



Gangmasters  
Licensing Authority

# Gangmasters Licensing Authority Annual Report and Accounts

**1 April 2016 to 31 March 2017**

Working in partnership to protect vulnerable and exploited workers





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**1 April 2016 to 31 March 2017**

Presented to Parliament pursuant to section 23  
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 temporary labour into the UK fresh produce sector and the investigation of breaches in licensing standards and/or commission 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 12th annual report and accounts and the 11th year of significant operational activity, which has seen the GLA continue to protect the integrity of the licensing system by 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.

The organisation has been reformed through the Immigration Act 2016 and from 30 April 2017 became the newly created Gangmasters and Labour Abuse Authority (GLAA) with responsibility for a labour market in excess of 10 million people across a variety of sectors. Future reports will be under the name of the GLAA and will reflect the expanded role of the organisation.

The key issues and risks that could affect the GLA delivering its objectives are identified as part of the governance statement on pages 40 to 45.

## Background

The GLA regulates the activities of gangmasters, providers of temporary labour 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 works 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 tasking of investigations within the organisation is intelligence-led and, in preparation for the transition to the GLAA, recruitment has commenced in the current reporting period. This is not only to augment the intelligence team but also to strengthen investigative management and other corporate services which will include recruiting extra analytical resource in addition to Communications, Finance and Human Resource specialists to assist with the new world of the GLAA. However, the majority of new posts created within the organisation are specialist investigative roles, Labour Abuse Prevention Officers (LAPOs) who will be empowered under the Immigration Act 2016 to investigate offences under the GLA Act as well as the Employment Agencies Act, the National Minimum Wage Act and the Modern Slavery Act in England and Wales. When doing so these officers will have powers under the Police and Criminal Evidence (PACE) Act.

The 72 staff of the GLA undertakes the core functions of licensing, intelligence, compliance and enforcement, 32 being centrally based in Nottingham and 40 home based. Collectively, they regulate a licensing scheme protecting up to 464,000 workers<sup>1</sup>, and investigate labour exploitation infiltrating the supply chain regulated by the GLA.

It is with great sadness that the GLA reports the death of its Chief Executive, Paul Broadbent. Paul died on 27 December 2017 and was the Chief Executive and Accounting Officer for the reporting period 2016-17 until his death. Roger Bannister has been appointed as the interim Chief Executive and Accounting Officer from 16 April 2018.

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<sup>1</sup> <http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/publications/reference-tables.html?edition=tcm%3A77-387456> – section A and C 10/11

# Our achievements for 2016-17



**10** offenders convicted:  
**6** received custodial sentences totalling **23** years

Further **5** awaiting trial



Potential victims of labour exploitation identified, supported and removed from danger

Monthly average of visitors to **GLA website** via social media up **250%** since January 2017



**First** national assessment published of the nature and extent of labour exploitation in the UK

**GLA academy programme**



in partnership with the University of Derby

attended by **43** organisations

**30,000** Emirates staff trained in spotting the signs of modern slavery with reach to **51 million** passengers annually



Human trafficking & modern slavery training delivered to **UK** and **International** law enforcement



Regulating labour in a **£110 billion** industry with a budget **0.004%** of that figure

The above data has been obtained from GLA data sources



# GLA Overview



**Margaret Beels**  
*Chair*



**Roger Bannister**  
*Interim Chief Executive*

The GLA is immensely proud of what it has achieved over the last 11 years and is now looking forward with great anticipation to transforming into the Gangmasters and Labour Abuse Authority (GLAA). Work is already under way to develop the organisation in readiness to undertake this extended role and remit using the additional powers it has been granted by Parliament.

That the work of the GLA has attracted increased Government investment in times of constraints in spending is not only a continued recognition of the ongoing issues of labour exploitation in the UK, or 'modern slavery' as it has come to be known, but is also testament to the importance and effectiveness of the GLA as a regulatory and investigative arm's-length body.

The period covered in this document has been one of transition for the organisation, of preparation for a new and substantial challenge. It has achieved this while maintaining its day-to-day operations in the final year as the GLA. It has been a busy and challenging period, and one which has stretched its resources, but the GLA is proud to report that it has risen to the challenge and is ready to assume its new role and protect many more vulnerable and exploited workers.

## Transition to the Gangmasters and Labour Abuse Authority

Following the introduction of the Modern Slavery Act 2015 and the Immigration Act 2016, a much greater national focus has been given to labour exploitation. A review of the role and remit of the GLA took place which concluded that the GLA should have a broader role in tackling labour exploitation and be renamed as the Gangmasters and Labour Abuse Authority (GLAA).

The Government has also introduced measures to provide a more coherent framework for identifying and preventing abuses of labour market legislation and to strengthen the enforcement response. This includes tools that will allow the new GLAA to issue Labour Market Enforcement Undertakings and apply for Labour Market Enforcement Orders. These are intended for more serious or persistent offenders where this type of intervention is judged appropriate to prevent further offending. These provisions came into force on 25 November 2016.

New powers to investigate labour market offences in England and Wales have been given to the GLAA through the Immigration Act 2016 and these commenced on 30 April 2017. The GLAA will retain its licensing and regulatory function of temporary labour in the food and farming sectors but will have a much broader role in terms of addressing labour exploitation across the entire labour market regardless of worker status or industrial sector.

It will be able to intervene earlier and more effectively at a number of different stages of the 'workers' journey' across the entire labour market. In readiness for its new remit, during this reporting period, the GLA has published the first UK Strategic Threat Assessment which seeks to understand the nature and state of labour exploitation across the UK.

Its enhanced investigatory function will seek to protect all workers, regardless of employment status and will not therefore be restricted to temporary workers.

The GLAA will, however, continue to perform its function of providing a licensing scheme in the food, farming, horticultural and shellfish sector.

Responsibility for the GLAA's strategic direction will come from the new Director of Labour Market Enforcement - a role created to establish greater co-ordination of the enforcement bodies (GLAA, Employment Agency Standards Inspectorate (EASI), and National Minimum Wage Unit of Her Majesty's Revenue & Customs (HMRC)) to drive effective activity.

Professor Sir David Metcalf CBE took up the post of Director of Labour Market Enforcement in January 2017. He is appointed by and reports to both the Home Secretary and the Secretary of State for Business, Energy and Industrial Strategy. The Director's primary functions include setting the strategic direction of the enforcement bodies; publishing an annual report; assessing the success of action in meeting the objectives and priorities in the previous year's plan; and leading an Information Hub, with information drawn from the enforcement bodies and beyond. The hub will provide the Director with a single view of risk and priorities across the spectrum of non-compliance – from accidental payroll errors to serious criminality.

All GLAA activity will continue to be prioritised based on risk analysis and live and accurate intelligence but also fully aligned to the new Director of Labour Market Enforcement's enforcement strategy to be published in late 2017.

## Stakeholder Engagement

Stakeholder engagement remains a key priority for the GLA and it has continued to make strides in this area. The aim is to ensure that licence holders, labour users and other connected parties continue to be kept fully informed and engaged during the period of transition from the GLA to the GLAA.

Activity in this area has been stepped up through the introduction of regional 'Pop-Up Seminars', which provided licence holders and other interested parties with an opportunity to question senior GLA staff and Board members. Following the success of these events in 2015-16, this year's programme was extended to offer 13 free events covering all regions of the UK. They provided more access for stakeholders to find out the current thinking and activity taking place as the GLA readies itself to take on its new role. An online version of the presentation was also given, which was hosted by and delivered in partnership with the Recruitment and Employment Confederation.



## Improving Stakeholder Communications

As the remit of the organisation expands there is a need to reach more and new stakeholder groups. This has been the driver of a review in 2016-17 of all communications delivered to stakeholders. A more targeted approach has now been adopted, aligning the strategy for communications directly with the goals set for the new GLAA as a whole.

The new approach to communications includes plans devised for reaching key stakeholders in areas of the labour market that were previously outside of the GLA's remit, with particular focus being placed initially on those areas flagged by our own research as employing workers who are 'at risk' of exploitation. Early work involved concentrating and enhancing the GLA's activity through social media platforms and initial evaluation has shown extremely positive results.

Key stakeholder groups within this reporting year have been identified as falling into the following categories:

**Workers and organisations representing workers:** It is vital that workers have a voice and by working with trade unions, staff associations and those Non-Government Organisations (NGOs) which receive or support victims/vulnerable workers, early indications of concerns and irregular employer practice can be addressed prior to this escalating into modern slavery.

**The public:** engaging with the public and raising the general profile remains vital to the GLA as an 'intelligence-led' organisation.

**Existing GLA licence holders and stakeholders:** providing information e.g. through liaison groups about GLA activity and thinking, reassurance that as far as licensing and related activity is concerned it is 'business as usual'.

**New and emerging high risk sectors:** These have been identified through the GLA's first National Labour Market Threat Assessment and include but are not limited to: construction, warehousing, logistics, care homes, car washes, catering and hospitality. The Threat Assessment will be refreshed every six months to ensure that new sectors and emerging trends of exploitative practices are identified and managed. A communication strategy has also been developed which will reassure existing stakeholders that it is business as usual.

We will assure new and emerging high risk sectors that their concerns are being listened to and acted upon.

We will also ensure all stakeholders within the widest sphere of the labour market are aware of the role and remit of the new GLAA.

**Responsible business:** the GLA works with compliant businesses to eradicate exploitation from the UK labour market to collectively encourage the good and eradicate the bad. A structured programme of awareness raising and training is being devised to raise the profile of labour exploitation.

**Enforcement agencies:** The GLA has a key role in ensuring that activity is achieved collaboratively and the full range of enforcement legislation is used. The GLA chairs a number of national meetings and forums attended by partner agencies where intelligence sharing is key to the collective success of these agencies.

**Partnership working:** Partnership working is the foundation on which the GLA stands and continues to be a vital component of our work. We have participated in numerous multi-agency operations in both an enforcement capacity and to gather experience in preparation for our new role. An example of this has been Operation Magnify, where we worked with various law enforcement bodies, including Immigration Enforcement, to deal with cases of illegal working in sectors identified as being 'at risk' from exploitation, such as nail bars and car washes.

Further examples of partnership working are provided in the form of case studies later in this report.

