



Gangmasters
Licensing Authority

Gangmasters Licensing Authority Annual Report and Accounts

1 April 2015 to 31 March 2016

“They talked to me about England. I thought ‘I’ve never been there - let’s go!’ The following day I arrived and found out I had a £350 debt!”

František - Czech Republic

“I wanted to run ... but they - his people - they check me every day. When I wake, when I go to work and they pick me up. It was like prison.”

Bartoš - Latvia



“I came to the UK with my brother. We worked for nearly four months and were paid £20. They said if we complained they would feed us to the crabs.”

Edgarus - Lithuania

Working in partnership to protect vulnerable and exploited workers



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1 April 2015 to 31 March 2016

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of the Gangmasters (Licensing) Act 2004

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Performance Report: Overview

About us

The Gangmasters Licensing Authority (GLA) is a public body that regulates the suppliers of labour to the farming, food processing and packaging and shellfish gathering sectors. Our aim is to work in partnership to protect vulnerable and exploited workers. In practice, GLA partnerships include responsible parties within the food supply chain, with other supervisory and enforcement bodies plus non-government agencies. The GLA is unrelenting in its approach to disrupt labour exploitation in all its forms by any lawful, ethical and cost effective means.

Who we are

The GLA was formally established on 1 April 2005. This followed the tragic deaths of 23 Chinese cockle pickers on 5 February 2004 in Morecambe Bay in the North West of England. We are set up by statute, designated as an 'Arm's Length Body', but accountable to Ministers who provide overall policy direction. The GLA's first sponsor department was the Department for Environment, Food and Rural Affairs (Defra). On 9 April 2014 sponsorship was transferred to the Home Office.



The GLA has 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 and/or committal of criminal offences under the Gangmasters (Licensing) Act 2004 (the 2004 Act). We are led and directed by a Chair and Board appointed by the Secretary of State.

This is the 11th annual report and accounts and the 10th year of significant operational activity, which has seen the GLA continue to protect the integrity of the licensing system, catching unlicensed gangmasters through rigorous enforcement. The GLA also produces and promotes advice on how to maintain compliance across a range of areas of the licensing standards.

Background

The GLA regulates the activities of gangmasters in the farming, food processing and packaging and shellfish gathering sectors across the whole of the United Kingdom. For the purposes of the 2004 Act, a gangmaster is a person who supplies a worker to do work covered by the 2004 Act; or who uses a worker to do work covered by the 2004 Act in the course of providing a service, or makes arrangements for that worker to do the work.

Complementary to the regulatory aspect, the GLA is working with law enforcement partners to identify, disrupt and dismantle serious and organised criminality, people trafficking and other crimes whereby criminals 'seek to exploit human assets for profit. The GLA believes that preserving its frontline services is a priority whilst recognising the Government's overall requirement to make efficiency savings.

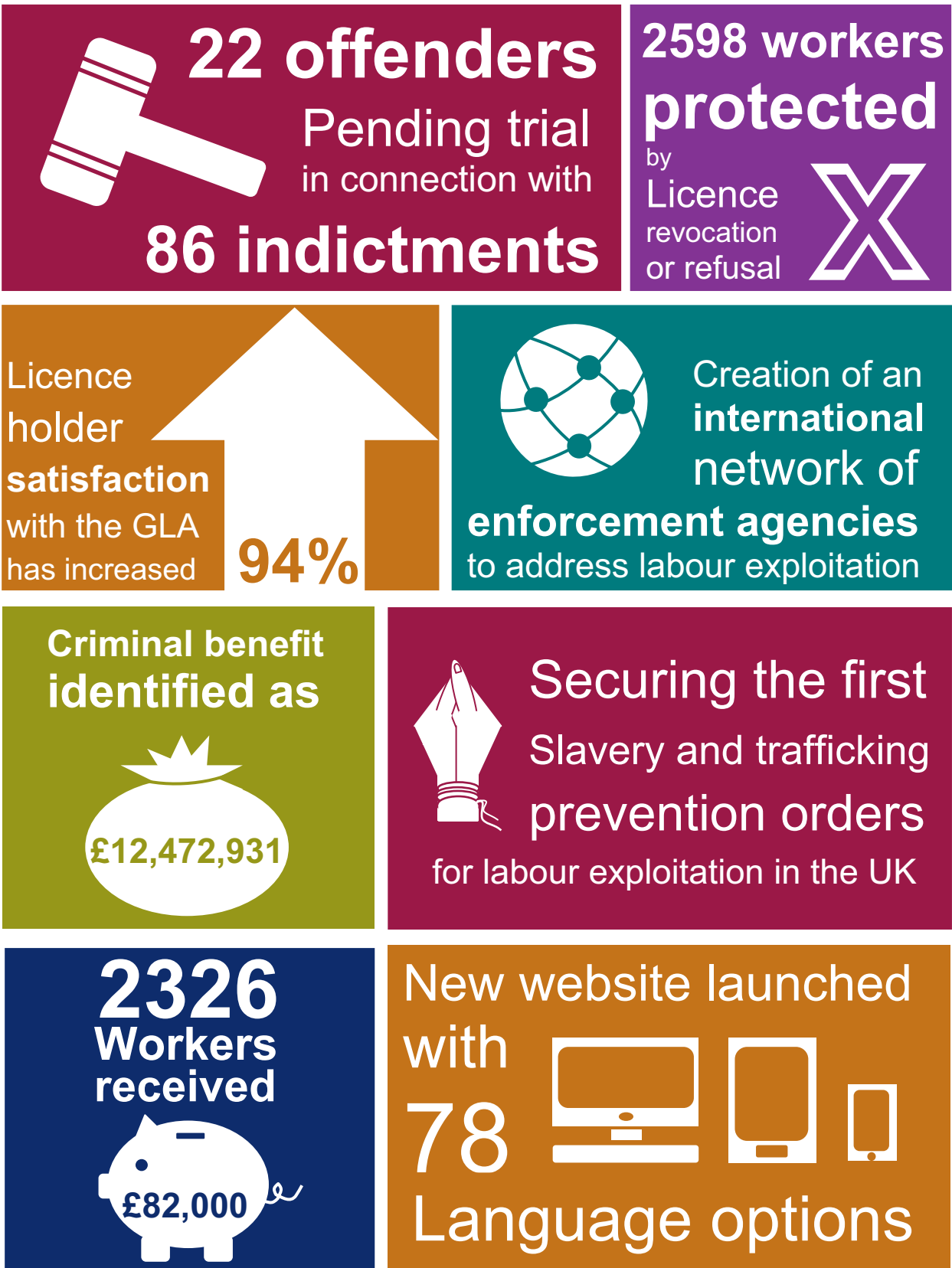


The 67 staff of the GLA undertakes the core functions of licensing, intelligence, compliance and enforcement, 29 being centrally based in Nottingham and 38 home based. Collectively, these staff regulates a licensing scheme protecting up to 464,000 workers¹, and investigate labour exploitation infiltrating the supply chain regulated by the GLA.

1

<http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-387456> – section A and C 10/11

Our achievements for 2015-16



The above data has been obtained from GLA data sources

GLA Overview



Margaret Beels
Chair



Paul Broadbent
Chief Executive

This time last year we found ourselves drafting a report to chronicle a period in which the GLA had experienced significant change. Not only had we switched sponsor departments that year but the organisation was also undergoing a complete reformation of its governance structure. The Government had appointed a new streamlined Board and we were preparing for its first meeting. Since then even more wide-ranging changes have started to take shape that will potentially have a greater impact on the GLA than any that have ever gone before in its history.

The proposals for an expanded role for the GLA were presented to Parliament through the Immigration Act 2016. The changes are explained in more detail below.

The Immigration Act 2016 - from GLA to Gangmasters and Labour Abuse Authority

On 21 May 2015, the Prime Minister announced his desire to see a stronger enforcement response to tackling the most serious exploitation. Soon after, the GLA was confirmed as one of the bodies involved – along with the National Minimum Wage Team from HM Revenue and Customs (HMRC) and the Employment Agency Standards Inspectorate (EASI) at the Department for Business, Innovation and Skills.

Parliamentary evidence sessions took place and in October 2015 the Government launched the Tackling Exploitation in the Labour Market consultation which incorporated a review of the role of the GLA as required by the Modern Slavery Act 2015.

This resulted in part of the Immigration Act 2016 proposing changes to the future role and powers of the GLA.

Under the provisions set out in the Immigration Act 2016 the GLA's remit will be extended and it will be given new police-style powers to investigate and enforce labour market offences, including powers of search and arrest. The GLA will also take on a new name – The Gangmasters and Labour Abuse Authority (GLAA) – reflecting its changing and broader functions. The Immigration Act 2016 creates a new position of Director of Labour Market Enforcement (LME) who will be responsible for setting the strategic priorities for labour market enforcement, to ensure that efforts are targeted where risk of non-compliance is greatest. The GLAA will operate in accordance with the Director's strategy, and the Director will be able to advise Ministers on future changes to the GLAA's licensing regime in response to changes in the evolving threat of worker exploitation. To achieve greater compliance from businesses the Immigration Act 2016 also creates a new enforcement tool under the labour market enforcement undertakings and orders regime. The GLAA will have powers to request a LME undertaking and to apply for a LME order.

Governance - the new Board

The Gangmasters (Licensing Authority) Regulations 2015 provide that the Secretary of State may appoint up to eight members to act as the GLA Board. All Board members are independent members (as opposed to representative members which was the previous basis of appointment). Following an open competition, the Home Office announced on 27 March 2015 the appointment of six members of the GLA Board, the first meeting of which took place on 22 April 2015 – preceded by a comprehensive induction. Two of the members of the new Board, as well as the Chair, were members of the previous Board.

During the year the Board set up a new liaison group with worker and Non-Governmental Organisation (NGO) representatives supplementing the existing liaison group with labour providers and labour users. Board member Linda Dickens chairs the Worker/NGO liaison group. Margaret Beels has continued to chair the Labour Provider/User liaison group.

The Board has operated with two sub-committees: the Audit and Risk Committee (ARC) chaired by Board member William Butler and the Remuneration Committee chaired by Board member Simon Allbutt.

Enhancing engagement with UK stakeholders

A key priority for the new Board in the past year has been stakeholder engagement. It was important that licence holders, labour users and other connected parties were kept fully engaged during a period of significant change for the GLA. Consequently, 2015-16 has seen the GLA redouble its efforts to meet and inform interested and connected parties about what the future holds for the organisation and how any changes to our working practices - implemented or proposed - could affect them.

New measures taken to promote our work to affected parties included a series of nine regional pop-up seminars held across the UK in early 2016: London/the South East, East Midlands, East of England, West Midlands, Yorkshire/the North East, Scotland, North West/North Wales, South Wales and Northern Ireland.

Most pop-up seminars were led by the Chair, or another Board member. The Chief Executive or a GLA Director made a presentation and they, together with a GLA officer, fielded questions from attendees on subjects such as workers' rights, holiday pay, the licensing scheme and how to remain compliant with our Licensing Standards.



Further strides were taken towards improved transparency at the 2016 GLA National Conference in Derby in March. This year's programme was devised to create insight into the GLA's working practices by explaining how we work, what we look for and how inspections and criminal investigations are carried out. Videos shown at the event have since been made available for training purposes on the GLA website (www.gla.gov.uk).

The GLA website has been refreshed in another move towards improved stakeholder engagement. As well as bringing improved functionality and ongoing cost savings, the new site has been designed to assist all visitors to find out exactly what they need by filtering them into the correct section from the homepage. It also has a translation feature built-in spanning 78 languages to try and facilitate and encourage increased numbers of intelligence submissions from exploited workers, many of whom have limited or no English.

Strengthening links with partners overseas

Partnership working remains at the very heart of the GLA's work and will continue to be a vital component in the work of the GLAA. With the support of the International Centre for Migration and Policy Development (ICMPD), the UK's Foreign and Commonwealth Office, and the Austrian Federal Ministry of Labour, Social Affairs and Consumer Protection, we brought together a range of international partners in Vienna for discussions on improving international collaboration to reduce labour exploitation.



