives are delivered by the senior managers. On a monthly basis the Authority records its performance against agreed objectives.

Quarterly performance data is submitted to the F&GP who review and report to the Board.

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



## Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Authority's policies, aims and outcomes, 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 2013-14 I have incorporated the advice and guidance from the National Audit Office (NAO), HM Treasury DAO(GEN)02/12, the new Managing Public Money annex 3.1 and have applied the principles set out in the Corporate Governance Code so far as they are applicable to the GLA.

The system of internal control in use has been subject to regular review by the executive team. In addition the ARC reviews risks 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.

During the reporting period 2013-14 I was obliged to report regularly to the sponsor department, Defra, to satisfy them 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 ensured that the Defra Permanent Secretary, the principal Accounting Officer for the department, was aware of the main risks managed by the Authority through regular reporting to our sponsor team.

On 9 April 2014 the Prime Minister announced that with immediate effect the Home Office would assume responsibility for the sponsorship of the GLA. Future reporting will therefore be through the Home Office.

## The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to an acceptable level in line with the Board's risk appetite, rather than to eliminate all risk of failure to achieve policies, aims and outcomes; 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 the Authority's policies, aims and outcomes, 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 2014 and up to the date of approval of the Annual Report and Accounts. This accords with HM Treasury guidance.

## Capacity to Handle Risk

The Authority continues to evaluate on a regular basis the management of risk within the Organisation. It remains our intention to operate boldly but not recklessly in pursuit of the Authority's Aim. 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 Leadership Team. 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 regular ARC meetings with comment and proposed action.

During the year the main risks have been:

- Staff vacancies unfilled due to the uncertainty around funding
- Increased levels of complexity and criminality within the GLA Sector
- Legal challenges to GLA interpretation of the Act and Secondary Legislation

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

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

Due to the nature of the Authority's business and its determination to enforce the rights of exploited workers, it is almost inevitable that revocations of existing licences will be the subject of appeal. This is probably the largest single risk facing the Authority and I take a keen personal interest in this area. The Authority's record in defending appeals has been excellent in the current year with a 100 per cent success rate of appeals that have reached decision by the Appointed Person (100 per cent for 2012-13). During the year the GLA has revoked 5 licences with immediate effect. Only 3 licences were revoked for the previous 3 years. The revocations were for serious financial/physical labour exploitations and significantly none of the decisions have been appealed against.

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 Executive 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 senior managers within the Authority who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

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

During 2013-14, at the Accounting Officer's request, the internal auditors continued to consider operational issues rather than purely accounting processes, which have historically been subject to significant review by both internal and external audit. For example, review of use of flexi time policy. The organisation will continue to work to address issues identified by Internal Audit.

## Risk Environment

During 2013-14 the GLA has continued to work within the financial controls set by the coalition Government. This has seen budgets reduced from previous levels and the management team, under the Accounting Officer's direction, has critically reviewed budgets with the objective of, wherever possible, protecting front line operational services. There are however at the same time increasing demand on the organisation, in terms of volume, complexity and increased criminality and exploitation. In response to this the organisation is increasingly reliant on a risk based approach to target resources.

The need to make savings has led to a further reduction of spend on support functions which has had some impact on our ability to protect vulnerable workers in the regulated sector. The organisation has also been holding operational vacancies to help balance this budget and while it reviews options for the next financial year. 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 pose a much greater challenge as we move into 2014-15 and beyond.

The GLA has been reliant on temporary additional funding from Defra to address additional budget pressures around information technology (IT) costs. This temporary funding is provided while it tries to work to reduce these costs in line with allocated funding and will be required into 2014-15 (funding for 2014-15 already agreed with Defra). Whilst appreciative of the support, temporary funding solutions do not lend themselves to sustainable financial planning.

As explained in the Remuneration Report, acting on advice from the sponsoring department, an over payment of £24,000 was made in respect of redundancy due to a mistake in the contractual entitlement. Measures are in place to prevent a reoccurrence and this issue has been examined in detail by the ARC and with the sponsor department.