**Employees:** keeping all GLA staff well trained, motivated and aware of the changes and how they might be affected. The organisation has therefore enhanced its engagement activity through a refreshed intranet, workshops, joint agency working and briefings.

## **Strengthening links with partners overseas**

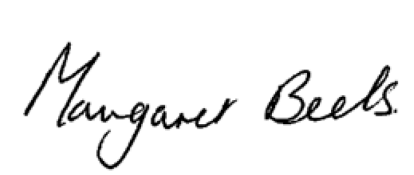
The GLA has continued to develop close working relationships with its overseas counterparts. This includes international organisations, such as the International Labour Organization (ILO), with whom we completed a Memorandum of Understanding on joint activity within this financial year. Other activity continues to develop the intentions in the UK Modern Slavery Strategy, to build a network of similar agencies.

This work continues to support Europol's action against forced labour, which the National Crime Agency (NCA) in the UK leads on. As part of this activity the GLA has developed a European Union (EU) labour inspectorate directory, and is currently working on opportunities for further cross-border activity. This is being enhanced by the secondment

of a Romanian labour inspector to the GLA. The GLA is also supporting work, led by HMRC, as part of the EU's Platform on Undeclared Work, where we are also fostering opportunities for joint activity and joint working agreements. This has included the GLA acting as a model of good practice for the EU project on both national and international closer working agreements.

During the year the GLA has also supported the work of the Organization for Security and Co-operation in Europe on its international project to develop greater understanding of how to tackle exploitation in supply chains. This has built on the work done by the GLA with supply chains, the supplier protocol, and the training jointly provided with the University of Derby.

This reporting period has seen the most significant changes to the GLA since its inception. Thanks to our first national assessment of the nature and scale of labour exploitation in the UK, the GLA is now better able to respond to this challenge. The GLA has received substantial investment from the Home Office to help meet these demands. The GLA remain fully committed to the cause of protecting vulnerable workers from exploitation, are undaunted by the breadth of the new challenge that awaits, and pledge to make the best use of our additional resources.



**Margaret Beels**  
*Chair*  
6 July 2018



**Roger Bannister**  
*Interim Chief Executive*  
6 July 2018

# Chief Executive's Report

## How we perform our role

The GLA regulates an industry reported to be in excess of £110billion<sup>2</sup> 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 2004 Act, specifically unlicensed supply and use of labour in the defined sector.

## GLA at the forefront of the UK fight against Modern Slavery

In preparation for taking on its enhanced role, the GLA welcomed an invitation from Prime Minister Theresa May in September 2016 for its Chief Executive to bring a GLA perspective to a new top level task force to tackle modern slavery in both the UK and overseas. A year on from the introduction of the Modern Slavery Act, the Government was seeking to adopt a more co-ordinated policy and operational response through the new group which is chaired by the Prime Minister.

The task force was established with four specific objectives:

- To bring efforts and resources targeted at modern slavery in line with resources to tackle other forms of organised crime – including increasing investigatory resource, capabilities and intelligence provision;
- To increase and improve investigations into the perpetrators of modern slavery, through further education of law enforcement officers on the nature of modern slavery offences; the provision of additional tools to support investigations such as greater data and intelligence; and more effective use of joint investigation teams;
- To improve successful prosecution levels with further education of prosecuting authorities on modern slavery, and improvements to the quality of supporting evidence; and
- To improve international cooperation to tackle modern slavery.

Membership of the task force has been designed to help drive forward the operational response. Other members in the group include; the heads of all three intelligence agencies – MI5, MI6 and GCHQ – along with the Metropolitan Police Commissioner, the head of Europol, the Home Secretary and the Secretary General of Interpol.

## GLA to GLAA Transition

As stated in the GLA overview on pages 4 and 5, this reporting period continued to see significant change to the organisation in terms of its role, remit, legal powers and a substantial increase in resourcing to meet demand.

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<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/608426/foodpocketbook-2016report-rev-12apr17.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/608426/foodpocketbook-2016report-rev-12apr17.pdf)

This is managed by a specific bi-weekly Programme Board led by the GLA Chair. All organisational issues are examined, traced and evaluated. This is an ongoing process for 2017-18.

## **Matthew Taylor Review – Modern Employment Practices**

During the latter part of 2016, the GLA Chief Executive was asked to become one of the three supporting panel members for the review into modern employment practices.

The panel was commissioned by the Government to consider how employment practices need to change in order to keep pace with modern business models. The review considered the implications of new forms of work, driven by digital platforms, for employee rights and responsibilities, employer freedoms and obligations, and the existing regulatory framework surrounding employment.

## **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.

Our enforcement partners include but are not limited to: HMRC, UK Visas and Immigration Enforcement, NCA, Modern Slavery Human Trafficking Unit, 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 well placed to provide training to the industry it regulates on how to spot and address aspects of modern slavery. The GLA continues to use 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.

The partnership between the GLA and the University has now been established within the recruitment industry as the GLA Academy. In academy sessions, staff from both organisations work together to deliver the ‘

Further labour exploitation courses have been delivered by the GLA across the UK, working with the Association of Labour Providers' Stronger Together initiative.

The GLA continues to seek and work with new partners that can support delivery of GLA objectives. Over the past 12 months this included; Crimestoppers, the anti-trafficking

charity Unchosen, Soroptomists International and the National Association of Citizens Advice Bureau. Other examples of partnership working in 2016-17 are given at the end of this section. This list is not exhaustive and does not include all partners we have worked with throughout the year.

## GLA and ILO promise to step up fight against exploitation

On 26 January 2017 the ILO and the GLA both signed a letter of intent to strengthen their collaboration on tackling abusive recruitment practices that trick workers into modern slavery and forced labour. The agreement was signed by ILO Director General Guy Ryder and GLA Chief Executive Paul Broadbent.



The ILO and the GLA have been collaborating closely in the fight against fraudulent and abusive recruitment practices, forced labour and trafficking in persons over the past few years. In the framework of the Fair Recruitment Initiative led by the ILO and supported by the International Trade Union Confederation and the International Organisation of Employers,

new “General principles and operational guidelines for fair recruitment” were launched in September 2016, and have been recognised widely as an international benchmark on how to address the issue.

Cooperation between the GLA and the ILO will also contribute to raising awareness on the Modern Slavery Act’s transparency provisions which require companies to ensure that human trafficking is not taking place in any of its supply chains. The ILO Protocol to the Forced Labour Convention also promotes due diligence by both the public and private sectors to prevent and respond to the risks of forced labour.

## Governance and Scrutiny

The GLA is governed by a Board of up to eight independent members plus a Chair. Currently there are six Board members. The GLA Board is supported by two sub-committees: the Audit and Risk Committee (ARC), and a Remuneration Committee. There are also two liaison groups chaired by a Board member to ensure a fully inclusive and integrated engagement environment exists between the GLA, its Board and the industry. The liaison groups are the Labour Provider/Labour User Liaison group and the Worker/NGO Liaison group. These groups offer guidance and insight 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 Comptroller and Auditor General

## 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 GLA move forward in preparing for change and so the focus of the HR team has been on recruitment and ensuring the processes and policies are in place to support a larger



organisation. 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 2016-19 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 for staff who will use the new powers for tackling labour exploitation
- **Reward:** A performance-related pay system is now in place which rewards good performance and is linked to the performance appraisal system.
- **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 link performance to the reward strategy.
- **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 understand 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 2016-17 there have been ongoing development opportunities for staff to build on their skills. All GLA staff have received awareness training on how the new enforcement powers will operate and also how the GLA will use Labour Market Enforcement

Undertakings and Orders. Specialised training has been provided for LAPOs whose powers came into being on 30 April 2017. This has involved detailed training on the National Minimum Wage, the Employment Agencies Conduct Regulations, PACE powers as well as investigative skills provided by the College of Policing.

Staff seminar events occur regularly 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 provided 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 included creating a transition focus group, regular written and verbal briefings and more frequent staff seminars which 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:

- 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 GLA runs an annual staff survey which focuses on Leadership, Learning and Development, Communications and Engagement and Reward. Additional questions were included this year to reflect the changes taking place within the organisation. Results were generally positive with 91% of staff feeling proud to work for the GLA.

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 and 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.

The Workforce Improvement Group has helped to develop 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 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 Non-Departmental Public Body (NDPB), the head office of which is situated in Nottingham where 32 of its staff are based. They undertake core central functions including: collating, analysing and managing intelligence based on a threat and risk methodology; and finance, licensing, IT, communications and HR functions. A further 40 Intelligence Officers, Enforcement and Compliance Officers and their managers are home based across the UK to maintain a licensing scheme protecting up to 464,000 workers.

In line with its new responsibilities the GLA has received increased funding in 2016-17 (£500,000) and will see its budget more significantly increase in 2017-18 to coincide with the launch of the GLAA (£2.6m). This includes £2m from police funding. The focus of this investment will be frontline operational staff. The GLA has also secured capital funding to address one of its key risks around legacy IT systems.

Demands on the organisation will, however, intensify as the GLA will have responsibility for the wider labour market and this includes a number of sectors identified as being at high risk from labour exploitation.

## Examples of Partnership Working



### Case Study:

### Operation Gallop

A joint operation with the Police Service Northern Ireland saw an end to the operation of a trafficking ring operating in Portadown. Ioan Lacatus conspired with his wife, Christina Covaci and brother-in-law, Samuil Covaci, to bring fellow Romanian nationals into Northern Ireland with the sole purpose of exploiting them for profit.

The criminality was uncovered when four workers approached police claiming to be victims of exploitation. Subsequent enquiries led to the discovery of more victims of human trafficking. Within days the three defendants were arrested and interviewed by police and assisted by officers from the GLA. It was revealed the three women and nine men rescued had been offered 'well-paid' jobs in Northern Ireland by a man calling himself 'the Ministro' (the Master). This man was Ioan Lacatus.

The victims were collected from Dublin Port by Lacatus and his brother-in-law Samuil Covaci, driven to Portadown and placed in a house with other persons including Samuil Covaci, who police believe acted as a minder. Lacatus watched the house from his car wash business across the street.