We are also integral to Europol's EMPACT group (European Multidisciplinary Platform against Criminal Threats). This group brings together law enforcement, labour inspectorates and police forces who work together across borders to tackle exploitation. We have also worked closely with the Dutch Government, in preparation for its presidency of the European Union (EU) in 2016, a programme of activity that supports objectives in the UK's Modern Slavery Strategy.

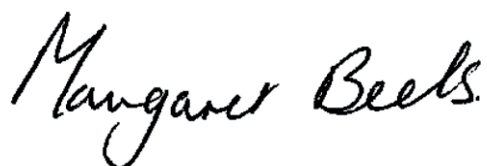
We have enhanced our working relationship with the national labour inspectorates in Romania, a common starting point for workers travelling to the UK who are particularly vulnerable to exploitation. We have also strengthened links with our colleagues in the Netherlands, Ireland, Belgium, Poland and Lithuania.

We also work closely with the private sector and we are delighted to report that the past year has seen the first attendees complete their GLA Academy courses. The Academy is a joint initiative with the University of Derby to respond to the supply chain's demands for bespoke training to identify and prevent labour abuse within their businesses. The training is fully booked until July 2016.

In October, we hosted two staff from the Romanian Inspectorate, including the Secretary General, for specific investigations being made at that time. This has culminated in a member of the Romanian Inspectorate being embedded into our head office for a six-month trial period. We hope to make that, and other European equivalents, a more permanent feature.

We have also agreed a Memorandum of Understanding (MOU) with the Workplace Relations Commission in the Republic of Ireland to facilitate the real time sharing of information and trends to address cross border issues more effectively.

In addition to mainstreaming many informal networks and forging new collaborations we recognise that in the event of a wider role for the GLAA this is still very much work in progress. Hence the GLA Board commissioned a 'deep dive' of stakeholder engagement to ensure an inclusive and strategic approach is maintained to maximise the support and guidance of our current and future industry partners.



Margaret Beels
Chair
2 November 2016



Paul Broadbent
Chief Executive
2 November 2016

Chief Executive's Report

How we perform our role

The GLA regulates an industry reported to be in excess of £109 billion² per year, across



the whole of England, Scotland, Wales and Northern Ireland. This involves the management of nearly 1,000 current gangmaster licences. The two main strands of the GLA's work are ensuring compliance with the prescribed licensing standards and enforcement of the criminal offences under the Gangmasters (Licensing) Act 2004, specifically unlicensed supply and use of labour in the defined sector.

Effective regulation and enforcement is risk based through intelligence-led activities that target non-compliant labour providers, whilst allowing those businesses which do conform to the required standards to flourish. Such an approach commands support from businesses in the regulated sectors as it promotes fair competition. Maintaining a fair market, promoting national economic growth, continues to be a core GLA goal.

The Government, under the auspices of its 'better regulation' agenda, has committed that services are delivered with an even more focussed approach. The aim of lighter touch regulation ensures compliant businesses are not overburdened by unnecessary administration. This initiative is fully supported by the GLA.

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

External Partners

The complexity and serious nature of our compliance and enforcement activities means that the GLA works closely with other regulators and enforcement bodies and will continue to work with all and every relevant partner agency to deliver its objectives.

The creation of a UK Independent Anti-Slavery Commissioner has provided the GLA with the opportunity to progress some of its ideas. Kevin Hyland OBE took up this post in the summer of 2014 and has showcased the good work of the GLA through international contacts including representation at the United Nations conference on Modern Slavery. The Commissioner has also placed the GLA at the forefront of addressing labour exploitation in all its forms through the Santa Marta Group (global Church and Police Chiefs) enabling a more consistent and inclusive approach to worker protection and a more timely sharing of accurate information used to disrupt criminality worldwide.

² Figure obtained from Defra Food Statistics Pocketbook 2015

Our enforcement partners include but are not limited to: HMRC, UK Visas and Immigration, National Crime Agency (NCA), UK Human Trafficking Centre (UKHTC), UK Police Forces, Local Authorities and the Health and Safety Executive (HSE).

As an organisation at the forefront of tackling labour exploitation in the UK, the GLA is perfectly placed to provide training to the industry it regulates on how to spot and address aspects of modern slavery. The GLA had employed academics from the University of Derby's International Policing and Justice Department to train its own investigators in spotting the signs of trafficking and forced labour, as well as modern interview techniques. Once completed, the GLA continued to work closely with lecturers from this University department to devise a training course for its own regulated sector. It was vital that this should carry formal academic accreditation for those completing it successfully and the University could provide this aspect.

The partnership between the GLA and the University has now become the GLA Academy. In academy sessions, staff from both organisations work together to deliver the 'Certificate in Professional Development (CPD): Investigating Modern Slavery'. The course is intensive and delivered over two days to small groups of no more than eight people with a final pass or fail assessment.



Labour exploitation courses have been delivered by the GLA across the UK. Spain, Belarus, Dubai, Taiwan and Malaysia have also funded the deployment of officers.

The GLA continues to seek and work with new partners with valuable relationships enhanced over the past 12 months including Crimestoppers, the anti-trafficking charity Unchosen, Soroptomists International and the National Association of Citizens Advice Bureau. Other examples of partnership working in 2015-16 are given below.

In March 2016, the GLA signed a formal MOU with the Republic of Ireland's Workplace Relations Commission (the organisation most closely replicating the work of the GLA). This was drawn up after issues arose during 'cross-border' cases, where agencies based in Northern Ireland were supplying workers to the South and vice versa. Our respective organisations were restricted by not being legally entitled to inspect or investigate companies that fell outside of our areas of jurisdiction. Under the new formal agreement, however, officers from each body will be able to accompany each other on inspections.

The agreement also includes a reciprocal arrangement for staff to spend time with the partner organisation to become more familiar with each other's legislation and working practices. The third and final significant part of the MOU creates a formal gateway to allow intelligence to be shared more efficiently and effectively.

Examples of Partnership Working



Case Study:

East Midlands
Regional Asset
Recovery Team
(EM RART) –
Operation Expect

In June 2015, a Lithuanian couple who ran a labour agency in Lincolnshire, providing fieldworkers to the farming industry, were both jailed as a result of a joint enquiry involving the GLA and EM RART (East Midlands Regional Asset Recovery Team). The offenders had built up their business, as well as a small but significant property empire, based on a series of frauds involving a stolen passport. The outcome was the culmination of a long and highly complex investigation.

The deception carried out by Stasys Skarbalius and his wife, Virinija Skarbaliene, was first uncovered during routine checks carried out by the GLA. Skarbalius was the subject of a European Arrest Warrant in his native Lithuania and so had entered the UK and established his UK business under the name of Dutch national Charles Luske. A copy of Luske's stolen passport, doctored to include a photograph of Skarbalius, was provided to the GLA as his proof of ID.

The matter came to a head when 'Mr Luske' was required to produce ID to renew his licence once the stolen passport had expired. Skarbalius then concocted a plan to 'vanish' Luske by reporting that he had relinquished his interests in the business, and then re-emerge in his true identity to take control. His arrest warrant had by then been withdrawn.

Suspicious were aroused that the two men were in fact one and the same person when GLA inspectors visited the business and found some workers referred to the manager as 'Stasys', while others called him 'Charles'. By this time (2011), the company - CV Staff Services - had an annual turnover in excess of £1.6 million. An enquiry began and a trail of money was uncovered that showed a number of mortgages for property had also been obtained by Skarbalius using the name of Luske.

Skarbalius was sentenced to two-and-a-half years for offences under the Gangmasters (Licensing) Act 2004. His wife, Virginija, who was fully aware of her husband's deception, received three years. They each also received concurrent sentences of 18 months for securing, and attempting to secure, a series of mortgages under the name Luske, while Skarbaliene was handed a separate concurrent nine month term for perverting the course of justice.

The GLA worked closely with the EM RART to reveal the fraudulent financial paper trail and both are currently looking into recovering the couple's available assets through the Proceeds of Crime Act.

This type of coordinated large-scale investigation, which was highly commended for its execution by the presiding judge, is an indicator of how the GLA intends to work in the future. In establishing its new role as the GLAA, the organisation will be asked to concentrate on and dismantle more serious and organised crime operations and the success of this inquiry is a strong positive sign for the future.



Case Study:

Norfolk
Constabulary /
Suffolk
Constabulary –
Operation
Badsworth

The Modern Slavery Act 2015 came into effect in the current reporting period and brought in the new measure of Slavery and Trafficking Prevention Orders (STPOs). These civil orders can be applied to those who pose a risk of harm from committing modern slavery offences in future. The first two STPOs ever to be issued in the UK for labour exploitation came in a case resulting from a joint operation between the GLA and police forces in East Anglia.

Konstantin Sasmurin and Linus Ratautas - both Lithuanian nationals in their 30s who lived in Caister-on-Sea - each received three-and-a-half years in prison after pleading guilty to trafficking people into the UK for the purposes of labour exploitation, as well as money laundering offences. Their two male victims, twin brothers, aged 29, were brought to Great Yarmouth from Lithuania in a minibus after being promised work, accommodation and food. This was arranged by Sasmurin through contacts in Lithuania.

On arrival, the brothers were placed in accommodation that was in very poor condition with mould on the walls and no beds. They were given small amounts of food each week that would often run out causing them to go hungry. After two weeks, Sasmurin and Ratautas took the victims to a food processing factory in Suffolk for work. They worked long hours at the factory but after four weeks that work ceased and they were then taken to a different factory in Suffolk.

The pair each received a total sum of £20 for all work undertaken between July and October 2013. They were told they owed money for accommodation, transport, electricity and that they were not paid much because they also had to cover taxes and interest.

The twins were rescued when enquiries by the GLA identified them as potential victims of trafficking and both agreed to enter the National Referral Mechanism (NRM). When rescued they were wearing the same clothes they had arrived in and worn for the previous four months. The victims had been threatened not to tell anyone about their situation and threatened that they would be 'fed to the crabs'. Their call to the GLA sparked the joint investigation with Norfolk and Suffolk Constabularies.

Governance and Scrutiny

From 1 April 2015 the GLA moved to having a Board of up to eight independent members plus a Chair. The previous Board comprised 19 individuals nominated by 15 organisations with interests in the sectors and nine Government departments. The GLA Board is supported by two sub-committees: ARC, and a Remuneration Committee. There are also a number of other liaison groups to ensure a fully inclusive and integrated engagement environment exists between the GLA, its Board and the industry. These groups offer guidance and insights to the GLA Board.

The GLA is accountable to ministers through the Home Office's Crime, Policing and Fire Group and is audited regularly through Government arrangements with Home Office auditors and the National Audit Office (NAO).

Section 55 of the Modern Slavery Act 2015, placed an obligation on the new Government to review the GLA's role. This consultation was incorporated into a wider consultation on labour market enforcement which concluded in December 2015. The Government's response to that consultation was published in January 2016 and it set out how the GLA would be transformed.

GLA Staff

The GLA values its staff and is focused on empowering its workforce to implement a challenging organisational strategy for protecting vulnerable workers. This year has seen the launch of plans to reform the GLA and, in preparation for this, the focus has been on completing the review of People policies. The GLA prides itself on being an employer with modern employment policies and benefits. Work has also continued on delivering the GLA People Strategy. The aims of the People Strategy are to:

- enable the successful delivery of the Strategy for Protecting Vulnerable and Exploited Workers 2015-18 through our staff;
- respond proactively to the change agenda and requirements of better regulation; and
- help create a high performance working culture within the organisation.

There are five strands for delivering the strategy which flow from the People programme:

- **Capacity** - the right staff with the right skills in the right place so that the organisation gets the most out of its resources through prioritisation and planning e.g. advance interview training for some officers to obtain best evidence from potential victims of gross exploitation.
- **Capability** - staff will continually develop skills and knowledge in order to maximise their potential and deliver current and future business outcomes e.g. training of front line staff in cognitive interview skills to more effectively identify when workers may be being exploited.