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.

One of the potentially more significant challenges with the move to the Home Office is the transfer of IT systems. GLA IT systems have remained fairly self-contained, this should make the transition reasonably straight forward. The Licensing system is the largest and most complicated IT system which is likely to present the greatest technical challenges to being transferred to the Home Office. As a key public facing and core business system Defra and the Home Office will work together to mitigate any risks around transfer of this system and its data. They have already discussed alternative solutions to ensure the system remains fully available and there is a smooth transition.

Due to requirements around security and code of connectivity, network connections are also likely to present a challenge, but suitable suppliers with expertise in this area have already been identified. Interim arrangements have also been discussed with Defra to mitigate any risks.

A handwritten signature in black ink, appearing to read 'P. Broadbent', with a stylized flourish at the end.

**Paul Broadbent**  
*Accounting Officer*  
6 June 2014

## 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 2014 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 the Board, Accounting Officer and Auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 2014 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 Chief Executive'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.

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

**1 July 2014**

## Financial Statements

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

### Statement of Comprehensive Net Expenditure for the year ended 31 March 2014

	Note	2013-14 £000's	2012-13 £000's
<b>Expenditure</b>			
Staff Costs	3	(2,833)	(2,767)
Travel and Subsistence		(188)	(146)
Information Technology		(494)	(260)
Marketing		(9)	(7)
Other	4	(795)	(935)
<b>Total expenditure</b>		<b>(4,319)</b>	<b>(4,115)</b>
<b>Income</b>			
Enforcement	5	2,890	2,529
Licence Fees	6	615	706
Application Inspections	6	226	209
Other		3	90
<b>Total income</b>		<b>3,734</b>	<b>3,534</b>
<b>Net Expenditure</b>		<b>(585)</b>	<b>(581)</b>
<b>Total Comprehensive Expenditure for the year ended 31 March 2014</b>		<b>(585)</b>	<b>(581)</b>

### Other Comprehensive Expenditure

	Note	2013-14 £000's	2012-13 £000's
<b>Items that will not be reclassified to net Operating Cost:</b>			
Net gain on Revaluation of Intangible assets	9	9	39
<b>Total Comprehensive Expenditure for Year Ended 31 March 2014</b>		<b>(576)</b>	<b>(542)</b>

## Statement of Financial Position as at 31 March 2014

	Note	31 March 2014		31 March 2013	
		£000's	£000's	£000's	£000's
<b>Non-current assets:</b>					
Property, plant and equipment	8		46		81
Intangible assets	9		620		743
<b>Total non-current assets</b>			<b>666</b>		<b>824</b>
<b>Current assets:</b>					
Trade and other receivables	10	90		79	
Cash and cash equivalents	11	709		980	
<b>Total current assets</b>			<b>799</b>		<b>1,059</b>
<b>Total assets</b>			<b>1,465</b>		<b>1,883</b>
<b>Current liabilities</b>					
Trade and other payables	12	(653)		(911)	
Finance Lease	12	(15)		(16)	
<b>Total current liabilities</b>			<b>(668)</b>		<b>(927)</b>
<b>Total assets less current liabilities</b>			<b>797</b>		<b>956</b>
<b>Non-current liabilities</b>					
Finance lease	12	(39)		(57)	
<b>Total non-current liabilities</b>			<b>(39)</b>		<b>(57)</b>
<b>Total liabilities</b>			<b>(707)</b>		<b>(984)</b>
<b>Assets less liabilities</b>			<b>758</b>		<b>899</b>
<b>Reserves</b>					
General reserve			468		618
Revaluation reserve			290		281
<b>Total reserves</b>			<b>758</b>		<b>899</b>

Signed on behalf of the Authority



**Paul Broadbent**  
Accounting Officer  
6 June 2014

The notes on pages 47 to 62 form an integral part of the accounts.