Paperwork was completed for them with a local recruitment agency. The workers were supplied illegally to local food processing factories, where they worked long hours. They were transported to and from work by Lacatus and Samuil Covaci and often waited three hours for lifts home. The workers were exhausted. One victim was taken to hospital with stomach pains and was charged £150 by Lacatus, who falsely claimed he had to pay for the NHS treatment.

Living conditions were filthy and overcrowded. Victims told police of being 'treated like dogs', living in fear and being shouted at by Lacatus. They were told by Covaci not to speak to people at work and to stay in the house. Victims claimed they never received any wages and had to beg Lacatus for pocket money.

They had all unwittingly filled in documents that gave permission for their wages to be paid directly into the bank accounts of Lacatus and his wife Christina Covaci who used their wages to support themselves and their family.

Lacatus pleaded guilty to five counts of trafficking persons into the UK for exploitation, conspiring to traffic persons within the UK for exploitation, acting as an unlicensed gangmaster and converting criminal property. He was sentenced to 30 months in prison. His wife, Christina Nicoleta Covaci, aged 31, admitted converting criminal property and entering into an arrangement to acquire, retain or control criminal property. She received 12 months suspended for two years.

Her brother, 25-year-old factory worker, Samuil Covaci, also of Portadown admitted conspiring to traffic persons within the UK for exploitation and received a conditional discharge for two years.

A wider police investigation in the Portadown/Lurgan area led to the rescue of 10 further victims and the arrests of seven further suspects for various offences in relation to the exploitation of workers and gangmaster offences.



Case Study:

Operation  
Triage

Detailed intelligence development work by the GLA uncovered the activities of a major trafficking ring in the south west and led to a major police investigation. The inquiry resulted in five members of a Plymouth family being jailed for a total of more than 20 years.

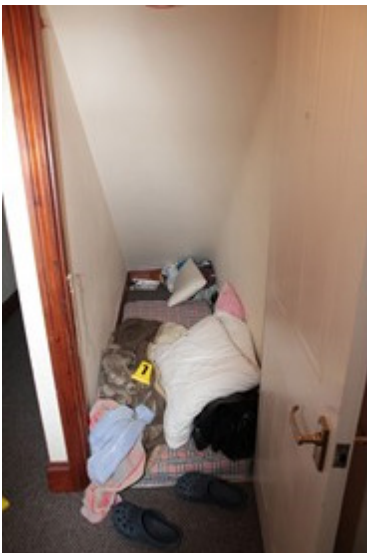
Martin Tancos and Katerina Kurejova both 37 and from Stonehouse; Nela Dzurkova, 28, and Petr Tancos 37, both of Greenbank; and Ruzena Tancosova 36, of Mutley were all convicted of conspiracy to traffic persons into the UK for the purpose of labour exploitation. The police inquiry commenced after they were presented with a detailed profile of the group compiled by the GLA's intelligence team. As a result of the

intelligence work, Operation Triage was arranged - the largest operation of its kind by Devon and Cornwall Police and partner agencies. All five suspects were arrested and seven male victims were freed from modern slavery conditions at Plymouth addresses.

The operation involved more than 200 staff from the GLA, police, Plymouth City Council, the National Crime Agency, The British Red Cross, The Salvation Army and the Department for Work and Pensions.

Seven adult men and 13 children (linked to the defendants) were rescued and taken to a reception centre, provided by Plymouth City Council, where they were given medical care, proper food and sleeping accommodation, supported by the Salvation Army. The victims gradually began to talk to police about their experiences and understand that they had been exploited.

It emerged that Czech nationals were trafficked into the UK for the purpose of labour exploitation and for the financial benefit of the family members. They actively recruited and transported the most vulnerable members of society, including those with addictions or without any regular work or close family. Seven victims were flown into the South West on the promise of a better life in Plymouth. The exploitation took many forms with the family taking control of the victims' finances - wages and benefits - as ongoing payment for bringing them to the UK and for rent/board.



Victims worked long hours in jobs organised by the family but only received the equivalent of pocket money from their wages. One victim received £20-30 per week from a £250 wage on the pretext that it was 'expensive to live in the UK'. The men were forced to live in conditions well below acceptable standards - sleeping on the floor, in garages, in corridors, even in a cupboard under the stairs in one case (pictured), and with inadequate bathroom facilities. They were forced to keep the family homes clean and made to undertake demeaning tasks. One victim was forced to spend six to seven hours cleaning a car with a small cloth and a baby bath, while another was made to cut the grass with a vegetable knife. In one of the addresses, a sign was posted demanding victims pay £1 to use the toilet.

For the trafficking offences: Ruzena Tancosova and Petr Tancos each received sentences of six years and six months, Martin Tancos received a three year sentence, Nela Dzurkova received two years-and-six months while Katerina Kurejova was handed a two year sentence.

Tancosova and Petr Tancos were also found guilty of requiring a person to perform forced labour, while Tancosova was further convicted of acting as a gangmaster without a licence.

Ruzena Tancosova and Petr Tancos each received sentences of six years and six months. Martin Tancos received a three year sentence, Nela Dzurkova a two year-and-a-half year sentence and Katerina Kurejova was jailed for two years.



#### Case Study:

#### Operation Endeavour

In 2013 the GLA uncovered evidence that a large-scale organised crime group was operating in the Fenland district of Cambridgeshire. The GLA joined forces with Cambridgeshire Police and a number of other law enforcement bodies which culminated in Operation Endeavour. Subsequent investigations have resulted in a number of convictions and custodial sentences, the most recent of which were imposed in the current reporting period.

In May 2016 following a re-trial at Huntingdon Crown Court four of the suspects arrested during the original strike day of Operation Endeavour, in October 2013, were jailed for a combined total of more than 23 years for offences relating to the exploitation of migrant workers. Two of them – Ivars Mezals and Juris Valujevs – had previously been convicted and imprisoned for 18 and 16 months respectively for unlicensed labour provision under the Gangmasters (Licensing) Act.

In the most recent appearance, the duo, along with their partners Lauma Vankova, 27, and Oksana Valujeva, 35, were found guilty of conspiracy to acquire criminal property in March, Cambridgeshire.

Vankova, Valujeva and Valujevs were also found guilty of assisting an immigration offence, namely arranging sham marriages. Valujevs, of King's Lynn, was jailed for three years for the criminal property offence and five-and-a-half years for the immigration offence, the sentences to run consecutively.

Vankova, and Valujeva, both of King's Lynn, were each jailed for two years and four years on the same charges respectively, again to run consecutively. Mezals, of Reading, received a three year sentence for the conspiracy charge.

Vankova, Valujeva and Valujevs had been tried for the sham marriage offences as part of a previous trial at Blackfriars Crown Court but the jury had failed to reach a verdict. Investigations carried out by the GLA working with

Cambridgeshire Police discovered all four defendants were using the bank accounts of victims to commit offences. Victims would be brought to the UK, housed in accommodation controlled by the defendants and forced into debt bondage through the withholding of work and overcharging for transport and rent.

They would be taken to banks to open accounts using their own names but would register with the contact details of Vankova, Valujeva or Mezals so they could control the accounts. The jury also found that Vankova, Valujeva and Valujevs had either offered or forced three women to go through with sham marriages in order to repay their debt. One woman was offered £2,000 but refused to go through with the marriage while another was told she would receive £1,500 for marrying a man in India. She did go through with the marriage in order to pay a £1,000 debt but said she was never paid and Valujevs used the proceeds from the arranged marriage to buy a new car.

Operation Endeavour involved around 300 officers from organisations including the National Crime Agency, Fenland District Council, the Benefits Agency, Red Cross and the Vehicle and Operator Services Agency.



Ivars Mezals

Juris Valujevs



Oksana Valujeva

Lauma Vankova

# Performance Report: Performance Analysis

## Aim, Priorities and Objectives

In 2015-16 the GLA committed to review its aims and priorities in light of its anticipated expanded remit. The aim, priorities and objectives below reflect those added responsibilities.

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 a credible licensing scheme creating a level playing field and promoting growth**

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



## Delivering the Priorities 2016-19

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 in the form of a Business Plan.

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 will enable the organisation to realise continuous improvement in service delivery and to meet the demands of the 21<sup>st</sup> century. Hence the GLA is delivering its aim through a framework of five strategic themes, 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 themes are listed below and will include, but are 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, and also provide the most effective and efficient service possible by any NDPB/law enforcement agency.

The common thread running through these themes is that the GLA will demonstrate in all it delivers that there is 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 Themes

#### **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 and 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
- Address unscrupulous businesses
- 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