- **Reward** - at the end of the 2014-15 financial year, the GLA met the Government's commitment to remove incremental pay. A performance-related pay system is now in place which rewards good performance and is linked to the performance appraisal system. The existing bonus scheme was also reviewed to ensure that it meets the needs of the organisation in respect of reward and recognition.
- **Performance management** - managers and staff will continuously drive high levels of performance at individual, team and organisational levels e.g. the revision of the performance appraisal and development review to more readily identify, through self-assessment and management intervention, an individual's strengths and areas for improvement.
- **Commitment** - staff will be highly motivated and engaged and understand their contribution to the GLA strategic objectives e.g. staff engagement in the review of the GLA three year strategy so they can contribute to and influence the strategic direction of the GLA.

Every employee has a job description and a set of business and personal development objectives. These flow from the strategic objectives for the organisation so that staff understands how their role contributes to meeting these objectives. The performance management system has been reviewed so that it provides the foundation for performance-related pay. It covers not only how staff have performed but also includes an assessment of whether staff have demonstrated our behaviours in all GLA activities:

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

In 2015-16 there have been ongoing development opportunities for staff to build on their skills. All GLA officers have received training in relation to the Modern Slavery Act 2015, the NRM review and victim and witness care. Additionally, where appropriate, GLA officers are included within the pilot areas testing out proposed changes to the NRM.

“One team” staff seminar events occur once a year and provide a forum for open discussion and a review of performance. These events are organised by a team of our staff and cover not only law enforcement but topics as diverse as dealing with personal stress, the making of licensing decisions and dealing with vulnerable people.

The Chief Executive also provides regular ‘Keeping in Touch’ updates for all staff and is open to receiving feedback on issues of concern to staff. A vibrant Workforce Improvement Group plays an important role in identifying issues and suggesting solutions to a wide range of operational and strategic issues. These channels have allowed the GLA to provide opportunities for staff to influence the way that our business is operating.

Employees have been encouraged to share their views on a number of topics. Various methods were employed to achieve this including:

- An annual staff survey revealed over 94 per cent of respondents said they would speak highly of the mission and strategic objectives of the GLA

- The bi-monthly Workforce Improvement Group 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
- The newly created intranet.

Work has been done to ensure staff understand how to work safely. There is mandatory training for all new starters as part of the induction programme and on-going needs are met through e-learning or the provision of advice and guidance. The GLA is committed to the development and promotion of equality of opportunity for all through a comprehensive system of staff development, selection and care.

In order to achieve this we have developed policies, practices and procedures to ensure that individuals are recruited, selected, assigned and treated on the basis of their individual merits and suitability for posts.

We treat all staff with dignity and respect and will endeavour, at all times, to provide a working environment free from discrimination, harassment or victimisation.

All staff have an individual responsibility to ensure that, in their dealings with everyone, they adhere to the principles and standards of the GLA as outlined in the GLA Performance Principles and policies.

Resources

The GLA is a small Non-Departmental Public Body (NDPB). The GLA head office is situated in Nottingham where currently 29 of its staff are based. They undertake core central functions including licensing, collating, analysing and managing intelligence, based on a threat and risk methodology, finance, IT and HR. A further 38 Intelligence Officers, Enforcement and Compliance Officers and their managers (five) are home based across the UK to maintain a licensing scheme protecting up to 464,000 workers.

In line with most public sector organisations the GLA has faced funding pressures during 2015-16. With increasing demands, resources have had to be targeted even more effectively to ensure that objectives are met and delivered. In making difficult resource decisions the GLA 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, defraud the Exchequer and disadvantage legitimate business.

Currently the GLA operates within the budget criteria agreed with the Home Office and a balanced budget for 2015-16 was achieved. For 2016-17 and beyond the situation is likely to be more challenging based upon the requirements of the Immigration Act 2016 and current commentary for the future funding of the public sector. The GLA will need to ensure that robust plans are developed to quantify future funding requirements and work with the Home Office to assess affordability in the current environment.

Performance Report: Performance Analysis

Aim, Priorities and Objectives

The GLA has consulted widely on its aim, priorities and objectives. The following takes into account those comments.

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 three clear priorities:

Preventing worker exploitation

Protecting vulnerable workers

Tackling unlicensed/criminal activity & ensuring those licensed operate within the law

To measure effective success in these vital areas of activity there are six strategic objectives that all staff contribute to, are assessed against and which are continuously reviewed and evaluated to ensure the overarching aim is met.

Target dismantle and disrupt serious & organised crime/early identification of human trafficking

Provide effective, meaningful engagement with stakeholders thereby enhancing reputation

Work with industry to recognise & address non-compliance without formal GLA intervention

Tackle tax evasion, H&S negligence, fraud, breaches of employment and other law/regulations

Maintain credible licensing scheme creating level playing field & promoting growth

Identify & tackle forced/bonded labour by licensed & unlicensed Gangmasters

Delivering the Priorities 2015-18

The cycle for reviewing the strategic direction of the GLA begins in October each year to assess the current priorities against the threat assessment of vulnerability to workers, balanced by the competing demands of capacity and capability. This is refined and presented to the GLA Board each January and signed off for the beginning of each financial year. Hence the objectives for the organisation were necessarily set prior to the advent of the Immigration Act (May 2016) and therefore reflect activity within the reporting year of 2015-16. In light of the Immigration Act 2016 a review of GLAA priorities and objectives for 2016-17 is currently being undertaken.

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 includes:

- 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. The GLA will deliver its aim through a framework of five strategic programmes, all led by an executive member, accountable to the Chair and GLA Board with specific, measurable, time limited, realistic yet stretching objectives.

The five strategic programmes are listed below and will include, but not be 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 will demonstrate in all it delivers that there is a proportionate yet robust grip of its business, relentless follow up to ensure delivery and a forensic attention to detail to reassure all who come into contact with the GLA that it will deliver against its aim, priorities and objectives.

Strategic programmes

Prevent: prevent people from engaging in and being subjected to labour exploitation

- GLA labour exploitation prevention plan which incorporates all prevent, protect, pursue, prepare activities from the Modern Slavery Strategy and its associated action plan

- Collaborative/integrated working with other agencies, bodies to prevent and identify any erosion of workers' rights
- Threat and risk based approach – development of improved structure to ensure effective deployment of resources
- Use of intelligence to identify emerging trends – National Intelligence Model (revised) compliance
- Reduce the burden on compliant business
- Develop with other agencies problem profiles for industries at most risk of labour exploitation
- Organised Crime Group (OCG) Mapping, disrupt, dismantle
- Stifle unscrupulous labour users/providers
- Tackle criminality at all levels

Productivity: the concentration of resources, finance and focus in order to maximise efficiency and effectiveness

- Value for money – workforce planning, procurement, asset management
- Audit and compliance – targeted to provide greater insight
- Inspections, reviews, formal feedback
- Governance
- Compliance/enforcement – individual, team, partnership
- Outcomes led – Not target driven
- Value for money profiles – Comparisons, in sourcing, business partnering
- Outcomes and outputs
- Income generation, business growth, policy review, communication
- Joint performance measures

People: delivery of the aim, priorities and objectives of the GLA through its most critical asset

- Leading authority
- High performance
- Recruit and develop
- Inspire and motivate
- Reward and recognition
- Policies and processes
- Talent management and succession planning
- Equality and diversity

Partnerships: reducing the harm caused by labour exploitation through effective and sustainable partnerships

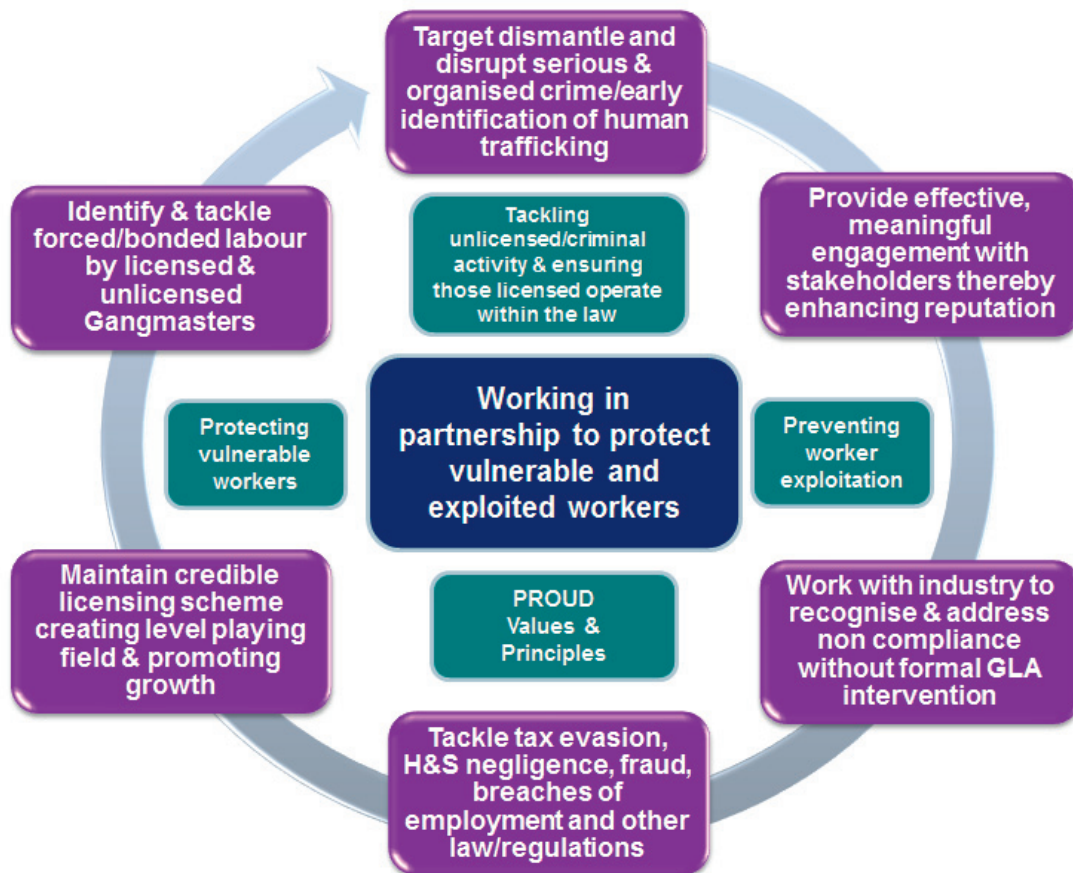
- Liaison groups, e.g. labour provider/user, worker/NGO, retail
- Self and co-regulation by compliant businesses
- Retailer/Supplier protocol
- Working with Government departments and agencies
- Working with devolved administrations
- GLA/University of Derby training academy
- Effective management of community intelligence
- Current and enabling service level agreements
- Joint agency tasking, threat/intelligence assessments

Transition: Implementation of GLA reform under the Immigration Act 2016

- Development of close and purposeful working relationship with Director of Labour Market Enforcement
- Further strengthening of working relationships with National Minimum Wage team and EASI
- Timely and comprehensive communication of changes to staff
- Recruitment of staff to fulfil aims of the reform, as required
- Development of skills and knowledge for the new role of Labour Abuse Prevention Officers
- Continuous professional development for existing staff to meet the changes in legislation
- Support the development of the Director of Labour Market Enforcement's central intelligence hub
- Support the delivery of the priorities within the Director of Labour Market Enforcement's annual strategy
- Work with partners to exercise labour market functions to tackle labour market exploitation
- IT transition of the GLA to Home Office systems
- Development of licensing system – Licensing Application Workflow System (LAWS)
- Development of conduct and complaints framework in conjunction with the Independent Police Complaints Commission
- Review of processes for operational work

Key Performance Measures

The following diagram illustrates how delivery is monitored, measured and evaluated to ensure that the safeguarding of vulnerable workers in the GLA regulated sector is fundamental to all activity be it strategic, tactical or operational.



Some of the targets will be modified from time to time to reflect emerging trends in worker exploitation, however, the principle of performance improvement measured against time, trends and peers (where applicable) will remain.

Improvements will be measured and evaluated year on year. They will be analysed over one, three and, where possible, five year periods to enable meaningful interpretation. They will also be based upon accurate data and analysis, supported by robust systems and structures and driven by staff with the necessary expertise and skill to maximise the function.