## Statement of Cash Flows for the year ended 31 March 2014

	Note	2013-14 £000's	2012-13 £000's
<b>Cash flows from operating activities:</b>			
Net Expenditure after cost of capital and interest		(585)	(581)
Adjustments for non-cash transactions:			
Depreciation	8	10	22
Amortisation	9	164	163
Adjustment to the Service Concession Arrangement (SCA)	4	28	(40)
Finance costs	4	4	9
Credit write back	4	(14)	(27)
Decrease/(Increase) in trade and other receivables	10	(11)	37
Increase/(Decrease) in trade and other payables	12	(258)	207
Payments to the Consolidated Fund which are outside the scope of the Authority's activities		(835)	(873)
<b>Net cash outflow from operating activities</b>		<b>(1,497)</b>	<b>(1,083)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(12)	-
Purchase of intangible assets	9	(32)	-
<b>Net cash outflow from investing activities</b>		<b>(44)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Revenue – Grant-in-aid	7	1,270	1,495
<b>Total Financing</b>		<b>1,270</b>	<b>1,495</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>(271)</b>	<b>412</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>980</b>	<b>568</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>709</b>	<b>980</b>

The notes on pages 47 to 62 form an integral part of the accounts.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2014

	Note	General Reserve £000's	Revaluation Reserve £000's	Total Reserves £000's
<b>Balance at 31 March 2012</b>		<b>577</b>	<b>243</b>	<b>820</b>
<b>Changes in taxpayers' equity for 2012-13</b>				
Net gain on revaluation of intangible assets	9	-	38	38
Deficit for the period		(581)	-	(581)
<b>Total recognised Income and Expense for 2012-13</b>		<b>(4)</b>	<b>281</b>	<b>277</b>
Financing		1,495	-	1,495
Payment to consolidated fund		(873)	-	(873)
<b>Balance at 31 March 2013</b>		<b>618</b>	<b>281</b>	<b>899</b>
<b>Changes in taxpayers' equity for 2013-14</b>				
Net gain on revaluation of intangible assets	9		9	9
Deficit for the period		(585)		(585)
<b>Total recognised Income and Expense for 2013-14</b>		<b>33</b>	<b>290</b>	<b>323</b>
Financing	7	1,270	-	1,270
Payment to consolidated fund		(835)	-	(835)
<b>Balance at 31 March 2014</b>		<b>468</b>	<b>290</b>	<b>758</b>

The notes on pages 47 to 62 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 2013-14 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 Accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

### Pensions

Past and present employees are covered by the provisions of the PCSPS. Full details can be found on pages 30 to 32 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 £585,000 and the Statement of Financial Position shows total reserves of £758,000. The GLA has received confirmation of proposed funding levels until 2015-16, therefore there is no reason to believe 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.

### 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.

### 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.

### 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, this is in compliance with IAS 18.

Income received for both licence fees and application fees are exempt from value added tax (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.

During the reporting period the Authority was a NDPB of Defra. Defra has entered into a contract with IBM for the supply of IT services. The contract is for a term of 8 years from February 2010. The contract falls within the scope of IFRIC 12 and is disclosed within the Accounts as a SCA. A lease liability has been included to reflect the capital value of payments to IBM to lease IT infrastructure assets throughout the duration of the 8 year contract. A matching asset has been raised to reflect the benefit that the Department will derive from having access to IBM's IT infrastructure assets. Depreciation has been applied on a straight line basis consistent with the Department's depreciation policy. These IT infrastructure assets, which consist of laptops, servers and hardware, are classed as one tangible service concession asset under property, plant and equipment.

## Depreciation

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

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

## Amortisation

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

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

## Intangible Assets

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

## Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and cash balances held by the Government Banking Service.

## Leases

In line with IAS 17, leases are identified as finance leases or operating leasing. A finance lease is one which transfers substantially all the risks and rewards of ownership to the lessee. An operating lease is a lease other than a finance lease.