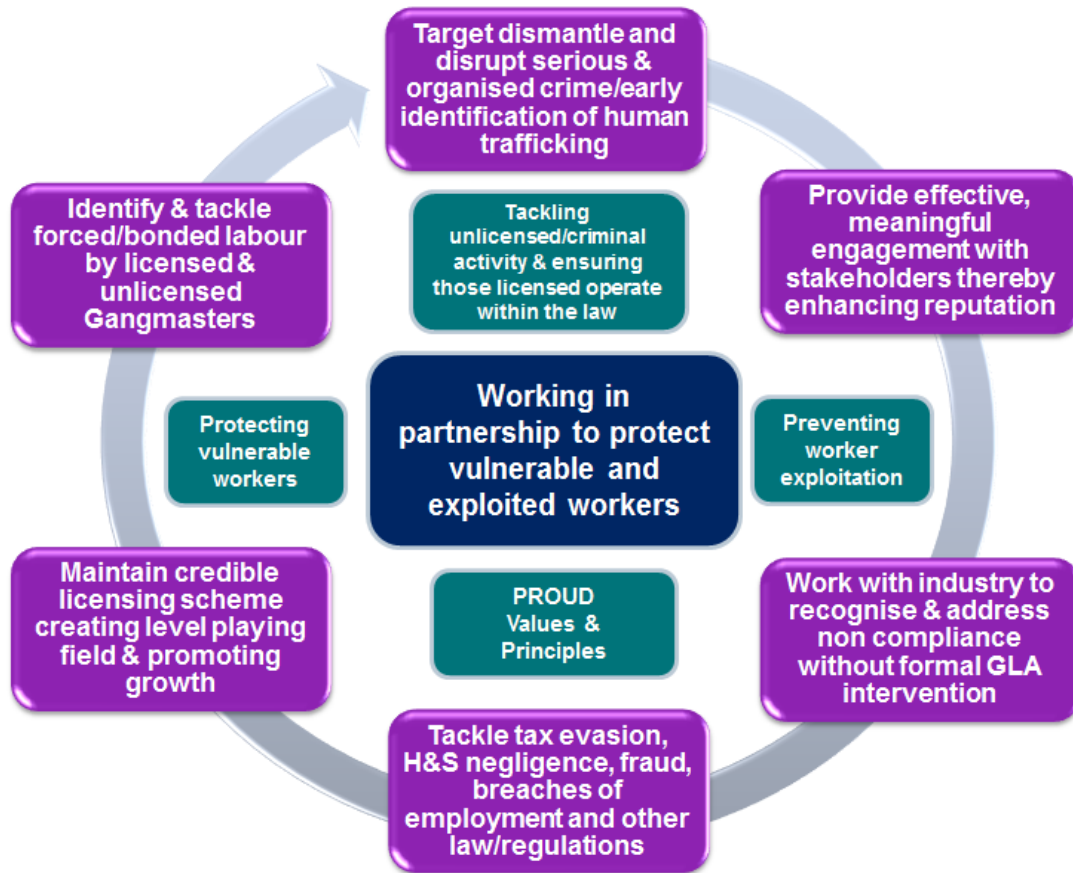
- Liaison groups, e.g. labour provider/user, worker/NGO, retail
- Self and co-regulation by compliant businesses
- Retailer/Supplier protocol
- Working with Government departments and agencies
- Working with devolved administrations
- GLA/University of Derby training academy
- Effective management of 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 training, skills knowledge and understanding for the new role of LAPOs
- 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 and investigate labour market offences.
- IT transition of the GLA to Home Office systems
- Development of new licensing system to replace the Licensing Application Workflow System (LAWS)
- Development of conduct and complaints framework in conjunction with the Independent Police Complaints Commission (IPCC)
- Review of processes for operational work
- Understanding of the oversight role of the IPCC and HM Inspectorate of Constabulary

## 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.



The targets are subject to ongoing review 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 and agreed by the GLA full Board and the Home Office to ensure oversight, scrutiny and governance.

# Management Commentary – Delivery of Strategic Objectives - Performance 2016-17

## 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 29<sup>3</sup> OCGs suspected of involvement in labour exploitation/modern slavery/trafficking and other serious criminality
- The GLA has equally led or supported 57<sup>3</sup> joint operations and investigations with partner law enforcement agencies
- Involved in cases whereby 10 offenders have been convicted, six of whom have received custodial sentences totalling 23 years. A further five defendants are currently pending court hearings<sup>3</sup>
- Effective exchange of intelligence between partner agencies including nearly 1,500<sup>3</sup> shared intelligence reports
- First national assessment published of the nature and extent of labour exploitation in the UK

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.

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<sup>3</sup> GLA data source

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

- Modern slavery/labour exploitation training and awareness has been delivered by the GLA to an estimated 3,300 supply chain and public sector staff from 1,276 organisations pledging to raise the risks of labour exploitation to an estimated 206,354 workers<sup>4</sup>
- Continued delivery of the GLA Academy programme in partnership with the University of Derby attended by 43 organisations<sup>5</sup>
- Human trafficking and modern slavery investigation training delivered by the GLA to UK and international law enforcement
- Continuation of a worker/NGO liaison group involving trade unions, charities and other members representing victims and workers widened to other high-risk non-GLA sectors
- Production of a labour exploitation Almanac for stakeholders on behalf of 28 European Member States
- 30,000 Emirates staff trained in spotting the signs of modern slavery in a course designed and initiated by the GLA with reach to 51 million<sup>6</sup> passengers annually.
- Joint agreement signed with International Labour Organization, a specialised agency of the United Nations, to combat modern slavery

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.

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

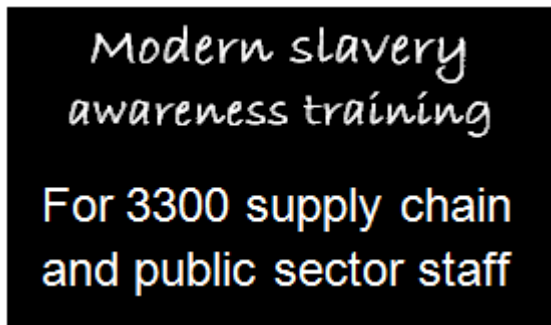
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<sup>4</sup> GLA data source/Association of Labour Providers

<sup>5</sup> GLA data source

<sup>6</sup> <https://www.statista.com/statistics/300253/number-of-passengers-emirates-airlines/>

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



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, contributed 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

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

- Delivered UK-wide regional seminars to 410 different business leaders reaching out to 800,000 employees
- Informal intervention with labour providers leading to the immediate recovery of £93,165<sup>7</sup> on behalf of 1,225 workers
- Quarterly meetings with the Labour User (LU)/Labour Provider (LP) Liaison Group to listen to compliant businesses as well as seeking their views on licensing issues and GLAA priorities
- Increased levels of training and seminars has led to a 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

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.

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<sup>7</sup> GLA Data Source

This year over £93,165 was identified and quickly returned to 1,225 exploited workers. As a proportion of a £110 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.



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 and breaches of employment and other law/regulations**

- Programme of work with EASI and HMRCs (Minimum Wage and Illegal Working Teams)
- Direct intervention on behalf of 4,689<sup>8</sup> workers to prevent them from exploitation
- Compliance inspection activity remains intelligence-led and focussed on serious non-compliance of licensing standards
- Operation Flagman in the South West saw the precursor agencies of GLA/EAS and HMRC minimum wage team working successfully with Police and other local agencies to protect temporary workers in the flower picking sector

This strategic objective is underpinned by the eight GLA licensing standards<sup>9</sup> 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 248 allegations of breaches of licensing standards and 72 compliance inspections were tasked<sup>8</sup>. As already identified this led to a total of 18 licences being revoked, including three being revoked immediately directly stopping the continued exploitation for over 4,543 workers. Additional Licence Conditions have also been added to 38 existing licences and 28 new licences.

The GLA has led investigations into cases resulting in the conviction of 10 offenders, six of whom have received custodial sentences totalling 23 years. The convictions, in addition to offences under the 2004 Act, included offences relating to money laundering, human

<sup>8</sup> GLA data source

<sup>9</sup> [www.gla.gov.uk/i-am-a/i-supply-workers/i-need-a-gla-licence/licensing-standards/](http://www.gla.gov.uk/i-am-a/i-supply-workers/i-need-a-gla-licence/licensing-standards/)



trafficking and requiring people to perform forced labour. A further five defendants are currently awaiting trial.

The vast majority of GLA licence holders are compliant and seek to ensure that they demonstrate transparency in all they do. However, during the course of the year 18 licences were revoked as the businesses, employing 4,543 workers, were discovered to have used exploitative practices. Also, during a number of inspections, workers were found to have been the subject of physical, mental or financial (amounting to £1,166,841) abuse.

Over the year there have been 57 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<sup>10</sup> and has been instrumental in forging innovative and different approaches to managing labour market exploitation and enforcement. We have also been a source of reference for law enforcement and regulatory approaches across the world including Australia, the Netherlands and United Arab Emirates, all of whom highlight the GLA operating model as the most cost effective and efficient way to manage labour abuse.

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

- 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
- Serious non-compliance dealt with resulting in a higher number of revocations

The GLA's approach to licensing continues to withstand robust and independent external scrutiny through the appeals process. In the last seven 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 2016-17 was 101 with 16 refusals and 18 revocations out of an overall total of 1,004 licences.

A formal review of the licensing standards was due to take place during 2015-16; however, this was deferred following the introduction 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.

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<sup>10</sup> This is a multi-agency group that brings together intelligence and investigation staff from public sector enforcement agencies to lawfully share information, intelligence and conduct joint investigations directed at reducing the threat, harm and risk associated with serious and organised crime.

The GLA has been the catalyst in the creation of a network of labour enforcement equivalents across Europe (28 countries). 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.

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

- 4,689 potential victims of labour exploitation have been identified and given support to remove them from danger
- The GLA has led or supported 57 joint operations and investigations with partner law enforcement agencies
- A total of 18 licences were revoked including three revoked immediately directly stopping the continued exploitation for over 4,543 workers. Additional Licence Conditions have also been added to 38 existing licences and 28 new licences
- Six joint operations were carried out in the shellfish gathering sector which still presents obvious dangers for those involved
- Offences including money laundering, trafficking and forced labour have been identified through the activities of unlicensed gangmasters

The GLA's licensing regime plays a strong part in ensuring that there is a level playing field between companies operating in the regulated sector. Companies operating in that sector strongly endorse the licensing regime.



The action taken by the GLA to revoke or refuse a number of licences during this year resulted in 4,543 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, United States, Belarus, Russia, Romania, Bulgaria, Hungary, Vietnam and Nigeria have all continued to monitor the benefits of the GLA licensing system, 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 parts of other UK sectors including construction,

cleaning and logistics that have and continue to aspire to the well-established GLA licensing standards.

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<sup>11</sup>. 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”.

During the reporting year the Chair of the GLA gave evidence to the Justice & Human Rights Committee illustrating the good work of the organisation and where risks and opportunities were present.