Performance against targets will be reported to the GLA full Board and the Home Office to ensure oversight, scrutiny and governance.

Management Commentary – Performance 2015-16

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

- The GLA has identified or given assistance to law enforcement in the identity or activity of 36³ OCGs suspected of involvement in labour exploitation/modern slavery/trafficking and other serious criminality
- A total of £12.4m³ has been identified as proceeds of crime although this is yet to be realised through the court process
- The GLA has equally led or supported 54³ joint operations and investigations with partner law enforcement agencies
- There are currently 22 offenders pending trial with 86 indictments³
- Effective exchange of intelligence between partner agencies including nearly 1,000³ shared intelligence reports
- The first law enforcement agency to go live with the revised National intelligence reporting system
- GLA working with police forces were the first to use powers under the Modern Slavery Act 2015 to secure two Slavery and Trafficking Prevention Orders

The work of the GLA continues to inform the overall picture of organised crime and labour market enforcement within the UK particularly in the area of modern slavery and worker exploitation in all its forms. The identification and recording of OCGs operating within the regulated sector remains a priority and we continue to liaise closely with the NCA, Regional Organised Crime Units (ROCU), individual Police forces and other law enforcement agencies to ensure that, wherever possible, any criminality identified is tackled promptly and effectively by the most appropriate authority. This also ensures that the UK National Threat Assessment and other strategic fora with law enforcement, Home Office and other key partners, both nationally and internationally, remain current and informed. Tackling or disrupting serious and organised criminality is a complex area and requires an effective partnership commitment. During the course of the year we have explored every opportunity to develop and enhance partnership working leading to increased levels of joint operations and investigations.

Our information sharing arrangements with partner agencies remains very strong with intelligence proactively collected, developed and disseminated to our enforcement partners in a timely, secure and proportionate manner.

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 and specifically labour market exploitation.

³ GLA data source

We have assisted in a number of operations most notably in the Eastern region, the South West, the West Midlands and Northern Ireland. As an organisation we have identified criminal benefit totals in excess of £12m - although this is yet to be realised through the court process.

Two Provide effective, meaningful engagement with stakeholders thereby enhancing reputation

- Implemented and embedded a 'Worker Exploitation Prevention Strategy' together with key stakeholders
- Creation of an international network of enforcement agencies whose primary role is to address labour exploitation (32 countries and international organisations)
- Modern slavery/labour exploitation training and awareness has been delivered to 4,500 supply chain/public sector staff from 238 organisations pledging to raise the risks of exploitation to an estimated 367,154 workers⁴
- Launch of the GLA Academy programme in partnership with the University of Derby attended by 38 delegates representing 22 organisations
- Human trafficking and modern slavery investigation training delivered to UK and international law enforcement (12 countries)
- Creation of a worker/NGO liaison group involving trade unions, charities and other members representing victims and workers

This year we have looked for even more opportunities to connect with our stakeholders dedicating a large amount of time to listening to members of the industry and workers as well as regular contact with trade associations, trade unions, retailers and labour providers and users.

The recent national conference and regional pop-up seminars also proved highly popular and enabled GLA Board members and staff to listen to local concerns and insights and be involved in resolving any issues raised.

We have embedded our multi agency Worker Exploitation Prevention Plan which incorporates a number of tactical and strategic options and initiatives gleaned from best practice in the UK and also from overseas. This plan drives activity with which to prevent worker exploitation, prepare the industry to help itself to protect its workforce from labour abuse and also to pursue relentlessly those criminals who seek to exploit vulnerable workers physically, financially, emotionally and psychologically. Having a wider range of enforcement powers afforded under the Immigration Act 2016 will further enhance this approach.

The Supplier/Retailer Protocol whose co-signatories include the British Retail Consortium, the Food and Drink Federation, Fresh Produce Consortium and the GLA has matured this year. This Protocol continues to yield strong results in terms of the increased flow of intelligence from parts of the industry not previously tapped into and also the identification

⁴ GLA data source/Association of Labour Providers

of low level forms of exploitation that can be resolved quickly and effectively to the satisfaction of the worker without formal regulatory intervention.

Our ongoing commitment with the Association of Labour Providers to raise awareness within the industry of the risks of labour exploitation in the supply chain, and our own

*Modern slavery
awareness training*

**For 4500 supply chain
and public sector staff**

training programmes devised at the request of key partners, has meant that we are able to increase the profile of the ever present risks of exploitation to much wider audiences than before. The GLA/University of Derby Academy has delivered internationally acclaimed training to the supply chain in the UK and overseas.

Formal partnerships have been formed with a number of Local Authorities, the Chartered Institute of Purchase and Supply, the Santa Marta Global Network and other agencies to access funding to address such issues as unscrupulous landlords linked to labour exploitation in rural and semi-rural locations. We now also provide training to hitherto untapped resources such as Local Authority officers and health visitors who can assist in identifying issues that would normally be out of sight.

We have also influenced the national response to modern slavery through membership of the UK Modern Slavery Threat Group, contribution to the Modern Slavery Strategy and participation in the European Multidisciplinary Platform against Criminal Threats and contributed to discussions at a global level through the United Nations sustainable development goals on modern slavery.

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

- Hosted the GLA National Stakeholder Conference 2016
- Ran nine regional pop-up seminars
- Informal intervention with labour providers leading to the immediate recovery of £82,000⁵ on behalf of workers
- Year on year increase in intelligence from industry sources
- 'Health checks', advice and guidance given to those operating within supply chains but outside of the GLA regulated sectors

In March 2016 the GLA hosted its second annual conference attended by over 300 delegates including licence holders, labour users, retailers, law enforcement officers and other interested parties. Examples of best practice were shared with a focus on enhancing the already positive intelligence contribution from industry sources. The video diaries of a trafficker and an exploited worker seemed to particularly resonate with attendees. There was overwhelming support and positive feedback for the refreshed GLA three year strategy and also reassurance that the greater emphasis on creating a hostile environment for the rogue gangmasters whilst easing the burden on the compliant was the correct path to take.

⁵ GLA data source

Delegates responded very favourably to our ‘prevent, protect, pursue and prepare’ approach being reflected from the Modern Slavery Strategy. In addition the GLA continues to engage positively with those labour providers who proactively seek to address non-compliance and therefore avoid unnecessary intervention measures.

Throughout the course of the year the GLA has maintained constructive dialogue with its licence holders. The maturing of the low level or “Tier 1” resolution procedure which allows for the immediate rectifications for oversights over non-payments of small amounts of wages etc. has proven effective in dealing proportionately and effectively with comparatively minor issues.

This year over £82,000 was identified and quickly returned to 2,326 exploited workers. As a proportion of a £109 billion industry this may seem insignificant but for a worker on the minimum wage who cannot afford any shortfall in their salary these interventions are hugely important. In fact, the GLA increased the number of direct informal interventions with labour providers by 32 per cent over the last year (31 interventions in 2014-15 and 41 in 2015-16), with a substantial increase in the sums recovered on the previous year (£13,617 2014-15).



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 workers of paramount importance. To be more effective, four officers have been trained and awarded the Royal Yacht Association/Maritime and Coast Guard Agency small craft sea survival certificate to ensure they can be deployed effectively.

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
- Direct intervention on behalf of 2,952⁶ workers to prevent them from exploitation
- Compliance inspection activity remains intelligence-led and focussed on serious non-compliance of licensing standards
- Contributed to the five Better Business Compliance Partnerships particularly in Ealing and Cornwall and have also been involved in ad hoc Local Authority initiative operations
- Operation Clover in the South West saw the precursor agencies of GLA/EASI and HMRC minimum wage team working successfully with Police and other local agencies to protect temporary workers in the flower picking sector

⁶ GLA data source

This strategic objective is underpinned by the eight GLA licensing standards⁷ 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 a notification to any other relevant statutory body which may wish to investigate further matters that the GLA has uncovered.

All GLA inspection activity is intelligence-led. During the last 12 months the GLA responded to 395 allegations of breaches of licensing standards and 99 compliance inspections were tasked⁶.

During the year the GLA has liaised with the industry on matters such as Travel & Subsistence Schemes, Fees and Charges, Licence Maintenance and National Living Wage issues with a number of GLA briefs being circulated.

The GLA continues to work closely with a number of statutory bodies an example being with Boston Borough Council on a centrally funded project to tackle rogue landlords i.e. those landlords suspected of taking advantage of their tenants by placing them in unfit or unsuitable accommodation – an issue commonly linked to labour exploitation and human trafficking. From that initiative, landlords across Lincolnshire (and other areas) now need to hold a Local Authority issued licence to demonstrate their adherence to standards. This initiative is being led by the Department for Communities and Local Government and may now be implemented nationally.

Added to this, 22 criminal prosecutions connected to labour exploitation totalling 86 indictments passed through the criminal justice system. These include violence, fraud, sham marriages, 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. Sadly, of the 14 licences revoked during this reporting period a number of businesses in the GLA regulated sector, employing a total of 2,598⁸ workers, were known to have used exploitative practices. The inspection process has also identified a further £1.4m as owed to workers. This would include such matters as unpaid wages, holiday pay or excessive transport charges. As a result of the Immigration Act 2016, the GLA, working with labour abuse partners, will be in a position to tackle recovery of money owed to workers.

Over the year there have been 54 joint operations with partners including HMRC, numerous police forces across the UK, Local Authorities, Fire and Rescue, Department for Work and Pensions, NCA, HSE and licence holders themselves.

The GLA is a key partner of the national Government Agency Intelligence Network (GAIN) and has been instrumental in forging innovative and different approaches to managing labour market exploitation and enforcement. We have also influenced European and law enforcement policy and tactics overseas including Australia, the United States, the Far East and United Arab Emirates all of whom highlight the GLA operating model as the most cost effective and efficient way to manage labour abuse.

⁷ www.gla.gov.uk/i-am-a/i-supply-workers/i-need-a-gla-licence/licensing-standards/

⁸ GLA data source

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

- 15 per cent increase in new licence applications from previous year (179 received in 2015-16 and 155 in 2014-15)⁸
- Forensic approach to serious non-compliance
- All licence Appeals upheld by the Appointed Person in favour of the GLA decision
- European GLA enforcement network comparing and contrasting different licensing regimes
- Licence holders satisfied with the service provided by the GLA – 94 per cent⁹

The GLA's approach to licensing continues to withstand robust and independent external scrutiny through the appeals process. In the last six years the GLA has successfully defended the licence decision in all cases that have been considered by the Judge (Appointed Person). This demonstrates a proportionate, necessary, lawful and appropriate approach using licence revocation as one of the last resorts to protect workers.

The number of licences granted for 2015-16 was 142 with 9 refusals and 14 revocations out of an overall total of 996 licences in existence.

An internal audit validated the discretionary approach to physical site visits as part of the application process. Licence decisions without a site visit were taken on 12 occasions during the last year out of a total of 156 applications processed. No adverse issues resulted from this approach.

A formal review of the licensing standards was due to take place during 2015-16, however, this was deferred pending the outcome of the Immigration Bill. With the introduction of the Immigration Act 2016, any changes to licensing will be taken forward within the new legislative framework.

The GLA has been the catalyst in the creation of a network of labour enforcement equivalents across Europe (18 countries) but with an ambition of including all member states and other international bodies by 2017. The purpose is to share best practice, current trends and information in real time thus seeking to protect a transient population of workers working across Europe but also to identify and disrupt those criminals who do not work within borders and seek to exploit people financially and physically wherever they can. Hence for the enforcement agencies to share information regarding exploitative practices in source, transit and destination countries is a major step forward in preventing exploitation at source. More detailed work continues with regard to comparing and contrasting different licensing regimes in order to establish common areas of complimentary work.

⁹ GLA survey of licence holders 2015-16

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

- 2,952 potential victims of labour exploitation have been identified and given support to remove them from danger
- The GLA has led or supported 54 joint operations and investigations with partner law enforcement agencies
- A total of 14 licences were revoked including four revoked immediately directly stopping the continued exploitation for over 2,598 workers. Additional Licence Conditions have also been added to 24 existing licences and 20 new licences
- Six joint operations were carried out in the shellfish gathering sector which still presents obvious dangers for those involved
- Offences including sham marriages, violence and fraud have been identified through the activities of unlicensed gangmasters

The GLA has been a leading contributor on behalf of the UK in response to modern slavery including giving evidence to All Party Parliamentary Groups on Human Trafficking relating to the Modern Slavery Act 2015, Immigration Act 2016, legislators and policy makers. From other witnesses and key stakeholders there continues to be widespread consensus over the delivery and 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”¹⁰.