The determination of whether an arrangement is or contains a lease is based on the substance of that arrangement. This assessment is based on whether the arrangement is dependent on the use of a specific asset and conveys the right to use the asset. Where substantially all risks and rewards of ownership of a leased asset are borne by the Authority, the arrangement is treated as a finance lease. The Authority currently only has one finance lease relating to IT.

Operating leases and the rentals thereon are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

## 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 Superannuation Act provides for defined pension benefits to be met from the consolidated fund and no liability rests with the Authority.

Past and present employees of the Authority are covered by the provisions of the PCSPS. The Scheme is a defined benefit scheme and liability rests with the scheme and not the Authority. Benefits are paid from the Civil Superannuation Vote to which the Authority makes contributions calculated to cover accruing pension entitlement for staff employed. Statements of account for the Scheme are provided by the Cabinet Office Civil Superannuation Resource Account. The PCSPS pension scheme undergoes a reassessment of the contribution rates by the Government Actuary at four-yearly intervals. In respect of defined contribution schemes, the Department recognises the contributions payable for the year. See also note 3 on pages 51 to 53.

## 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.

## Domicile Status

The GLA's principal place of business is Nottingham, England.

## 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.

	2013-14			2012-13		
	Licensing £000's	Enforcement £000's	Total £000's	Licensing £000's	Enforcement £000's	Total £000's
Gross Expenditure	(922)	(3,397)	(4,319)	(1,221)	(2,894)	(4,115)
Income	844	2,890	3,734	1,005	2,529	3,534
<b>Net (Expenditure)/Income</b>	<b>(78)</b>	<b>(507)</b>	<b>(585)</b>	<b>(216)</b>	<b>(365)</b>	<b>(581)</b>

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

Function	2013-14			2012-13		
	Licensing £000's	Enforcement £000's	Total £000's	Licensing £000's	Enforcement £000's	Total £000's
Staff Costs	531	2,302	2,833	512	2,255	2,767
Travel and Subsistence	26	162	188	21	125	146
Information Technology	51	443	494	150	110	260
Marketing	3	6	9	2	5	7
Other	311	484	795	536	399	935
<b>Total</b>	<b>922</b>	<b>3,397</b>	<b>4,319</b>	<b>1,221</b>	<b>2,894</b>	<b>4,115</b>

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

### 3. Staff Costs

	2013-14			2012-13		
	Licensing £000's	Enforcement £000's	Total £000's	Licensing £000's	Enforcement £000's	Total £000's
Staff salaries including PRP	400	1,800	2,200	406	1,773	2,179
Employee Benefits as per IAS 19	(2)	(6)	(8)	2	11	13
Social security costs	31	154	185	32	145	177
Pension service costs	67	312	379	72	326	398
Severance	35	42	77	-	-	-
<b>Total</b>	<b>531</b>	<b>2,302</b>	<b>2,833</b>	<b>512</b>	<b>2,255</b>	<b>2,767</b>

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

The Chair, Margaret McKinlay, received total remuneration of £22,275 (£27,000 2012-13). Full details of the senior staff costs are provided within the Remuneration Report on pages 27 to 32.

Temporary administration staff at a cost of £14,000 (£18,000 2012-13) is included within the licensing staff costs, and £1,000 (£2,000 2012-13) is included within the enforcement staff costs. However, this did not increase the average number employed.

5 employees were employed on a fixed term contract during 2013-14 (5 employees 2012-13).

A total of £40,000 (£70,000 2012-13) was paid for PRP during the year, £13,000 for licensing staff (£30,000 2012-13) and £27,000 for enforcement staff (£40,000 2012-13). All payments for 2013-14 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](http://www.civilservice.gov.uk/pensions)).

To 31 March 2014, employer's contributions of £379,000 were payable to the PCSPS (£398,000 2012-13) at one of 4 rates in the range of 16.7 to 24.3 per cent of pensionable pay (as per the rates in 2012-13), based on revalorised salary bands on the advice of the scheme actuary.