### 2016-17 Performance against 3-year corporate targets

| Target  | Status       | Commentary  |
|---|--------------|---|
| Develop closer relationships with the supply chain (including but not restricted to retailers, labour users and labour providers) relating to addressing the identification of workers unpaid holiday pay, breaches of national minimum wage and enforcement of breaches of employment standards/statutory employment rights (Linked to Strategic Objectives 2, 3, 4 and 5) | Exceeded     | <p>During the year the GLA recovered £93,165 on behalf of 1,225 workers as opposed to £82,000 on behalf of 2,326 workers in 2015-16.</p> <p>Whilst the absolute number of interventions was less than 2015-16 there was an increase in the sums recovered for workers. In addition there is growing evidence of increased compliance amongst labour users and labour providers in terms of payments to staff.</p> |
| Increase by 20 per cent the assistance given to labour users/providers in the co-identification of and dealing with potential worker exploitation prior to formal regulatory engagement.(Linked to Strategic Objectives 2, 3 and 4)   | Not achieved | <p>37 cases were dealt with in 2016-17 on behalf of 1,225 compared to 41 cases in 2015-16 on behalf of 2,326.</p> <p>This target is predicated on workers coming forward. Whilst the proposed level of interventions wasn't met the level of monies recovered for workers was increased.</p>  |

<sup>11</sup> [www.publications.parliament.uk/pa/jt201314/jtselect/jt slavery/166/16608.htm](http://www.publications.parliament.uk/pa/jt201314/jtselect/jt slavery/166/16608.htm)

| Target  | Status   | Commentary  |
|---|----------|---|
| <p>Increase by 10 per cent the number of actual and potential victims of labour exploitation identified, and given support to remove them from danger/raise awareness of their rights by regulatory action. (Linked to Strategic Objectives 1, 2 and 6)</p> | Exceeded | <p>During the year a total of 4,689 potential victims of labour exploitation were identified and given support to remove them from danger compared to 2,952 in the previous year.</p> <p>More work has been done around prevention and raising awareness of worker rights. More targeted intelligence led work has focussed activity in areas which has led to the identification of more potential victims.</p>          |
| <p>Monitor and review the level of identified criminal profits from GLA and joint investigations, for consideration of seizure of proceeds of crime through unlawful activity within the sector (Linked to Strategic Objective 1)</p>                       | Achieved | <p>Only one case has progressed through the court process during the year which identified a criminal benefit of £250,000. A number of other cases are currently under consideration by the Crown Prosecution Service.</p>  |
| <p>Increase by 10 per cent the referral of victims of human trafficking or modern slavery made by the GLA or with the assistance of the GLA to the Modern Slavery Human Trafficking Unit (NRM) referrals (Linked to Strategic Objectives 1 and 6)</p>       | Exceeded | <p>The GLA has referred or been directly involved in the National Referral Mechanism (NRM) process with other agencies in relation to 146 potential victims against a total of 29 in the previous year.</p>   |
| <p>Monitor and maintain the number of referrals concerning the identification and activity of OCGs to law enforcement ROCUs (Linked to Strategic Objectives 1 and 2)</p>  | On Track | <p>During 2016-17 the GLA reported on 29 OCGs who are involved in labour exploitation/modern slavery/trafficking and other serious criminality against a total of 39 in 2015-16. It should be noted that wider law enforcement engagement in the modern slavery priorities in particular has led to an increase in the number of OCGs being recorded by law enforcement in that category during the reporting period.</p> |

| Target  | Status    | Commentary   |
|---|-----------|--|
| To develop closer working relationships with HMRC, EAS, HSE, NCA, Local Authorities and law enforcement agencies through increasing by 20 per cent the number of joint operations (Linked to Strategic Objectives 2, 4 and 6) | On Track  | 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 2016-17 there have been 57 joint operations with partner agencies including HMRC, Local Authorities, Police, Fire Service, NCA, HSE and others compared to 54 operations in 2015-16. |
| Monitor and maintain the satisfaction of licence holders with the service provided by the GLA at 86 per cent (Linked to Strategic Objective 5)  | Monitored | The GLA has monitored licence holder satisfaction this year through surveys run at the point of contact with the licensing team and post inspection. Satisfaction levels remained at 86% and 84% of those surveyed agreed that the service provided by GLA is professional.  |
| Monitor and maintain the perception amongst all key stakeholders that the GLA is doing a good or very good job at 93 per cent (Linked to Strategic Objective 5)   | Monitored | The GLA continues to receive feedback through various forums and events. The Association of Labour Providers stated that 96% of its members are in favour of GLA Licensing and 88% of those surveyed think the GLA has improved conditions for workers.  |

## 2016-17 performance against within year targets

| Target  | Status  | Commentary   |
|---|---------|--|
| To ensure the smooth transition of the GLA into the Gangmasters and Labour Abuse Authority in accordance with the Immigration Act 2016, relevant to budget allocation (Linked to all) | Ongoing | <p>Ongoing into 2017-18 due to circumstances outside the control of the GLA.</p> <p>There was a delay in new powers coming into force which were implemented during April 2017, the 2017 general election also delayed the launch of the GLAA.</p> <p>In December 2016 additional funding of £2.4 million was secured from Police Settlement grants to support the expansion to the GLAA.</p> <p>Recruitment of additional posts trained and accredited to utilise the newly acquired powers is well underway.</p> |

| Target   | Status   | Commentary   |
|--|----------|--|
| To support the Director of Labour Market Enforcement when appointed in setting up a national profile of the scale and extent of labour market exploitation (Linked to Strategic Objective 4 and 6) | Achieved | The GLA delivered its first national labour exploitation threat assessment in December 2016 which was presented to the Director of Labour Market Enforcement in January 2017.  |
| To support the Director of Labour Market Enforcement's strategy formulation for 2017-18 (Linked to Strategic Objective 4)  | Achieved | The GLA provides performance data to the Intelligence Hub across a broad range of indicators. It is also a member of the Strategic Co-ordination Group which meets regularly to discuss operational aspects of joint working between the respective agencies. The Director has been grateful for the support provided by the GLA.  |
| To identify, prevent and disrupt labour exploitation across the economy with initial focus on those working in high risk sectors (Linked to Strategic Objective 1)                                 | Achieved | <p>The GLA published its first national threat assessment identifying the nature and extent of labour exploitation in the UK. The threat assessment although identifying the nature and scale of labour abuse in the UK was supported last year by operational activity aimed at preventing and disrupting exploitation.</p> <p>The GLA tasked 112 licence applications and 72 compliance inspections. It also refused 16 applications and revoked 18 licences where serious exploitation was identified. In addition, the GLA undertook 66 criminal investigations and a further 57 with partner agencies, where it identified 4,543 workers suffering from direct abuse and supported 146 potential victims into the NRM or other protective services.</p> |

| Target  | Status          | Commentary  |
|---|-----------------|---|
| <p>Maintain the delivery of the GLA's in-year strategic aim, priorities and objectives through increased protection and prevention from labour exploitation, improved prosecutions and civil action against rogue business; delivery of relevant aspects of the Modern Slavery Strategy, UN Sustainable Development Goal 8.7, UN Guiding Principles on Business and Human Rights (Linked to Strategic Objectives 2 and 5)</p> | <p>Achieved</p> | <p>This has been achieved through wide scale preventative activity raising the awareness of exploitation in supply chains; the early intervention to protect workers subjected to minor labour exploitation before they became victims of more serious abuse (tier 1 intervention); The relentless pursuit of offenders of labour exploitation and their prosecution through the criminal courts (prison sentences, convictions and slavery and trafficking prevention orders).</p> |



**Roger Bannister**  
*Interim Chief Executive*  
 6 July 2018

# Accountability Report

## Corporate Governance Report

### Directors' Report

#### Management Board

The composition of the GLA management Board is identified under the governance statement on pages 40 and 41. Also, on page 47, under the remuneration report there is a register of Board members directorships and significant interests. Declarations of interest for senior leaders are recorded on page 54. These are disclosed for transparency and in case of conflict with their GLA management responsibilities. 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](http://www.gla.gov.uk).

#### Financial Position

The Statement of Comprehensive Net Expenditure for the year ended 31 March 2017 on page 59 shows a deficit of £3,794,000 (£842,000 2015-16). This movement reflects a change in funding arrangements for the GLA.

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 2017 on page 62. Under the 2004 Act, income from licensing receipts is surrendered to the Secretary of State who in turn surrenders it to the consolidated fund.

In 2015-16 the GLA was mainly funded by a combination of GIA and a Service Level Agreement with Home Office for enforcement activity. In 2016-17 this enforcement funding was incorporated into GIA. The balance of GLA funding is identified in note 5 Enforcement Income on page 69.

| Home Office Funding                 | 2016-17<br>£000s | 2015-16<br>£000s |
|-------------------------------------|------------------|------------------|
| Grant In Aid                        | 4,676            | 1,704            |
| Enforcement Service Level Agreement | -                | 2,230            |
| <b>Total Expenditure</b>            | <b>4,676</b>     | <b>3,934</b>     |

#### Pension Arrangements

Pension arrangements for the GLA are provided through the Civil Service pension scheme. Further details can be found within the Remuneration and Staff Report on pages 50 to 53.



## 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, Energy and Industrial Strategy 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 2016-17 the GLA achieved an average payment time of five days (four days in 2015-16).

## Complaints Procedure

The GLA has an established policy<sup>12</sup> 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 2016-17 the GLA received 10 complaints most of which related to the time taken to return licensing decisions (though six of these were identical and related to applications from regional offices of one company that was being broken up into smaller parts). There were nine complaints in 2015-16.

One complainant alleged that information given to the GLA had been wrongfully passed on to another Government agency, while the remaining two sought compensation as a result of suspension of business and loss of revenue due to criminal investigations. Both of the complaints in the last category were referred to the Ombudsman. None of the complaints received in 2016-17 were upheld by the GLA or the Parliamentary and Health Service Ombudsman.

A complaint from 2015-16 that was referred to the Ombudsman was resolved in 2016-17 in favour of the GLA.

## 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 Policy<sup>13</sup>.

In 2016-17 the GLA received 23 requests under the FOI Act mainly concerning prosecutions, convictions and other outcomes. All 23 responses were provided inside the stipulated 20 day period (24 requests in 2015-16).

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<sup>12</sup> [www.gla.gov.uk/who-we-are/complaints/](http://www.gla.gov.uk/who-we-are/complaints/)

<sup>13</sup> [www.gla.gov.uk/publications/external-communications-policy-1/](http://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 2015-16).

## 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 2017 and its financial position for the year.

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

Any events that would impact on these accounts after the 31 March 2017 are stated in note 19 on page 78.

## 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.

Roger Bannister has been appointed Accounting Officer of the GLA from the 16 April 2018. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the GLA's assets, are set out in Managing Public Money published by HM Treasury. Paul Broadbent was the Accounting Officer for the period 01 April 2016 – 27 December 2017.

As Accounting Officer, I can confirm that 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. I have undertaken a detailed review to give myself the appropriate assurances of the arrangements in place under the previous Accounting Officer and on the Annual Report and Accounts.