The action taken by the GLA to revoke or refuse a number of licences during this year resulted in 2,598 workers being saved from prolonged and further exploitation and also prevented hundreds more from entering the supply chain through this means and then also being exploited. It is pleasing to note that through strong partnerships with statutory agencies all the displaced workers were found alternative accommodation and employment. Thus, this has overcome a significant barrier to workers coming forward, being told by their exploiters that if they did so, they would become jobless and homeless.



Over the year, delegates from Australia, Taiwan, Malaysia, the United States, Belarus, Israel, Romania, Bulgaria, Albania, Vietnam, Brazil and Nigeria have all adopted some or all of the GLA model, such is the perceived effectiveness of co-regulation and incisive

engagement with the industry it serves to assist. Likewise the GLA has developed effective relationships with other UK sectors including construction, cleaning and logistics that have and continue to aspire to the well-established GLA licensing standards.

¹⁰ www.publications.parliament.uk/pa/jt201314/jtselect/jt slavery/166/16608.htm

2015-16 Performance against 3-year corporate targets

Target	Status	Commentary
Establish the baseline and review the extent of workers' unpaid holiday pay, breaches of national minimum wage and enforcement of breaches of employment standards/statutory employment rights. Ensuring that all such identified instances are accurately recorded at all times	Achieved	During the year the GLA recorded 164 'allegations' relating to workers' unpaid holiday pay, breaches of national minimum wage and enforcement of breaches of employment standards/statutory employment rights. 53 licensing standards were recorded as 'failed' following compliance inspection activity.
Increase by 15 per cent year on year the number of actual and potential victims of labour exploitation identified, and given support to remove them from danger/raise awareness of their rights	Exceeded	During the year a total of 2,952 potential victims of labour exploitation were identified and given support to remove them from danger compared to 779 in the previous year.
Increase by 10 per cent year on year the identified criminal profits from GLA investigations and joint investigations for consideration of seizure of proceeds of crime through unlawful activity within the sector	Exceeded	The process of realising the proceeds of crime can take years to come to fruition and HM Treasury incentivisation rules indicate that forfeited proceeds of crime are divided equally between the Courts, the Crown Prosecution Service and Law Enforcement. This means that the GLA share of any realised confiscation would depend on whether it is the sole or joint investigating agency. During the reporting year the business benefit figure identified for potential proceeds of crime proceedings was £12.4m which significantly exceeds the previous year of £5.1m. This recent figure is affected by one substantial case. At the time of reporting, no proceeds of crime court proceedings had been finalised.
Monitor and maintain year on year the number of referrals (successfully identified as victims) made to the UKHTC (NRM referrals)	Not achieved	The GLA identified 26 workers for referral through the NRM against a target of 38. This reduction is largely due to the added focus that the UK Independent Anti-Slavery Commissioner has brought upon policing response to potential victims of modern slavery.

Target	Status	Commentary
Monitor and maintain year on year referrals on the identification and activity of OCGs to law enforcement ROCUs	Exceeded	During 2015-16 the GLA reported on 36 OCGs who are involved in labour exploitation/modern slavery/trafficking and other serious criminality. This includes 22 OCGs currently recorded on internal systems plus a further 14 occasions where the GLA provided law enforcement with information into the activity of suspected OCGs. This compares against a figure of 32 in 2014-15.
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	Exceeded	41 cases were dealt with in 2015-16 resulting in the recovery of over £82,000 on behalf of 2,326 workers. In 2014-15 there were 31 such cases resulting in the recovery of £13,617.
To develop closer working relationships with HMRC, HSE, NCA, Local Authorities and law enforcement agencies through monitoring and maintaining the number of joint operations year on year	Achieved	Data relating to information exchanged between the GLA and other agencies demonstrate that the GLA is very active in ensuring that relevant information is disseminated. During 2015-16 there have been 54 joint operations with partners including HMRC, Local Authorities, Police, Fire Service, NCA, HSE and others compared with 53 operations in 2014-15.
Monitor and maintain the satisfaction of licence holders with the service provided by the GLA at 86 per cent	Exceeded	Since the previous year's results were published, the GLA has changed the way surveys are conducted. Short online surveys following GLA interventions are now undertaken in line with government policy and we also conduct quality assurance follow-up enquiries with each licence holder after a GLA contact to assess service delivery and make adjustments as necessary. During 2015-16 94 per cent of licence holders were satisfied with the service provided by the GLA.
Monitor and maintain the perception amongst all key stakeholders that the GLA is doing a good or very job at 93 per cent	Not progressed	It was agreed at the GLA Board that a stakeholder survey for 2015-16 would not be undertaken due to the Government's public consultation exercise on the GLA.

2015-16 performance against within year targets

Target	Status	Commentary
By March 2016 to have implemented the GLA Licensing Standards to ensure that they best support the Authority's strategic aim, priorities and objectives	Not progressed	This target was not progressed due to the ongoing considerations on the future of the GLA and prospective introduction of the GLAA.
By January 2016 to have improved the stakeholder survey response rate to 10 per cent more than the 2015 levels	Not progressed	This target was not progressed due to the Government's public consultation exercise on the GLA.
By January 2016 to have improved the licence holder survey response rate to 10 per cent more than the 2015 levels	Not progressed	Short online surveys following GLA interventions are now undertaken in line with Government policy. At present insufficient data is held to compare response rates.
By May 2015 to have made appropriate plans for briefing of any change in governmental administration	Achieved	All relevant parties from Ministerial to Official level have been and continue to be engaged in ongoing briefings and discussions from the change of Parliament in 2015.
By September 2015 to present alternative sustainable funding models for consideration by the Home Office	Achieved	Papers prepared and submitted to the Home Office for consideration.



Paul Broadbent
Chief Executive
 2 November 2016

Accountability Report

Directors' Report

Explanation of Funding 2015-16

The Statement of Comprehensive Net Expenditure for the year ended 31 March 2016 on page 52 shows a deficit of £842,000 (£588,000 2014-15).

For the purposes of financial reporting, the Grant-in-Aid (GIA) does not form part of the GLA's income and is accounted for in the Financial Statements within the Statement of Changes in Taxpayers' Equity for the year ended 31 March 2016 on page 55. Under the 2004 Act, income from licensing receipts is surrendered to the Secretary of State who in turn surrenders it to the consolidated fund.

The table below illustrates the funding allocation (including GIA) which reflects a more accurate position of the GLA's performance against budget. The GLA is allocated both non-ring-fenced funding and ring-fenced non-cash funding to cover costs associated with accounting adjustments like depreciation.

The total expenditure for 2014-15 includes some one-off restructuring costs of £184,000 relating to Board recruitment and removal of staff's right to incremental pay.

Budget for the Year	2015-16 £000s	2014-15 £000s
Non-ring-fenced budget	3,968	4,118
Income received	131	129
Total Expenditure	4,099	4,247
Actual Expenditure	(4,091)	(4,201)
Underspend	8	46
Non-cash budgeted	200	184
Non-cash expenditure	(60)	(176)
Underspend	140	8
Total underspend	148	54

Pension Arrangements

Pension arrangements for the GLA 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 and Staff Report (pages 44 to 48).

Payment Policy

The GLA 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 GLA'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 to comply with the Department for Business, Innovation and Skills' directive to pay invoices within five 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 2015-16 the GLA achieved an average payment time of four days (3.9 days in 2014-15).

Complaints Procedure

The GLA has an established policy¹¹ for dealing with complaints. All complaints are responded to in writing. 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 GLA.

In 2015-16 the GLA received nine complaints most of which related to licensing decisions (11 complaints in 2014-15). None of the complaints was upheld. Two were reviewed internally and one of these has been referred to the Ombudsman though a decision is yet to be made on this.

Freedom of Information Act

Under the Freedom of Information Act 2000 (FOI Act), anybody may request information from a public authority which has functions in England, Wales and/or Northern Ireland. The FOI 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 GLA provides guidance on how it handles Freedom of Information requests in its External Communications Policy¹².

In 2015-16 the GLA received 24 requests (38 requests in 2014-15) under the FOI Act with 23 responses provided inside the stipulated 20 day period. The one late response related to a complex, multi-part request that required referral to a number of parties within the GLA. The response was sent within 21 working days.

¹¹ www.gla.gov.uk/who-we-are/complaints/

¹² www.gla.gov.uk/publications/external-communications-policy-1/

Information Security

There have been no incidents of loss of personal data during the year (none 2014-15).

Disabled Persons

In line with good practice towards applications for employment, the GLA 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 GLA is committed to the development and promotion of equality of opportunity for all through a comprehensive system of staff development, selection and care.

We are committed to eliminating discrimination and encouraging diversity amongst our workforce. Our aim is that our workforce will be truly representative of all sections of society and to create a working environment where each employee feels respected and able to give their best. Our policy is also applicable to all customers, suppliers and contractors, whether permanent or temporary.

We will demonstrate commitment towards ensuring that no person receives less favourable treatment on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity/paternity, race, religion or belief, sex or sexual orientation.

In order to achieve this we have developed employment policies, practices and procedures to ensure that individuals are recruited, selected and treated on the basis of their individual merits and suitability for posts. This also applies to all policies and procedures relating to our customers and clients.

We will treat all staff with dignity and respect and will strive, at all times, to provide a working environment free from discrimination, harassment or victimisation.

All our staff are clear on their individual responsibility to ensure that, in their dealings with everyone, they adhere to the principles and standards of the GLA as outlined in our Performance Principles – Statement of Intent and policies.

Basis of Accounts Preparation

These accounts have been prepared in the form directed by the Home Office, with the approval of HM Treasury in accordance with Section 23 of the 2004 Act.

The Financial Statements are prepared in accordance with regulation 9(2) of the Gangmasters (Licensing Authority) Regulations 2014 and directions made thereunder by the Secretary of State, reporting the state of the GLA's affairs as at 31 March 2016 and its financial position for the year.

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

I have taken all necessary steps to make myself aware of any relevant audit information and to ensure that the GLA's auditor is aware of that information. As far as I am aware, there is no relevant audit information of which the GLA's auditor is unaware.

Any events that would impact on these accounts after the 31 March 2016 are stated in note 18 on page 69.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Paul Broadbent
Accounting Officer

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, the Secretary of State with the consent of HM Treasury 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 GLA and of its net expenditure, statement of financial position, cash flows and changes in taxpayers' equity for the financial year.

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

HM Treasury has appointed Paul Broadbent as Accounting Officer of the GLA. 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, as set out in Managing Public Money published by HM Treasury.

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.

The GLA 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.

Framework

The GLA's activities are controlled and monitored by the GLA's Board whose members are appointed by the Secretary of State.

During the year the Board consisted of the Chair, Margaret Beels and six Board members. The Gangmasters (Licensing Authority) Regulations 2015 provide for the appointment of up to eight members. Board meetings are also attended by the GLA's Executive Management Board.

The Board has two sub-committees that conduct business on its behalf. The ARC considers strategic process for risk, control and governance, internal and external audit provision, accounting policies and the compilation of the GLA's Annual Report and Accounts. Reports are submitted to the quarterly Board meetings.

The Remuneration Committee makes recommendations with regard to the performance management and any remuneration applicable to the Chief Executive.

There are also two liaison groups (these are not sub-committees of the Board): a labour provider/user liaison group which is chaired by the GLA's Chair and a worker/NGO liaison group which is chaired by a Board member. These groups review the operation of the GLA within the regulated sector from a stakeholder perspective and seek to enhance co-operation between the GLA and its stakeholders, identifying joint areas of interest and the adoption of new policies and strategies. Reports are submitted to quarterly Board meetings. The GLA executive are also members of these groups and/or chair various national stakeholder groups including GAIN, the Modern Slavery Threat Group and international liaison committees.