The contribution rates are set to meet the cost of the benefits accruing during 2013-14 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 £24,000 (£19,000 2012-13) were paid to one or more of a panel of 3 appointed stakeholder pension providers.

Employer's contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £1,100 (£1,000 2012-13), 0.8 per cent 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 2012-13). Contributions prepaid at that date were nil (nil 2012-13).

Average number of employees	2013-14	2012-13
Licensing	20	19
Enforcement	47	47
<b>Total</b>	<b>67</b>	<b>66</b>



## Reporting of Civil Services and Other Compensation Schemes Exit Packages 2013-14

There was one exit during 2013-14 and no exits in 2012-13.

During 2013-14 there was one compulsory redundancy at a cost of £101,000, details of which can be found in the Remuneration Report on page 29.

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

	2013-14			2012-13		
	Licensing £000's	Enforcement £000's	Total £000's	Licensing £000's	Enforcement £000's	Total £000's
Depreciation	3	7	10	7	15	22
Amortisation	49	115	164	163	-	163
Adjustment to the SCA	8	20	28	(14)	(26)	(40)
IBM Finance Costs	1	3	4	3	6	9
IBM Credit write back	(4)	(10)	(14)	(9)	(18)	(27)
Legal Costs for Appeals	153	-	153	261	-	261
Recruitment	3	1	4	30	3	33
Rent	46	45	91	39	39	78
Training	4	19	23	5	24	29
Auditors Remunerations						
- External	8	19	27	8	19	27
- Internal	3	7	10	3	7	10
Telephone	10	56	66	8	67	75
Interpreters	-	26	26	-	33	33
Stationery/Postage	8	10	18	7	8	15
Board Expenses	1	1	2	3	3	6
Legal Support Enforcement	-	62	62	-	80	80
Vehicle Costs	-	90	90	1	87	88
Other	18	13	31	21	52	73
<b>Total</b>	<b>311</b>	<b>484</b>	<b>795</b>	<b>536</b>	<b>399</b>	<b>935</b>

The remuneration to the NAO in respect of external audit work carried out was £27,000 (£27,000 2012-13).

## 5. Enforcement Income

	2013-14 £000's	2012-13 £000's
Enforcement Income for operating activities within Great Britain	2,782	2,429
Additional Enforcement Income from DARDNI for Regional Food activity	101	100
Grant Funding	7	0
<b>Total</b>	<b>2,890</b>	<b>2,529</b>

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

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

In addition a further £7,000 was received from a grant supporting enforcement activity in 2013-14 (£90,000 2012-13). This was income derived from successful applications to the Asset Recovery Incentive Scheme.

## 6. Licence Fees

Annual Turnover	Fee Band	Annual Licence Fee		Application Inspection Fee		Renewal Fee	
		2013-14 £000's	2012-13 £000's	2013-14 £000's	2012-13 £000's	2013-14 £000's	2012-13 £000's
£10m+	A	6	6	3	3	3	3
£5-10m	B	4	4	2	2	2	2
£1-5m	C	3	3	2	2	1	1
<£1m	D	2	2	2	2	0	0

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 2014	Licences Issued/Renewed	Licence Applications Cancelled	Licence Applications Refused	Licences Revoked	Recognised £000's
Horticulture, Agriculture and Shellfish	986	252	20	20	615
<b>Total</b>	<b>986</b>	<b>252</b>	<b>20</b>	<b>20</b>	<b>615</b>

Following a consultation exercise by Defra, the Government has introduced new exclusions from the GLA licensing scheme (October 2013). Based on a risk based approach and 'earned recognition', licence requirements were removed from a number of areas deemed to be low risk. The full details are already published on the GLA website but most significantly, in terms of licence numbers, those that work purely in the forestry sector have been excluded. In advance of these recommendations the GLA, as part of a trial, had already exempted the forestry sector from licence fees, so the 2012-13 income already excluded income from these licences.