As Accounting Officer I can confirm that the annual report and accounts as a whole is fair, balanced and understandable. I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

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.

## 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 various national stakeholder groups including, the Modern Slavery Threat Group, Modern Slavery Task Force and international liaison committees.

A full list of members and their individual attendance records at Board meetings during 2016-17 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](http://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         | 4                           | 4                                     |
| Angela Coleshill       | 4                           | 4                                     |
| Prof Linda Dickens MBE | 4                           | 4                                     |
| Marshall Evans         | 4                           | 4                                     |
| Dr Paul Williams       | 3                           | 4                                     |

### Attendance at Audit and Risk Committee

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

### Attendance at Remuneration Committee

| Board Representative  | Number of meetings attended | Number of meetings eligible to attend |
|-----------------------|-----------------------------|---------------------------------------|
| Simon Allbutt (Chair) | 5                           | 5                                     |
| Angela Coleshill      | 5                           | 5                                     |
| Marshall Evans        | 5                           | 5                                     |

During the year the ARC considered a number of key reports including reports around the GLA key risks (this included Legacy IT, single points of failure and stakeholder engagement).

The Board as a whole led by the Remuneration Committee also worked together to address issues around the Chief Executive's contract.

The Board reviews the quality of data provided to it on an ongoing basis and has deemed the quality acceptable for its purposes of oversight and scrutiny of the organisation.

No new Board member appointments were made during 2016-17. 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.

Five internal audit reviews have been completed within 2016 -17 on our Compliance function, Travel and Expenses payment, Management of Homeworkers, Corporate Governance and Transition Management. All gave moderate assurance. As a result of these audits, the GLA agreed 12 recommendations, two of which are still outstanding.

For the year 2016-17 the internal audit services were provided by the Home Office Internal Audit.

## Scope of Responsibility

The Accounting Officer, has 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 we are personally responsible, in accordance with the responsibilities assigned to us in Managing Public Money.

In preparing the annual Governance Statement for 2016-17 we 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.

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

During the reporting period 2016-17 we were obliged to report regularly to the Home Office to satisfy them of the regularity and propriety of expenditure relating to licensing and to enforcement, the responsibility for which has been delegated directly to the GLA by the Secretary of State.

In addition we 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 2017 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 and 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 been and continue to be:

**Political:** the uncertainty and impact of Brexit and its effect on the UK labour market.

**Economic:** the risk associated with budgets and resources in light of continued austerity. Currently the GLA licence fees do not cover the cost of the function in line with Managing Public Money. The GLA is working with the Home Office to agree a plan to address this.

**Social:** With changes in 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. This is a key strategic priority and risk for the GLA and is mitigated by the various liaison and other stakeholder groups.

Expectation versus delivery by the public, licence holders, workers and the Government and the introduction of the Director of Labour Market Enforcement will require careful management.



**Technological:** There is an enduring risk around the age and ineffectiveness of current IT platforms including the public facing LAWS system.

**Environmental:** The changing demographics of the UK labour market present both risks and opportunities.

**Legal:** There remains an ongoing risk that GLA decisions will be challenged in both criminal and civil courts. New powers under the Immigration Act 2016 will be accompanied by an extensive training and accreditation programme. GLA Licensing Standards are overdue for renewal; this could increase the risk of challenge and reduces effectiveness of protection of vulnerable workers. A review of the Standards is being progressed with the Home Office.

The GLA has successfully defended all appeals in 2016-17. There have been 11 appeals received in 2016-17 (8 in 2015-16). 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.

**Organisational:** Continuing to deliver the GLA's core role whilst transitioning to the GLAA. This is being managed through a programme board led by the Chair of the GLA and appropriate measures are in place to mitigate the risks created by the pace of change, culture and resource versus demand issues. Capacity and capability to respond to the expanded role of the GLAA is a major risk but, in part, has been mitigated by the additional funding provided by the Home Office. This remains a risk until the true nature and scale of labour exploitation is established by the GLA, which is estimated will take two years. The risk to deliver is created through a number of single points of potential failure due to the high number of single person dependent posts within a small organisation. This is being mitigated by recruitment and contingency plans are being put in place.

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 and has to deal with demand levels that regularly exceed capacity and, on occasion, capability. The GLA has collaborative arrangements with other organisations that face similar pressures to share cost, pool resources etc. It has also drawn on support from the Home Office to support GLA capabilities in order to manage this work.

The organisation is going through significant changes and there is uncertainty over senior leadership positions which may cause instability in the organisation. An Interim Chief Executive has been appointed. The Chair's extended tenure expires in July 2017. Two of the six Board members tenure expired in March 2017. However, under GLA legislation, the Chair and Board Members will remain in post until new contracts or new appointments are made.

## 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

There have been increasing demands on the GLA, in terms of managing transition to the GLAA and addressing a new licensing system and IT transition.

A project board has been established that meets fortnightly, which addresses the GLA transition to the GLAA. This group is chaired by the Chair of the GLA and the Senior Responsible Officer is the Chief Executive. This group is supported by a number of key GLA and Home Office staff and it also provides specific oversight of both the IT transition work and development of new replacement licensing system.

The GLA, as a small body, continues to be reliant on the Home Office sponsor team to provide specialist support. The Home Office has been developing their sponsorship model which has recently been launched.

The GLA has received a budget allocation for 2017-18, which includes an increase of £2.6 million which is primarily to increase its resources to deal with the increased volume of work due to the extension of its role and remit. The GLA has received a capital allocation of £1.4m for 2017-18.

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.

# Remuneration and Staff Report

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

## Executive Management Board

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

|                |   |
|----------------|---|
| Paul Broadbent | Chief Executive (1 April 2017 – 27 December 2017) |
| Darryl Dixon   | Director of Strategy                              |
| Nicola Ray     | Director of People and Licensing                  |
| Ian Waterfield | Director of Operations (appointed 1 Sept 2016)    |

## Contract Information

### Policy on the Remuneration of Senior Managers

The initial salary packages for all senior managers were set 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 tables on pages 48 and 49.

The Chair of the GLA is employed on a contract basis. During the financial year, the Chair, Margaret Beels, received total remuneration of £28,215 (£27,390 2015-16). These costs are included in the staff costs total of £3,106,000 (£2,889,000 2015-16) on page 52. Payments of £927 (£599 2015-16) have also been made to the Chair in regard to travel and subsistence.

The Chief Executive's post was made permanent December 2016. His remuneration in relation to the additional responsibilities as CEO of GLAA, was resolved December 2017. Approval for the 2016-17 CEO bonus payment was also approved in December 2017.

## Board Members

|                        | Directorships and significant interests   | Salary 2016-17<br>£000s | Salary 2015-16<br>£000s |
|------------------------|---|-------------------------|-------------------------|
| Simon Allbutt          | <ul style="list-style-type: none"> <li>▪ Director, Allbutt HR Consulting</li> <li>▪ Trustee, Erskine Hospital</li> </ul>  | 0-5                     | 0-5                     |
| William Butler         | <ul style="list-style-type: none"> <li>▪ None</li> </ul>  | 5-10                    | 0-5                     |
| Angela Coleshill       | <ul style="list-style-type: none"> <li>▪ Competitiveness Director, Food and Drink Federation</li> <li>▪ Director, National Skills Academy</li> </ul>  | 0-5                     | 0-5                     |
| Prof Linda Dickens MBE | <ul style="list-style-type: none"> <li>▪ Member, Acas Council</li> <li>▪ Member, Acas Panel of Arbitrators</li> <li>▪ Member, Expert Advisory Panel Essex Fire and Rescue Services</li> <li>▪ Independent Chair, NJC Fire and Rescue Services</li> <li>▪ External Mediator, Royal Mail UCW</li> </ul> | 5-10                    | 5-10                    |
| Marshall Evans         | <ul style="list-style-type: none"> <li>▪ Director (Non-Board) - Staffline Recruitment Ltd/Staffline Group Plc</li> <li>▪ Director and Board member - Recruitment and Employment Confederation</li> </ul>  | 0-5                     | 0-5                     |
| Dr Paul Williams       | <ul style="list-style-type: none"> <li>▪ Non-Executive Director, Food Standards Agency</li> </ul>   | 0-5                     | 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 2016-17 (£3,000 2015-16).

### Tax Arrangements for Public Sector Appointees

There were 2 off-payroll engagements as of 31 March 2017 for more than £220 per day and that lasted for longer than 6 months. These are contractors and consultants who have their own tax and national insurance arrangements; none were current or former employees of the GLA (none 2016-17). None of the engagements involved Board Members or senior officials with significant financial responsibility, during the financial year. The total spend on contractors was £184,000 2016-17 (nil 2015-16).

### Policy on the Duration of Contracts and Notice Periods

All senior managers with agreed employment 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 Chief Executive, Directors and Human Resources (and the Chair where directors' remuneration is discussed) that considers annual appraisals. Bonuses are awarded subject to individuals exceeding the performance criteria in line with the GLA's strategic objectives.

The Chief Executive's PRP is determined by existing arrangements for senior civil servants and is dependent upon meeting agreed personal objectives and is assessed by the Chair and Remuneration Committee which is then submitted to the Home Office Minister for approval.

## Employment of disabled persons' policy

The GLA works to ensure that disability is not regarded as a barrier to recruitment or promotion. It is committed to ensuring that disabled staff have access to the same opportunities as other staff, not only when they first join but at all stages in their career.

The organisation operates a Guaranteed Interview Scheme, which guarantees an interview to anyone with a disability whose application meets the minimum criteria for the post. Once in post, disabled staff are provided with any reasonable support/adjustments they might need to carry out their duties.

## Salary Information (Subject to Audit)

### Remuneration

The Chief Executive is the only GLA Senior Civil Servant post (SCS Grade 2).

The Chief Executive had opted out of the pension scheme but opted in during 2016-17 and the Director of Operations has opted out.