A full list of members and their individual attendance records at Board meetings during 2015-16 is detailed below. A public register of interests for Board members is held, and this may be accessed via the GLA's website at www.gla.gov.uk.

Meetings are held on a quarterly basis and are open to the public.

Attendance at GLA Board meetings

Representative	Number of meetings attended	Number of meetings eligible to attend
Margaret Beels (Chair)	4	4
Simon Allbutt	4	4
William Butler	3	4
Angela Coleshill	4	4
Prof Linda Dickens MBE	4	4
Marshall Evans	4	4
Dr Paul Williams	4	4

Attendance at Audit and Risk Committee

Board Representative	Number of meetings attended	Number of meetings eligible to attend
William Butler (Chair)	3	4
Prof Linda Dickens MBE	4	4
Dr Paul Williams	4	4

Attendance at Remuneration Committee

Board Representative	Number of meetings attended	Number of meetings eligible to attend
Simon Allbutt (Chair)	4	4
Angela Coleshill	4	4
Marshall Evans	4	4

No new Board member appointments were made during 2015-16. Consideration of whether and when to expand the size of the Board to eight, as permitted by the Gangmasters (Licensing Authority) Regulations 2015 was deferred to allow for the outcome of the public consultation into 'tackling labour market exploitation' and the implementation of the Immigration Act 2016 provisions.

The GLA Board, in consultation with the Secretary of State, appoint a Chief Executive who, with senior managers, ensures the operational objectives of the GLA are delivered. The GLA records its performance against agreed objectives on a monthly basis.

Internal Audit

Based on assurances that I have received from our internal auditors I am satisfied that the GLA is compliant with the Corporate Governance Code with no material exceptions.

Four internal audit reviews have been completed within 2015-16 on payroll, key financial controls, governance and legal appeals. All gave moderate assurance. As a result of these audits, the GLA agreed 14 recommendations, one of which is still outstanding.

For the year 2015-16 the internal audit services were provided by the Home Office.

Scope of Responsibility

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

In preparing my annual Governance Statement for 2015-16 I have incorporated the guidance from the 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 insofar as they are applicable to the GLA.

The system of internal control in use has been subject to regular review by the Executive Management Board. The GLA Board are presented with a full risk register annually and have delegated responsibility for routine monitoring of risk management arrangements to the ARC. Responsibility for the setting of risk appetite for all strategic risks is the responsibility of the GLA Board. Processes are in place for risks to be escalated to the Home Office where necessary.

I am required to allow the ARC complete access to any information to enable them to report to the GLA's Board.

During the reporting period 2015-16 I was obliged to report regularly to the Home Office to satisfy them of the regularity and propriety of expenditure relating to enforcement, the responsibility for which has been delegated directly to the GLA by the Secretary of State.

In addition I ensured that the Home Office Permanent Secretary, the Principal Accounting Officer for the Home Office, was aware of the main risks managed by the GLA through regular reporting to our sponsor team.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to an acceptable level in line with the Board's risk appetite, rather than to eliminate all risk of failure to achieve the GLA's aim, priorities and objectives; it can therefore only provide reasonable, but not absolute, assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the GLA's aim, priorities and objectives. This includes evaluation of the likelihood of those risks being realised and the impact should they be realised, to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2016 and up to the date of approval of the Annual Report and Accounts. This complies with HM Treasury guidance.

Capacity to Handle Risk

The GLA continues to evaluate on a regular basis the management of risk within the GLA. A general risk management statement has been agreed with the GLA Board to summarise the GLA's approach to risk.

GLA operates in an environment that includes criminality and GLA operations are not without risk. The GLA undertakes inspections and investigations where the process and the final result cannot be predicted. Consequential court cases can be expensive and the duration uncertain. Government funding of the GLA is subject to public expenditure pressures. To fulfil its basic purpose the GLA has to accept a degree of risk: its appetite cannot be universally low.

The GLA will be unrelenting in its approach to disrupt labour exploitation in all its forms by any lawful, ethical and cost effective means. Its core aim is to protect vulnerable and exploited workers hence has a low risk appetite towards safety, enforcement and compliance objectives with a marginally higher risk appetite towards its financial and legal obligations, albeit these are still low.

The risk register is reviewed by the Senior Leadership Team at each of its monthly meetings. For each risk a Risk Manager is identified and staff are given the opportunity to contribute to the identification of risks. The risk registers are presented to the regular ARC meetings with comments and proposed action, as well as being presented annually in full to the GLA Board. The risk register, management and tolerance levels are then set and reviewed in line with Home Office best practice.

During the year the primary risks have and continue to be:

- Information technology in terms of the transition from Defra to the Home Office platform. The change of sponsor occurred in 2014, however, the GLA remains on the Defra system. Transfer to Home Office systems will enhance the effective sharing of information between fellow Home Office bodies.
- The functionality of the public facing licensing system – LAWS – is at the end of shelf life and will not meet the needs of the implications of the new LME programme.
- Legal challenges to GLA interpretation of the 2004 Act, Regulation and conduct remain an enduring issue.
- Resourcing operational demands continue to cause concern given the rise in modern slavery, labour exploitation and expansion of powers under the Immigration Act 2016.
- Potential loss of stakeholder confidence associated with changes in governance arrangements.

The most significant risk to operational effectiveness is the public facing IT licensing system, LAWS. The purpose of this system is to ensure that licences are granted to those who meet the standards and that only those who maintain those standards can continue to trade.

LAWS is the GLA's largest and most complex IT system and is hosted by IBM/Defra. As the key public facing and core business system it is central to GLA activities. For some years, the system has required a substantial upgrade, being inflexible so restricting customer and licensing developments. IBM/Defra identified vulnerability with the system, the risk for which was escalated through the Home Office and mitigation put in place.

Due to the nature of GLA business and its aim to protect vulnerable and exploited workers, it is likely that its decisions to revoke or refuse a licence when serious breaches of the licensing standards occur will be the subject of challenge. This is an enduring significant risk facing the GLA and is a continuous focus of attention and scrutiny in order to mitigate risks and reduce the associated appeal costs.

The GLA has successfully defended all appeals in 2015-16. There were eight appeals received in 2015-16 (24 2014-15). The GLA has not been the subject of an adverse appeal decision since 2010, underlining its proportionate and legitimate approach based on timely and accurate intelligence.

However, the nature of the revocation and appeals process and the length of time this takes through HM Courts and Tribunal Service process means there is an inherent risk that decisions could adversely impact on the GLA and, even when successfully defended, the appeals absorb significant resource and finance.

The GLA is a small organisation and has limited resilience compared to the risk that it carries. The GLA has a number of potential single points of failure (that are identified and mitigated against) and has to deal with demand levels that regularly exceed capacity and, on occasion, capability. The GLA also relies on collaborative arrangements with other organisations that face similar pressures to share cost, pool resources etc.

With changes in the GLA Board structure and consultation about the role and remit of the GLA, understanding stakeholders and maintaining stakeholder engagement has been a concern. The GLA relies on positive and consensual relationships with a range of stakeholders to deliver its objectives.

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 GLA 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.

ARC, on behalf of the GLA'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 identify minor areas of concern only. All such issues have been addressed quickly and in detail.

Risk Environment

During 2015-16, the GLA has continued to work within the financial controls set by Government. This year has seen the delivery of projected savings under my direction, and I have critically reviewed budgets with the objective of, wherever possible, preserving front line operational services.

At the same time there have been increasing demands on the GLA, in terms of volume, complexity and increased criminality and exploitation. In response to this the GLA is increasingly reliant on a risk based approach to target resources and the threshold prior to allocating resources is under continuous review.

The GLA has received a budget allocation for 2016-17, which includes an increase of £500,000 to contribute towards legislative reforms. The allocation will assist with the first stages of establishing the true level of labour exploitation across the economy. The GLA has also been given a capital allocation of £1.1m to enable it to address the functionality and hosting of its licensing system and transition to the Home Office IT platform.

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.



Paul Broadbent
Accounting Officer
2 November 2016

Remuneration and Staff Report

Executive Management Board

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

Paul Broadbent	Chief Executive
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. Current and future salary packages are set in line with the work and recommendations of the Senior Salaries Review Body and Civil Service pay guidance. The terms and conditions of the Chief Executive are determined by the Board and approved by the Secretary of State. All positions were advertised nationally. Salary information is recorded in the table on page 43.

The Chair of the GLA is employed on a contract basis. During the financial year, the Chair, Margaret Beels, received total remuneration of £27,390 (£28,050¹³ 2014-15). These costs are included in the staff costs total of £2,889,000 (£2,888,000 2014-15) on page 47. Payments of £599 (£661 2014-15) have also been made to the Chair in regard to travel and subsistence.

The Chief Executive, Paul Broadbent, is employed on a fixed term contract which is due to expire in November 2016.

Board Members

	Directorship and significant interests	Salary 2015-16 £000s	Salary 2014-15 £000s
Simon Allbutt	<ul style="list-style-type: none">Director Allbutt HR ConsultingBoard member Erskine Hospital	0-5	-
William Butler	<ul style="list-style-type: none">Chief Executive Security Industry(until June 2015)	0-5	-
Angela Coleshill	<ul style="list-style-type: none">HR Director Food and Drink FederationDirector National Skills Academy	0-5	-

¹³ The prior year published figure of £28,545 was based on cash payments, however going forward the disclosure will be on an accruals basis.

	Directorship and significant interests	Salary 2015-16 £000s	Salary 2014-15 £000s
Prof Linda Dickens MBE	<ul style="list-style-type: none"> ▪ Member Acas Council ▪ Member Acas Panel of Arbitrators ▪ Member Expert Advisory Panel Essex Fire and Rescue Services ▪ Independent Chair NJC Fire and Rescue Services ▪ External Mediator Royal Mail UCW 	5-10	-
Marshall Evans	<ul style="list-style-type: none"> ▪ Director (Non-Board) Staffline Recruitment Ltd/Staffline Group Plc ▪ Director and Board member Recruitment and Employment Confederation 	0-5	-
Dr Paul Williams	<ul style="list-style-type: none"> ▪ Chief Executive Sea Fish Industry Authority (until October 2015) ▪ Council Member Shellfish Association of Great Britain ▪ Director Improve Ltd (Skills Council) York 	0-5	-

Normal business related travel and subsistence was reimbursed to Board members in line with the GLA's policy. This amounted to £3,000 in 2015-16 (£4,000 2014-15).

Tax Arrangements for Public Sector Appointees

There were no off-payroll engagements as of 31 March 2016 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 2015 and 31 March 2016 for more than £220 per day and that lasted for longer than 6 months.

Policy on the Duration of Contracts and Notice Periods

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

Policy on Performance Related Pay

All GLA staff members, subject to an eligibility criterion, may qualify for performance related pay (PRP) in addition to basic salaries. The PRP for eligible staff is set by a committee consisting of the CEO, Directors and Human Resources (and the Chair where directors' remuneration is discussed) that considers self-nomination forms submitted by employees. Bonuses are awarded subject to individuals exceeding the performance criteria in line with the GLA's strategic objectives.

Salary Information (Subject to Audit)

Remuneration

Payments for PRP amounting to £5,000 (£5,000 2014-15) have been paid to senior managers during 2015-16.

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

2015-16

Single Total Figure of Remuneration

Senior Manager	Job Title	Salary £000s	Bonus Payments £000s	Severance Payments £000s	Pensions Benefits £000s	Total £000s
Paul Broadbent	Chief Executive	85-90	5-10	-	-	95-100
Darryl Dixon	Director of Strategy	60-65	5-10	-	14	80-85
Nicola Ray	Director of People and Licensing	35-40	-	-	18 ¹⁴	55-60

2014-15

Single Total Figure of Remuneration

Senior Manager	Job Title	Salary £000s	Bonus Payments £000s	Severance Payments £000s	Pensions Benefits £000s	Total £000s
Paul Broadbent	Chief Executive	80-85	-	-	-	80-85
Darryl Dixon	Director of Strategy	60-65	5-10	-	7	75-80
Nicola Ray	Director of People and Licensing	35-40	-	-	10	45-50

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the GLA in the financial year 2015-16 was £95,000 - £100,000 (£80,000 - £85,000 2014-15). This was 2.71 times (2.58 times 2014-15) the median remuneration of the workforce, which was £33,197 (£32,899 2014-15).