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

### Income and Expenditure

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

Licensing	2013-14		2012-13	
	£000's	£000's	£000's	£000's
Gross Expenditure		(922)		(1,221)
Income Renewals	615		706	
Income Applications	226		209	
Total Income		841		915
<b>Net (Expenditure)/Income</b>		<b>(81)</b>		<b>(306)</b>

### 7. Financing

	2013-14 £000's	2012-13 £000's
Revenue – GIA Cash	1,270	1,495

A non-cash allocation of £186,000 to cover the costs of depreciation was also approved as part of budget setting (£185,000 2012-13).

## 8. Property, Plant and Equipment 2013-14

	Plant and Machinery			Information Technology			Fixtures and Fittings			Authority
	Lic	Enf	Total	Lic	Enf	Total	Lic	Enf	Total	Total
	£'000s	£'000s	£'000s	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>At 1 April 2013</b>	-	7	7	123	182	305	3	-	3	315
Additions	-	-	-	-	-	-	-	12	12	12
Adjustment to the SCA	-	-	-	(13)	(24)	(37)	-	-	-	(37)
<b>At 31 March 2014</b>	-	7	7	110	158	268	3	12	15	290
<b>Depreciation</b>										
<b>At 1 April 2013</b>	-	2	2	96	133	229	3	-	3	234
Charge for the period	-	1	1	3	6	9	-	-	-	10
<b>At 31 March 2014</b>	-	3	3	99	139	238	3	-	3	244
<b>Net book value:</b>										
<b>At 31 March 2014</b>	-	4	4	11	19	30	-	12	12	46
<b>At 31 March 2013</b>	-	5	5	27	49	76	-	-	-	81

### Asset Financing

#### Owned:

Net Book Value as at 31 March 2014	-	4	4	-	-	-	-	12	12	16
Net Book Value as at 31 March 2013	-	5	5	2	-	2	-	-	-	7

#### Leased:

Net Book Value as at 31 March 2014	-	-	-	11	19	30	-	-	-	30
Net Book Value as at 31 March 2013	-	-	-	25	49	74	-	-	-	74

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

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

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

There is flexibility in terms of termination providing the option to end the service or key aspects thereof. The financial penalty for termination is on a sliding scale depending on several factors, including time left on the contract. There are no beneficial entitlements at

the end of the contract, although the Department has the option to purchase specified assets at net book value on exiting the contract. This gives the Department control of the assets during the life of the contract.

Details of how the contract is accounted for can be found in the Statement of Accounting Policies on page 47.

### Property, Plant and Equipment 2012-13

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

### Asset Financing

#### Owned:

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

#### Leased:

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

## 9. Intangible Assets

2013-14	Software Licence		Total £000's
	Licensing £000's	Enforcement £000's	
<b>At 1 April 2013</b>	<b>1,984</b>	<b>75</b>	<b>2,059</b>
Addition	32	-	32
Revaluation	25	1	26
<b>At 31 March 2014</b>	<b>2,041</b>	<b>76</b>	<b>2,117</b>
<b>Amortisation:</b>			
<b>At 1 April 2013</b>	<b>1,248</b>	<b>68</b>	<b>1,316</b>
Charge for the period	163	1	164
Revaluation	16	1	17
<b>At 31 March 2014</b>	<b>1,427</b>	<b>70</b>	<b>1,497</b>
<b>Net book value:</b>			
<b>At 31 March 2014</b>	<b>614</b>	<b>6</b>	<b>620</b>
At 31 March 2013	736	7	743

2012-13	Software Licence		Total £000's
	Licensing £000's	Enforcement £000's	
<b>At 1 April 2012</b>	<b>1,896</b>	<b>72</b>	<b>1,968</b>
Addition	-	-	-
Revaluation	88	3	91
<b>At 31 March 2013</b>	<b>1,984</b>	<b>75</b>	<b>2,059</b>
<b>Amortisation:</b>			
<b>At 1 April 2012</b>	<b>1,036</b>	<b>65</b>	<b>1,101</b>
Charge for the period	162	1	163
Revaluation	50	2	52
<b>At 31 March 2013</b>	<b>1,248</b>	<b>68</b>	<b>1,316</b>
<b>Net book value:</b>			
<b>At 31 March 2013</b>	<b>736</b>	<b>7</b>	<b>743</b>
At 31 March 2012	860	7	867

A significant element of the intangible assets relate to the Licensing Application Workflow System, with a net book value of £198,000 (£248,000 2012-13). This asset has an expected life to March 2016.