### 2016-17

#### Single Total Figure of Remuneration

| Senior Manager                        | Job Title                        | Salary<br>£000s      | Performance<br>Payments<br>£000s | Severance<br>Payments<br>£000s | Pensions<br>Benefits<br>£000s | Total<br>£000s |
|---------------------------------------|----------------------------------|----------------------|----------------------------------|--------------------------------|-------------------------------|----------------|
| Paul Broadbent                        | Chief Executive                  | 90-95                | 0                                | -                              | 32                            | 120-125        |
| Darryl Dixon                          | Director of Strategy             | 60-65                | 0-5                              | -                              | 11                            | 80-85          |
| Nicola Ray                            | Director of People and Licensing | 35-40                | -                                | -                              | 14                            | 50-55          |
| Ian Waterfield<br>(joined 01/09/2016) | Director of Operations           | 30-35<br>(FYE 55-60) | -                                | -                              | -                             | 30-35          |

## 2015-16 Single Total Figure of Remuneration

| Senior Manager | Job Title                        | Salary<br>£000s | Performance<br>Payments<br>£000s | Severance<br>Payments<br>£000s | Pensions<br>Benefits<br>£000s | Total<br>£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                            | 55-60          |

The PRP payments within the single remuneration figure are reported on a paid basis. Normally the 2016-17 figures would relate to 2015-16 PRP awards as these are paid in the following year. The PRP payments disclosed for 2015-16 relate to the 2014-15 PRP awards, which were paid in 2015-16.

The Chief Executive's 2015-16 PRP payment has not yet been paid, however £10,000-£15,000 has been accrued for it and will be paid in 2017-18. A PRP payment relating to 2016-17 of £5,000-£10,000 has also been accrued for the Chief Executive and this will also be paid in 2017-18.

### Fair Pay Disclosure

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.

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

In 2016-17 no employees received remuneration in excess of the highest paid executive (none 2015-16). The banded remuneration of the highest paid director in the GLA in the financial year 2016-17 was £95,000-£100,000 (£100,000-£105,000 2015-16 (restated)). This was 2.91 times (3.09 times 2015-16 (restated)) the median remuneration of the workforce, which was £33,497 (£33,197 2015-16). The reduction in ratio related to change in performance related pay accrued for the Chief Executive. Note that the banded remuneration of the highest paid director used in this calculation differs from that reported in the Single Total Figure of Remuneration table above as the Fair Pay disclosure uses the accrued bonus payments, as opposed to the bonus paid in year.

Remuneration ranged from £15,000-£20,000 to £95,000-£100,000 (£15,000-£20,000 to £100,000-£105,000 2015-16 (restated)).

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.

As at 31 March 2017 there were two female (Chair and Director) and three male (Chief Executive and two Directors) senior leaders with 28 female and 44 male staff in total.

## 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 1/80<sup>th</sup> of pensionable salary for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60<sup>th</sup> of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme

year and the accrued pension is updated 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 8 per cent and 14.75 per cent (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 0.5 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 PCS or alpha – as appropriate. Where the official has benefits in both the PCS and alpha, the figure quoted 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](http://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.



## Pensions Benefit

### CETV Information (Subject to Audit)

#### 2016-17

| Senior Manager | Real 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 2016 £000s | CETV at 31 March 2017 £000s | Real increase in CETV £000s |
|----------------|--------------------------------|---|--------------------------------|----------------------------------|----------------------------|-----------------------------|-----------------------------|
| Paul Broadbent | 0-2.5                          | 0-2.5                                     | 0-5                            | -                                | -                          | 23                          | 17                          |
| Darryl Dixon   | 0-2.5                          | 0-2.5                                     | 25-30                          | 80-85                            | 524                        | 558                         | 9                           |
| Nicola Ray     | 0-2.5                          | 0-2.5                                     | 20-25                          | 30-35                            | 346                        | 367                         | 6                           |

#### 2015-16

| Senior Manager | Real 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     | 0-2.5                          | 0-2.5                                     | 20-25                          | 30-35                            | 308                        | 346                         | 9                           |

The Chief Executive had opted out of the pension scheme but opted back in during 2016-17, the Director of Operations has opted out. None of our senior managers are members of the partnership pension scheme.

### Staff Costs (subject to audit)

|                                 | 2016-17                          |                         | 2015-16                          |                         |
|---------------------------------|----------------------------------|-------------------------|----------------------------------|-------------------------|
|                                 | Permanently employed staff £000s | Other / Temporary £000s | Permanently employed staff £000s | Other / Temporary £000s |
| Staff salaries including PRP    | 2,352                            | 49                      | 2,299                            | -                       |
| Employee benefits as per IAS 19 | 9                                | -                       | (15)                             | -                       |
| Social security costs           | 256                              | -                       | 186                              | -                       |
| Pension service costs           | 440                              | -                       | 419                              | -                       |
| <b>Total</b>                    | <b>3,057</b>                     | <b>49</b>               | <b>2,889</b>                     | <b>-</b>                |

Three employees were employed on a fixed term contract during 2016-17 (three employees 2015-16).

A total of £66,000 was accrued for PRP (£45,000 2015-16). The 2016-17 figure includes an accrual of the Chief Executive's PRP for 2015-16 which had not be paid as at 31 March 2017.

## 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](http://www.civilservicepensionscheme.org.uk)).

To 31 March 2017, employer's contributions of £410,000 were payable to the civil service pension schemes (£396,000 2015-16) at one of four rates in the range of 20 to 24.5 per cent (20 to 24.5 per cent 2015-16) 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 £29,000 (£22,000 2015-16) were paid to a panel of appointed stakeholder pension providers.

Employer's contributions are age-related and range from 8 to 14.75 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £900 (£700 2015-16), 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 £2,000 (nil 2015-16). Contributions prepaid at that date were nil (nil 2015-16).

## Average number of employees (based on FTE)

|                         | 2016-17 |                 |        | 2015-16 |                 |        |
|-------------------------|---------|-----------------|--------|---------|-----------------|--------|
|                         | Total   | Permanent staff | Others | Total   | Permanent Staff | Others |
| Total directly employed | 69      | 67              | 2      | 66      | 63              | 3      |

## Reporting of Civil Service and Other Compensation Schemes Exit Packages 2016-17

There were no exit packages to report during 2016-17 (none 2015-16).

## Sickness Absence

For the reporting year to 31 March 2017 the average number of days lost to staff sickness was 7.2 (9.3 2015-16).

## Declarations of Interest

| Senior Leaders                               | Declarations of Interest  |
|--|---|
| Margaret Beels, Chair                        | <ul style="list-style-type: none"> <li>▪ Non-Executive Director and Acting Chair, Market Operator Services Ltd</li> <li>▪ Directorship: Wispway Properties Ltd</li> <li>▪ Trusteeships: Friends of the Connection; The London Chorus</li> </ul> |
| Paul Broadbent, Chief Executive              | <ul style="list-style-type: none"> <li>▪ None</li> </ul>  |
| Darryl Dixon, Director of Strategy           | <ul style="list-style-type: none"> <li>▪ None</li> </ul>  |
| Nicola Ray, Director of People and Licensing | <ul style="list-style-type: none"> <li>▪ None</li> </ul>  |
| Ian Waterfield, Director of Operations       | <ul style="list-style-type: none"> <li>▪ Trusteeship: Safer Living Foundation</li> </ul>  |

# 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 2016 to 31 March 2017 the GLA incurred no losses or special payments (nil 2015-16).

## Fees and Charges

Following a comprehensive review of the cost of the licensing function in 2016-17 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. Income has reduced as certain low risk areas were removed from the regulated sector as part of the Red Tape Challenge.

The organisation is required to operate on a full cost recovery basis, which is currently not being achieved. It is anticipated that a recommendation regarding licence fees will be taken forward with the Home Office.

|                   | Income<br>£000s | Full Costs<br>£000s | Surplus/(Deficit)<br>£000s | Fee Recovery<br>Actual<br>% |
|-------------------|-----------------|---------------------|----------------------------|-----------------------------|
| Licensing 2016-17 | 918             | 1,911               | (993)                      | 48                          |
| Licensing 2015-16 | 948             | 1,999               | (1,051)                    | 47                          |

For the purposes of cost recovery, expenditure has been analysed by function, as well as category, shown in note 2 on page 67. 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 pages 69 and 70.

## Contingent Liabilities

In addition to contingent liabilities reported in accordance with IAS 37, the GLA also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of a contingent liability. There are currently no remote contingent liabilities.



**Roger Bannister**  
*Accounting Officer*  
6 July 2018

# 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 2017 under the Government Resources and Accounts Act 2000. 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 Accountability Disclosures that is described in that report as having been audited.

## **Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts 2000. 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 for 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 and report.

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 2017 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 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 Government Resources and Accounts Act 2000; and
- the information given in the 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 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

11 July 2018

# Financial Statements

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2017

|                                     | Note | 2016-17<br>£000s | 2015-16<br>£000s |
|-------------------------------------|------|------------------|------------------|
| <b>Expenditure</b>                  |      |                  |                  |
| Staff costs                         | 3    | (3,106)          | (2,889)          |
| Operating Expenditure               | 4    | (1,736)          | (1,262)          |
| <b>Total expenditure</b>            |      | <b>(4,842)</b>   | <b>(4,151)</b>   |
| <b>Income</b>                       |      |                  |                  |
| Enforcement                         | 5    | 130              | 2,361            |
| Licence fees                        | 6    | 667              | 650              |
| Application inspections             | 6    | 251              | 298              |
| <b>Total income</b>                 |      | <b>1,048</b>     | <b>3,309</b>     |
| <b>Net expenditure for the year</b> |      | <b>(3,794)</b>   | <b>(842)</b>     |

## Other Comprehensive Expenditure

|   | Note | 2016-17<br>£000s | 2015-16<br>£000s |
|---|------|------------------|------------------|
| <b>Items that will not be reclassified to net operating cost:</b> |      |                  |                  |
| Net gain on revaluation of intangible assets                      | 9    | (9)              | (13)             |
| <b>Comprehensive net expenditure for the year</b>                 |      | <b>(3,803)</b>   | <b>(855)</b>     |

The notes on page 63 to 78 form an integral part of the accounts.