Total remuneration includes salary, non-consolidated performance related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

¹⁴ This figure includes benefits from PCSPS and alpha

Other than noted above, no other benefits in kind or compensation were paid to senior managers. The GLA does not offer any remuneration package which is not in the form of cash.

In 2015-16 no employees received remuneration in excess of the highest paid executive (none 2014-15). Remuneration ranged from £17,000 - £90,000 (£16,000 - £85,000 2014-15).

As at 31 March 2016 there were two female (Chair and Director) and two male (Chief Executive and Director) senior leaders with 27 female and 40 male staff in total.

The Chief Executive's pay was increased in 2015-16 following a review by the GLA Board and recommendations made to the Secretary of State to reflect the additional responsibilities taken on by the Chief Executive since 2013. This has increased the median pay ratio.

Pension Information

Civil Service Pensions

Pension benefits are provided through the Civil Service Pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 6 months from their normal pension age on 1 April 2012 will switch to alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits on one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary related and range between 3 per cent and 8.05 per cent of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6 per cent and 8.05 per cent for members of premium, classic plus and nuvos and all other members of

alpha. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, classic plus is essentially a hybrid with benefits 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 up to 30 September 2015 and 8 per cent and 14.75 per cent from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is of the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (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)

2015-16

Senior Manager	Increase in pension £000s	Real increase in lump sum at age 60 £000s	Value of accrued pension £000s	Related lump sum at age 60 £000s	CETV at 1 April 2015 £000s	CETV at 31 March 2016 £000s	Real increase in CETV £000s
Paul Broadbent	-	-	-	-	-	-	-
Darryl Dixon	0-2.5	0-2.5	25-30	75-80	472	524	12
Nicola Ray ¹⁵	0-2.5	0-2.5	20-25	30-35	308	346	9

2014-15

Senior Manager	Increase in pension £000s	Real increase in lump sum at age 60 £000s	Value of accrued pension £000s	Related lump sum at age 60 £000s	CETV at 1 April 2014 £000s	CETV at 31 March 2015 £000s	Real increase in CETV £000s
Paul Broadbent ¹⁶	-	-	-	-	-	-	-
Darryl Dixon	0-2.5	0-2.5	25-30	75-80	444	472	5
Nicola Ray	0-2.5	0-2.5	20-25	30-35	287	308	6

None of our senior managers are members of the partnership pension scheme.

¹⁵ These figures are based on service in both PCSPS and alpha pension schemes

¹⁶ Paul Broadbent opted out of the pension scheme in 2013-14

Staff Costs (subject to audit)

	2015-16 Total £000	2014-15 Total £000s
Staff salaries including PRP	2,299	2,321
Employee benefits as per IAS 19	(15)	1
Social security costs	186	194
Pension service costs	419	372
Total	2,889	2,888

Employee benefits' liability was reduced through proactive action to reduce outstanding annual leave in 2015-16.

In 2015-16 there were no temporary administration staff costs (£6,000 2014-15) and no temporary licensing staff costs (£2,000 2014-15).

Three employees were employed on a fixed term contract during 2015-16 (five employees 2014-15).

A total of £45,000 was accrued for PRP (£44,400 2014-15) which is consistent with previous years.

Pension Costs

The PCSPS is an unfunded multi-employer defined benefit scheme in which the GLA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk).

To 31 March 2016, employer's contributions of £396,000 were payable to the PCSPS (£350,000 2014-15) at one of four rates in the range of 20 to 24.5 per cent (16.7 to 24.3 per cent 2014-15) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account or a stakeholder pension with an employer contribution. Employer's contributions of £22,000 (£22,000 2014-15) were paid to a panel of appointed stakeholder pension providers.

Employer's contributions are age-related and range from 3 to 12.5 per cent of pensionable pay up to 30 September 2015 and 8 and 14.75 per cent from 1 October 2015. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £700 (£1,200 2014-15), 0.5 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 2014-15). Contributions prepaid at that date were nil (nil 2014-15).

The increase in employer pension contributions in 2015-16 reflects an increase in rates as detailed above.

Average number of employees (based on FTE)

	2015-16			2014-15		
	Total	Permanent staff	Others	Total	Permanent Staff	Others
Total directly employed	66	63	3	66	61	5

Reporting of Civil Service and Other Compensation Schemes Exit Packages 2015-16

There were no exits during 2015-16 (none 2014-15).

Sickness Absence

For the reporting year to 31 March 2016 the average number of days lost to sickness for our staff was 9.3 (7.5 2014-15).

Declarations of Interest

Senior Leaders	Declarations of Interest
Margaret Beels, Chair	<ul style="list-style-type: none"> ▪ Non-Executive member of the Board: Market Operator Services Ltd (from July 2015) ▪ Directorship: Wispway Properties Ltd ▪ Trusteeships: Friends of the Connection; and The London Chorus
Paul Broadbent, Chief Executive	<ul style="list-style-type: none"> ▪ Vice Chair: National Business Crime Forum (until June 2015) ▪ Patron: Crimestoppers ▪ Visiting Fellow: Nottingham Trent/Derby University
Darryl Dixon, Director of Strategy	<ul style="list-style-type: none"> ▪ None
Nicola Ray, Director of People and Licensing	<ul style="list-style-type: none"> ▪ None



Paul Broadbent
Accounting Officer
2 November 2016

Parliamentary Accountability and Audit Report

All information in this section is subject to audit by the Comptroller and Auditor General.

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 2015 to 31 March 2016 the GLA incurred no losses or special payments (nil 2014-15).

Fees and Charges

Following a comprehensive review of the cost of the licensing function and HM Treasury guidance, the cost of this function has been revised. Fee levels are set by the Secretary of State and have remained unchanged since 2009 and income has reduced as certain low risk areas were removed from the regulated sector as part of the Red Tape Challenge.

	Income £000s	Full Costs £000s	Surplus/(Deficit) £000s	Fee Recovery Actual %
Licensing 2015-16	948	1,999	(1,051)	47
Licensing 2014-15	835	2,064	(1,229)	40

Programme costs reflect non-administration costs, as well as certain staff costs where they relate directly to service provision. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out by HM Treasury.

For the purposes of cost recovery, expenditure has been analysed by function, as well as category, shown in note 2 on pages 59 and 60. All costs are allocated on the basis of the GLA's best estimate of the apportionment of costs between enforcement and licensing activities.

Further information on the fees charged and number of licences can be found in note 6 on page 62.

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 2016 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 and Staff Report and the Parliamentary Accountability disclosures that are described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Gangmasters Licensing Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Gangmasters Licensing Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements 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 2016 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the Gangmasters (Licensing) Act 2004; and
- the information given in Performance Report and Accountability 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures 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

14 November 2016

Statement of Accounts

Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

	Note	2015-16 £000s	2014-15 £000s
Expenditure			
Staff costs	3	(2,889)	(2,888)
Travel and subsistence		(240)	(241)
Information technology		(497)	(569)
Marketing		(5)	(11)
Other	4	(520)	(668)
Total expenditure		(4,151)	(4,377)
Income			
Enforcement	5	2,361	2,951
Licence fees	6	650	612
Application inspections		298	223
Other		-	3
Total income		3,309	3,789
Net expenditure for the year		(842)	(588)

Other Comprehensive Expenditure

	Note	2015-16 £000s	2014-15 £000s
Items that will not be reclassified to net operating cost:			
Net gain on revaluation of intangible assets	9	(13)	(261)
Comprehensive net expenditure for the year		(855)	(849)

Statement of Financial Position as at 31 March 2016

	Note	31 March 2016 £000s	31 March 2015 £000s
Non-current assets			
Property, plant and equipment	8	16	33
Intangible assets	9	106	198
Total non-current assets		122	231
Current assets			
Trade and other receivables	10	70	97
Cash and cash equivalents	11	647	496
Total current assets		717	593
Total assets		839	824
Current liabilities			
Trade and other payables	12	(826)	(690)
Finance lease	12	(20)	(20)
Total current liabilities		(846)	(710)
Total assets less current liabilities		(7)	114
Non-current liabilities			
Finance lease	12	(16)	(35)
Total non-current liabilities		(16)	(35)
Total liabilities		(862)	(745)
Assets less liabilities		(23)	79
Reserves			
General reserve		(39)	50
Revaluation reserve		16	29
Total reserves		(23)	79



Paul Broadbent
Accounting Officer
2 November 2016

The notes on pages 56 to 69 form an integral part of the accounts.

Statement of Cash Flows for the year ended 31 March 2016

	Note	2015-16 £000s	2014-15 £000s
Cash flows from operating activities:			
Net operating cost		(842)	(588)
Adjustments for non-cash transactions:			
Depreciation	8	12	13
Amortisation	9	79	161
Adjustment to the Service Concession Arrangement (SCA)	4	5	14
Finance costs	4	1	4
Credit write back	4	(22)	(17)
(Increase)/Decrease in trade and other receivables	10	27	(7)
Increase/(Decrease) in trade and other payables	12	137	37
Payments to the consolidated fund which are outside the scope of the GLA's activities		(950)	(850)
Net cash outflow from operating activities		(1,553)	(1,233)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	-	-
Purchase of intangible assets	9	-	-
Net cash outflow from investing activities		-	-
Cash flows from financing activities			
Revenue – Grant-in-Aid	7	1,704	1,020
Total financing		1,704	1,020
Net decrease in cash and cash equivalents in the period		151	(213)
Cash and cash equivalents at the beginning of the period		496	709
Cash and cash equivalents at the end of the period		647	496

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2016

	Note	General Reserve £000s	Revaluation Reserve £000s	Total Reserves £000s
Balance at 1 April 2014		468	54	522
Net operating cost		(588)	-	(588)
Net gain on revaluation of intangible assets	9	-	(25)	(25)
Grant-in-Aid	7	1,020	-	1,020
Payment to consolidated fund		(850)	-	(850)
Balance at 31 March 2015		50	29	79
Balance at 1 April 2015		50	29	79
Net operating cost		(842)	-	(842)
Net gain on revaluation of intangible assets	9	-	(13)	(13)
Grant-in-Aid	7	1,704	-	1,704
Payment to consolidated fund		(950)	-	(950)
Balance at 31 March 2016		(39)	16	(23)

Notes to the Accounts

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2015-16 FReM issued by HM Treasury. The accounting policies contained in the FReM apply to 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

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Other Pension scheme. Prior to that date, civil servants participated in the PCSPS. Full details can be found on pages 44 to 48 of the Remuneration and Staff 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 £842,000 and the Statement of Financial Position shows total negative reserves of £23,000. The negative general reserves figure reflects income relating to the deferred income liability of £288,000 2015-16 (£278,000 2014-15) paid over to the consolidated fund. GIA funding is also drawn down on a cash needs basis.

The GLA has received confirmation of proposed funding levels for 2016-17, 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 GLA 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 GLA 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 these to the existing 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 compliant 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's *Fees and Charges Guide*.

Financial Assets and Liabilities

The GLA 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 GLA does not enter into contracts that use derivative instruments such as interest rate swaps or any other hedging facilities. The GLA 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 the Home Office.

Property, Plant and Equipment

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

During the reporting period the GLA was a NDPB of the Home Office but has continued to use IT services of Defra. Defra has entered into a contract with IBM for the supply of IT services, which the GLA has continued to use. The contract is for a term of eight years from February 2010. The contract falls within the scope of IFRIC 12 and is disclosed within the Accounts as a Service Concession Arrangement (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 eight year contract. A matching asset has been raised to reflect the benefit that Defra will derive from having access to IBM's IT infrastructure assets. Depreciation has been applied on a straight line basis consistent

with Defra's depreciation policy. These IT infrastructure assets, which consist of laptops, servers and hardware, are classed as one tangible SCA 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 over the following periods:

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 over the following periods:

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

Intangible Assets

In line with IAS 38, where no 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 Statement of Financial Position 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 leases. 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 GLA, the arrangement is treated as a finance lease. The GLA 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 GLA accrues all allowable untaken leave due at the Statement of Financial Position date utilising the measurement method of the average daily rate per employee.