The carrying amount of the intangible fixed assets had the revaluation not occurred is £330,000 (£462,000 2012-13).

## 10. Trade Receivables, Financial and Other Assets

	2013-14 £000's	2012-13 £000's
<b>Trade receivables:</b>		
Trade receivables	(1)	23
<b>Other receivables:</b>		
Prepayments and accrued income	89	54
Other receivables	2	2
<b>Total</b>	<b>90</b>	<b>79</b>

## 11. Cash and Cash Equivalents

	2013-14 £000's	2012-13 £000's
Balance at 1 April	980	568
Net change in cash and cash equivalent balances	(271)	412
<b>Balance at 31 March</b>	<b>709</b>	<b>980</b>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	709	980
<b>Balance at 31 March</b>	<b>709</b>	<b>980</b>

## 12. Trade Payables and Other Current Liabilities

	2013-14 £000's	2012-13 £000's
<b>Amounts falling due within one year</b>		
Other taxation and social security	50	56
Trade payables	34	19
Accruals and deferred income	569	836
<b>Total</b>	<b>653</b>	<b>911</b>
<b>Finance Lease falling due within one year</b>		
Finance Lease	15	16
<b>Total</b>	<b>15</b>	<b>16</b>
<b>Amounts falling after more than one year</b>		
Finance Lease	39	57
<b>Total</b>	<b>39</b>	<b>57</b>
<b>Total All</b>	<b>707</b>	<b>984</b>

Included in amounts falling due within one year is a total amount of £75,000 (£121,000 2012-13) which relates to balances with other Government departments (OGDs) which fall within the Whole of Government Accounting boundaries. These figures also include a Holiday Pay accrual of £72,100 (£80,300 2012-13).

Also included within finance leases is the future liability to pay for the “Right of Use” assets to IBM. The current liability is £15,000 (£16,000 2012-13); the non-current liability is £39,000 (£57,000 2012-13).

### 13. Commitments under Leases

	2013-14			2012-13		
	Buildings £000's	Vehicles £000's	Other £000's	Buildings £000's	Vehicles £000's	Other £000's
Not later than 1 year	58	69	1	58	1	5
Later than 1 year and not later than 5 years	234	184	-	234	-	-
Later than 6 years but not later than 10 years	9	-	-	68	-	-
<b>Total</b>	<b>301</b>	<b>253</b>	<b>1</b>	<b>360</b>	<b>1</b>	<b>5</b>

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.

We have also entered into a new lease agreement for the provision of vehicles during 2013-14.

### 14. Obligation under Service Concession Arrangement

	2013-14 £000's	2012-13 £000's
Rentals due within 1 year	15	16
Rentals due within 2-5 years	39	57
Rentals due thereafter	-	-
<b>Total</b>	<b>54</b>	<b>73</b>

The SCA relate to the Right of Use asset, as explained in the accounting policies under Tangible Assets on pages 56 and 57.

### 15. Other Financial Commitments

	2013-14 £000's	2012-13 £000's
Not later than 1 year	410	488
Later than 1 year and not later than 5 years	1,134	1,798
Later than 5 years	-	-
<b>Total</b>	<b>1,544</b>	<b>2,286</b>



A lease liability has been included to reflect the capital value payments to IBM to lease IT infrastructure assets throughout the duration of the contract, as explained in the accounting policies under Tangible Assets on page 56.

## 16. Related Party Transactions

Body	Relationship	2013-14 £000's	2012-13 £000's
<b>Income</b>			
Defra	Sponsoring body	4,052	4,014
DARDNI	Sponsoring body associate	101	100
<b>Total</b>		<b>4,153</b>	<b>4,114</b>
<b>Expenditure</b>			
The Cabinet Office	Manager of PCSPS	382	400
Defra	Landlord	95	
Defra	Civil Service Learning	1	
Treasury Solicitors Department	Prosecution Services	62	
Land Registry	Landlord	-	11
BIS	Landlord	-	66
<b>Total</b>		<b>540</b>	<b>477</b>

During the reporting period the Authority was a NDPB of Defra and Defra was regarded as a related party. During the year GIA has been received from Defra as disclosed in Note 7 on page 54 along with income for enforcement activities as disclosed in Note 5 on page 53.

The GLA had no transactions with the organisations identified by Senior Managers under the Declarations of Interest. A formal register of interests is received from Senior Managers on an annual basis and is included on page 32. Payment to Senior Managers has been disclosed as part of the Remuneration Report.

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	2013-14 £000's	2012-13 £000's
Defra	Landlord	13	-
Treasury Solicitors Department	Prosecutor	62	-
BIS	Landlord		(66)

## 17. Losses and Special Payments

Managing Public Money requires disclosure of losses and special payments by category type and value where they exceed £300,000 in total and for any individual items above £300,000. During the year 1 April 2013 to 31 March 2014 the Authority incurred no special payments (nil 2012-13).

## 18. Financial Assets by Category

The following table shows by category the Authority's financial assets and financial liabilities as at 31 March 2014 and 31 March 2013.

<b>Financial Assets</b>	<b>31 March 2014 £000's</b>	<b>31 March 2013 £000's</b>
Cash and cash equivalents (at bank and in hand)	709	980

<b>Financial Liabilities – at amortised cost</b>	<b>31 March 2014 £000's</b>	<b>31 March 2013 £000's</b>
Finance lease	54	73
Trade and other payables	393	622
<b>Total</b>	<b>447</b>	<b>695</b>

## 19. Events after the Reporting Date

On the 9 April 2014 it was announced that the GLA would move from Defra to the Home Office. This change is being completed as part of a Machinery of Government Change and so there is no anticipated impact on the GLA in terms of being a going concern. Under application IAS 10, this has been treated as a non-adjusting event, as the change occurred after the accounting period.

The Authority's financial statements are laid before the Houses of Parliament by the Parliamentary Clerk for the Home Office. The authorised date for issue is 1 July 2014. The authorising officer is the Accounting Officer, Paul Broadbent.

## 20. 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 or identified any such liabilities (nil 2012-13).

## Major Achievements 2013-14

- ✓ Working in partnership to prevent over £30 million flowing into the informal economy
- ✓ GLA recognised as the UK's leading investigative agency into labour exploitation
- ✓ Criminal assets worth £900,000 seized, including vehicles, properties, businesses and boats
- ✓ First prison sentence for GLA offence: 7 years for being an unlicensed gangmaster
- ✓ Over 100 potential trafficked victims assisted through the National Referral Mechanism
- ✓ 100 per cent of appeals upheld by the appointed person in favour of the GLA decision
- ✓ Preventing serious tax evasion and fraud by refusing and revoking 8 licences of tax relief scheme operators
- ✓ Actively disrupting 10 serious organised crime groups operating in the GLA sector
- ✓ All corporate objectives and targets achieved or exceeded within budget and ahead of schedule
- ✓ Licences granted - 96, Compliance inspections - 100, Licences revoked - 20, workers identified as exploited - 1,058, financial exploitation exposed - £1.737 million (excessive transport charges, unpaid wages & holiday pay)

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**Web:** [www.gla.gov.uk](http://www.gla.gov.uk)

Working in partnership to protect vulnerable and exploited workers

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