Pension Costs

The pension arrangements for the GLA are covered by the Superannuation Act 1972 and reflect benefits for members of the PCSPS and Civil Servants and other Pension Scheme (alpha). The Superannuation Act provides for defined pension benefits to be met from the consolidated fund and no liability rests with the GLA.

Past and present employees of the GLA are covered by the provisions of the PCSPS and alpha. The Scheme is a defined benefit scheme and liability rests with the scheme and not the GLA. Benefits are paid from the Civil Superannuation Vote to which the GLA 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 Home Office recognises the contributions payable for the year.

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*, the GLA is required to operate on a full cost recovery basis. It was agreed with HM Treasury that the GLA would only recover part of the cost of the licensing function. Fees have been set at this level and agreed with HM Treasury.

Significant costs remain subject to change following transition to the Home Office, including general IT and LAWS. Costs and fees will be reviewed once this work is finalised.

Function	2015-16			2014-15		
	Licensing £000s	Enforcement £000s	Total £000s	Licensing £000s	Enforcement £000s	Total £000s
Expenditure						
Staff costs	(1,375)	(1,514)	(2,889)	(1,403)	(1,485)	(2,888)
Travel and subsistence	(83)	(157)	(240)	(88)	(153)	(241)
Information technology	(345)	(152)	(497)	(256)	(313)	(569)
Marketing	(2)	(3)	(5)	(6)	(5)	(11)
Other	(194)	(326)	(520)	(311)	(357)	(668)
Total	(1,999)	(2,152)	(4,151)	(2,064)	(2,313)	(4,377)
Income						
Licensing	948	-	948	835	-	835
Other	-	131	131	3	129	132
Total	948	131	1,079	838	129	967
Net income (expenditure)	(1,051)	(2,021)	(3,072)	(1,226)	(2,184)	(3,410)

This analysis of income satisfies both the Fees and Charges requirements of HM Treasury and the same basis has been used for IFRS 8 Operating Segments, to show the cost of the licensing function.

The Consolidated Statement of Comprehensive Net Expenditure is analysed between administration and programme costs. Administration costs reflect the costs of running the GLA. These include both the administration costs and associated operating income.

3. Staff Costs

Information on staff costs can be found within the Remuneration and Staff Report section on pages 47.

4. Other Expenditure

	2015-16 Total £000s	2014-15 Total £000s
Depreciation	12	13
Amortisation	79	161
Adjustment to the SCA (IFRIC12)	5	14
IBM finance costs	1	4
IBM credit write back	(22)	(17)
Legal costs	194	167
Recruitment	7	11
Accommodation	145	69
GLA conference	21	14
Training	9	23
Auditors remunerations		
- External	26	27
- Internal	1	11
Interpreters	20	24
Stationery/postage	4	13
Board expenses	5	4
Board restructure/recruitment	-	62
Legal support enforcement	(25)	25
Other	38	43
Total	520	668

The remuneration to the NAO in respect of external audit work carried out was £26,000 (£27,000 2014-15).

The credit on legal enforcement costs relates to an over accrual of expected charges from 2014-15 as no recharges were made to the GLA for 2014-15.

5. Enforcement Income

	2015-16 £000s	2014-15 £000s
Enforcement income for operating activities within Great Britain	2,230	2,822
Additional enforcement income from DAERA for regional food activity	100	100
Conference income	21	14
Other income	10	15
Total	2,361	2,951

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

The GLA has also issued invoices to the Department of Agriculture, Environment and Rural Affairs (DAERA) for enforcement activities carried out within Northern Ireland.

In addition a further £10,000 was received by the GLA from external sources to assist with enforcement activity and training fees (£15,000 2014-15) and £21,000 for the GLA National Stakeholder Conference which was self-financing (£14,000 2014-15).

6. Licence Fees

Annual Turnover	Fee Band	New Applications (Inspection and Licence Fees) £	Application Inspection Fee £	Renewal Fee £
£10m+	A	5,500	2,900	2,600
£5-10m	B	4,400	2,400	2,000
£1-5m	C	3,350	2,150	1,200
<£1m	D	2,250	1,850	400

Licence fees are based on gross annual turnover within the sector. Licence fees have been reviewed annually but have remained unchanged since 2009.

Under the 2004 Act, the GLA 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 2013.

The number of licences issued was as follows:

As at 31 March 2016

	Licences Issued/Renewed	Licence Applications Cancelled	Licence Applications Refused	Licences Revoked	Recognised £000s
Horticulture, agriculture and shellfish	996	78	9	14	650

As at 31 March 2015

	Licences Issued/Renewed	Licence Applications Cancelled	Licence Applications Refused	Licences Revoked	Recognised £000s
Horticulture, agriculture, forestry and shellfish	954	78	27	23	612

7. Financing

	2015-16 £000s	2014-15 £000s
Revenue – GIA cash	1,704	1,020

Total non-ring-fenced (cash) GIA approved for the year is £1,783,000 (£1,296,000 2014-15). A ring-fenced (or non-cash) allocation of £184,000 to cover the costs of depreciation was also approved as part of budget setting (£200,000 2014-15). This funding is drawn down on a cash needs basis, hence the variance to amount shown above and in the Statement of Cash Flows for the year ended 31 March 2016.

8. Property, Plant and Equipment 2015-16

	Plant and Machinery Total £'000s	Information Technology Total £000s	Fixtures and Fittings Total £000s	GLA Total £000s
At 1 April 2015	7	268	15	290
Additions	-	-	-	-
Adjustment to the SCA	-	(5)	-	(5)
At 31 March 2016	7	263	15	285
Depreciation				
At 1 April 2015	4	248	5	257
Charge for the period	2	8	2	12
At 31 March 2016	6	256	7	269
Net book value:				
At 31 March 2016	1	7	8	16
At 31 March 2015	3	20	10	33
Asset Financing				
Net book value owned as at 31 March 2016	1	-	8	9
Net book value leased as at 31 March 2016	-	7	-	7
Carrying amount at 31 March 2016	1	7	8	16
Net book value owned as at 31 March 2015	3	-	10	13
Net book value leased as at 31 March 2015	-	20	-	20
Carrying amount at 31 March 2015	3	20	10	33

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. Although the GLA transferred from Defra to the Home Office in April 2014 it has continued to use this contract for IT services and infrastructure assets for the whole of the accounting period.

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 Defra.

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 GLA has the option to purchase specified assets at net book value on exiting the contract. This gives the GLA 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 in note 1 on page 57 and 58.

Property, Plant and Equipment 2014-15

	Plant and Machinery Total	Information Technology Total	Fixtures and Fittings Total	GLA Total
	£'000s	£000s	£000s	£000s
At 1 April 2014	7	268	15	290
Additions	-	-	-	-
Adjustment to the SCA	-	-	-	-
At 31 March 2015	7	268	15	290
Depreciation				
At 1 April 2014	3	238	3	244
Charge for the period	1	10	2	13
At 31 March 2014	4	248	5	257
Net book value:				
At 31 March 2015	3	20	10	33
At 31 March 2014	4	30	12	46

	Plant and Machinery Total £'000s	Information Technology Total £000s	Fixtures and Fittings Total £000s	GLA Total £000s
Asset Financing				
Net book value owned as at 31 March 2015	3	-	10	13
Net book value leased as at 31 March 2014	-	20	-	20
Carrying amount at 31 March 2014	3	20	10	33
Net book value owned as at 31 March 2014	4	-	12	16
Net book value leased as at 31 March 2014	-	30	-	30
Carrying amount at 31 March 2014	4	30	12	46

9. Intangible Assets

2015-16	Software Licence Total £000s
At 1 April 2015	1,937
Addition	-
Disposal	(8)
Revaluation	14
At 31 March 2016	1,943
Amortisation:	
At 1 April 2015	1,739
Charge for the period	79
Disposal	(8)
Revaluation	27
At 31 March 2016	1,837
Net book value:	
At 31 March 2016	106
At 31 March 2015	198

2014-15	Software Licence Restated Total £000s
At 1 April 2014	1,914
Addition	-
Revaluation	23
At 31 March 2015	1,937
Amortisation:	
At 1 April 2014	1,530
Charge for the period	161
Revaluation	48
At 31 March 2015	1,739
Net book value:	
At 31 March 2015	198
At 31 March 2014	384

The carrying amount of the intangible fixed assets had the revaluation not occurred is £90,000 (£169,000 2014-15).

The net book value of LAWS, the GLA's largest intangible asset was £87,000 (£172,000 2014-15). This asset has an expected life to March 2017. As part of the transition to the Home Office future options around use or replacement of this system are under review.

10. Trade Receivables, Financial and Other Assets

	2015-16 £000s	2014-15 £000s
Trade receivables:		
Trade receivables	-	4
Other receivables:		
Prepayments and accrued income	68	91
Other receivables	2	2
Total	70	97

11. Cash and Cash Equivalents

	2015-16 £000s	2014-15 £000s
Balance at 1 April	496	709
Net change in cash and cash equivalent balances	151	(213)
Balance at 31 March	647	496
The following balances at 31 March were held at:		
Commercial banks and cash in hand	647	496
Balance at 31 March	647	496

12. Trade Payables and Other Current Liabilities

	2015-16 £000s	2014-15 £000s
Amounts falling due within one year		
Other taxation and social security	59	102
Trade payables	178	13
Accruals	301	297
Deferred income	288	278
Total	826	690
Finance lease falling due within one year		
Finance lease	20	20
Total	20	20
Amounts falling after more than one year		
Finance lease	16	35
Total	16	35
Total All	862	745

13. Commitments under Leases

	2015-16			2014-15		
	Buildings £000s	Vehicles £000s	Other £000s	Buildings £000s	Vehicles £000s	Other £000s
Not later than 1 year	75	78	-	49	74	1
Later than 1 year and not later than 5 years	162	68	-	154	126	-
Later than 5 years	-	-	-	-	-	-
Total	237	146		203	200	1

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

Vehicle leases relate to vehicles secured through Government auctions and provided to home based operational staff, where this provides a more cost effective travel solution to staff using their own or hire vehicles.

14. Obligation under Service Concession Arrangement

	2015-16 £000s	2014-15 £000s
Rentals due within 1 year	20	20
Rentals due within 2-5 years	16	35
Rentals due thereafter	-	-
Total	36	55

The SCA relate to the Right of Use asset, as explained in the Statement of Accounting Policies under Property, Plant and Equipment in note 1 on pages 57 and 58.

15. Other Financial Commitments

	2015-16 £000s	2014-15 £000s
Not later than 1 year	347	301
Later than 1 year and not later than 5 years	286	540
Later than 5 years	-	-
Total	633	841

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 Statement of Accounting Policies under Property, Plant and Equipment in note 1 on pages 57 and 58.

16. Related Party Transactions

The GLA is a NDPB of the Home Office. The Home Office is regarded as a related party. During the year, the GLA has had a number of material transactions with the Home Office.

In addition, the GLA has had a small number of transactions with other Government departments and other central Government bodies. Most of these transactions have been with:

- The Cabinet Office
- Defra
- DAERA

During the year GIA has been received from the Home Office as disclosed in note 7 on page 63 along with income for enforcement activities as disclosed in note 5 on pages 61 and 62.

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 48. Payment to senior managers has been disclosed as part of the Remuneration and Staff Report.

During the year, no Minister, senior manager or other related party has undertaken any material transactions with the GLA, the Home Office or any other Government departments.

17. Financial Assets by Category

The following table shows by category the GLA's financial assets and financial liabilities as at 31 March 2016 and 31 March 2015.

Financial Assets	31 March 2016 £000s	31 March 2015 £000s
Cash and cash equivalents (at bank and in hand)	647	496
Financial Liabilities – at amortised cost	31 March 2016 £000s	31 March 2015 £000s
Finance lease	36	55
Trade and other payables	538	412
Total	574	467

18. Events after the Reporting Date

The result of the referendum held on 23 June 2016 was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect cannot be made.

The Accounting Officer authorised the Financial Statements for issue on 2 November 2016.

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