## Statement of Financial Position as at 31 March 2017

|  | Note | 31 March 2017<br>£000s | 31 March 2016<br>£000s |
|--|------|------------------------|------------------------|
| <b>Non-current assets</b>                    |      |                        |                        |
| Property, plant and equipment                | 8    | 562                    | 16                     |
| Intangible assets                            | 9    | 59                     | 106                    |
| <b>Total non-current assets</b>              |      | <b>621</b>             | <b>122</b>             |
| <b>Current assets</b>                        |      |                        |                        |
| Trade and other receivables                  | 10   | 87                     | 70                     |
| Cash and cash equivalents                    | 11   | 569                    | 647                    |
| <b>Total current assets</b>                  |      | <b>656</b>             | <b>717</b>             |
| <b>Total assets</b>                          |      | <b>1,277</b>           | <b>839</b>             |
| <b>Current liabilities</b>                   |      |                        |                        |
| Trade and other payables                     | 12   | (1,107)                | (826)                  |
| Finance Lease                                | 12   | -                      | (20)                   |
| Provisions                                   | 13   | (248)                  | -                      |
| <b>Total current liabilities</b>             |      | <b>(1,355)</b>         | <b>(846)</b>           |
| <b>Total assets less current liabilities</b> |      | <b>(78)</b>            | <b>(7)</b>             |
| <b>Non-current liabilities</b>               |      |                        |                        |
| Finance lease                                | 12   | -                      | (16)                   |
| <b>Total non-current liabilities</b>         |      | <b>-</b>               | <b>(16)</b>            |
| <b>Total liabilities</b>                     |      | <b>(1,355)</b>         | <b>(862)</b>           |
| <b>Assets less liabilities</b>               |      | <b>(78)</b>            | <b>(23)</b>            |
| <b>Reserves</b>                              |      |                        |                        |
| General reserve                              |      | (85)                   | (39)                   |
| Revaluation reserve                          |      | 7                      | 16                     |
| <b>Total reserves</b>                        |      | <b>(78)</b>            | <b>(23)</b>            |



**Roger Bannister**  
Accounting Officer  
6 July 2018

The notes on pages 63 to 78 form an integral part of the accounts.

## Statement of Cash Flows for the year ended 31 March 2017

|   | Note | 2016-17<br>£000s | 2015-16<br>£000s |
|---|------|------------------|------------------|
| <b>Cash flows from operating activities:</b>  |      |                  |                  |
| Net operating cost  |      | (3,794)          | (842)            |
| Adjustments for non-cash transactions:  |      |                  |                  |
| Depreciation  | 8    | 11               | 12               |
| Amortisation  | 9    | 59               | 79               |
| Adjustment to the Service Concession Arrangement (SCA)                                | 4    | (13)             | 5                |
| Finance costs   | 4    | 2                | 1                |
| Credit write back   | 4    | (21)             | (22)             |
| (Increase)/Decrease in trade and other receivables                                    | 10   | (18)             | 27               |
| Increase/(Decrease) in trade and other payables                                       | 12   | 42               | 137              |
| Provisions Movement   | 13   | 248              | -                |
| Payments to the consolidated fund which are outside the scope of the GLA's activities |      | (929)            | (950)            |
| <b>Net cash outflow from operating activities</b>                                     |      | <b>(4,413)</b>   | <b>(1,553)</b>   |
| <b>Cash flows from investing activities</b>   |      |                  |                  |
| Purchase of property, plant and equipment   | 8    | (326)            | -                |
| Purchase of intangible assets   | 9    | (15)             | -                |
| <b>Net cash outflow from investing activities</b>                                     |      | <b>(341)</b>     | <b>-</b>         |
| <b>Cash flows from financing activities</b>   |      |                  |                  |
| Revenue – Grant-in-Aid  | 7    | 4,676            | 1,704            |
| <b>Total financing</b>  |      | <b>4,676</b>     | <b>1,704</b>     |
| <b>Net (decrease)/increase in cash and cash equivalents in the period</b>             |      | <b>(78)</b>      | <b>151</b>       |
| <b>Cash and cash equivalents at the beginning of the period</b>                       |      | <b>647</b>       | <b>496</b>       |
| <b>Cash and cash equivalents at the end of the period</b>                             |      | <b>569</b>       | <b>647</b>       |

The notes on pages 63 to 78 form an integral part of the accounts.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2017

|  | Note | General Reserve<br>£000s | Revaluation Reserve<br>£000s | Total Reserves<br>£000s |
|--|------|--------------------------|------------------------------|-------------------------|
| <b>Balance at 1 April 2015</b>               |      | <b>50</b>                | <b>29</b>                    | <b>79</b>               |
| 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)                   |
| <b>Balance at 31 March 2016</b>              |      | <b>(38)</b>              | <b>16</b>                    | <b>(22)</b>             |
| <b>Balance at 1 April 2016</b>               |      | <b>(38)</b>              | <b>16</b>                    | <b>(22)</b>             |
| Net operating cost                           |      | (3,794)                  | -                            | (3,794)                 |
| Net gain on revaluation of intangible assets | 9    | -                        | (9)                          | (9)                     |
| Grant-in-Aid                                 | 7    | 4,676                    | -                            | 4,676                   |
| Payment to consolidated fund                 |      | (929)                    | -                            | (929)                   |
| <b>Balance at 31 March 2017</b>              |      | <b>(85)</b>              | <b>7</b>                     | <b>(78)</b>             |

The notes on pages 63 to 78 form an integral part of the accounts.

# Notes to the Accounts

## 1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2016-17 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.

All figures are shown to the nearest £1,000, this may result in small cumulative rounding differences between notes.

### 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 50 to 53 of the Remuneration and Staff Report.

### Impending Application of newly issued Accounting Standards not yet effective

International Financial Reporting Standards (IFRS) and other accounting changes that have been issued but are not yet effective:

IFRS 9 Financial Instruments was issued in July 2014, effective for periods beginning on or after 1 January 2018. HM Treasury is working towards implementing the standard in the FReM from 2018-19. It is not expected to have a material impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers was issued in May 2014, effective for periods beginning on or after 1 January 2018. HM Treasury is working towards implementing the standard in the FReM from 2018-19. It is not expected to have a material impact on the financial statements.

IFRS 16 Leases was issued in January 2016, effective for periods beginning on or after 1 January 2019. This will change the way GLA recognises, measures, presents and discloses leases that it holds. The full impact of IFRS 16 Leases on the GLA will not be determined until it has been adopted for use in the public sector by the FReM.

IFRS 4 Insurance Contracts adapted for IFRS 9 – The IASB has adapted IFRS 4 Insurance Contracts acts as an interim measure between the introduction of IFRS 9 (2018-19) and the new insurance contracts accounting standard IFRS 17 (2021-22 expected). The FRAB agreed to endorse the IFRS 4 amendments without adaptation or interpretation. It is not expected to have a material impact on the financial statements.

### Going Concern

The Statement of Comprehensive Net Expenditure for the year shows a deficit of £3,794,000 and the Statement of Financial Position shows total negative reserves of £78,000. The negative general reserves figure reflects income relating to the deferred income liability of £334,000 2016-17 (£288,000 2015-16) paid over to the consolidated fund. GIA funding is also drawn down on a cash needs basis.

The GLA has received confirmation of its proposed funding levels for 2017-18, 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 it has been necessary to add these to the existing cost recovery analysis.

Costs are apportioned between licensing and enforcement activities based on management judgement of the fair apportionment of costs between these segments. This is reviewed annually.

### 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. The GLA procures information technology support through the Defra's E-enabling Agreement with IBM. Although, the GLA has a rolling twelve month contract with Defra, Defra is contracted with IBM until July 2019.

Service Concession Arrangements are accounted for in accordance with IFRIC 12, as adapted for the public sector context by the FReM.

In the financial years up to 2015-16, GLA had accounted for the contract with Defra as a service concession arrangement. From March 2017 the IBM contract no longer falls within the scope of IFRIC 12 as Defra has purchased the assets used in providing the IT service. These IT infrastructure assets, which consist of laptops, servers and hardware, are classed as one tangible asset under property, plant and equipment and recorded within Defra Accounts as 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  | 1-7 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

Cash and cash equivalents comprise cash in hand, current balances with banks and other financial institutions.

## 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 PCS 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 PCS 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 PCS 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.

## Assets under construction

Assets under construction are shown at accumulated cost with depreciation commencing when the asset is completed and brought into service.

## Provisions

GLA provides for obligations arising from past events where the GLA has a present obligation at the Statement of Financial Position date, and where it is probable that it will be required to settle the obligation and a reliable estimate can be made. Where material, future costs have been discounted using the rate as directed by HM Treasury.

## 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 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                            | 2016-17            |                      |                | 2015-16            |                      |                |
|-------------------------------------|--------------------|----------------------|----------------|--------------------|----------------------|----------------|
|                                     | Licensing<br>£000s | Enforcement<br>£000s | Total<br>£000s | Licensing<br>£000s | Enforcement<br>£000s | Total<br>£000s |
| <b>Expenditure</b>                  |                    |                      |                |                    |                      |                |
| Staff costs                         | (1,272)            | (1,834)              | (3,106)        | (1,375)            | (1,514)              | (2,889)        |
| Operating<br>Expenditure            | (639)              | (1,097)              | (1,736)        | (624)              | (638)                | (1,262)        |
| <b>Total</b>                        | <b>(1,911)</b>     | <b>(2,931)</b>       | <b>(4,842)</b> | <b>(1,999)</b>     | <b>(2,152)</b>       | <b>(4,151)</b> |
| <b>Income</b>                       |                    |                      |                |                    |                      |                |
| Licensing                           | 918                | -                    | 918            | 948                | -                    | 948            |
| Other                               | -                  | 130                  | 130            | -                  | 131                  | 131            |
| <b>Total</b>                        | <b>918</b>         | <b>130</b>           | <b>1,048</b>   | <b>948</b>         | <b>131</b>           | <b>1,079</b>   |
| <b>Net income<br/>(expenditure)</b> | <b>(993)</b>       | <b>(2,801)</b>       | <b>(3,794)</b> | <b>(1,051)</b>     | <b>(2,021)</b>       | <b>(3,072)</b> |



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.

### 3. Staff Costs

Information on staff costs can be found within the Remuneration and Staff Report section on pages 46 to 54.

### 4. Operating Expenditure

|                                 | 2016-17<br>Total<br>£000s | 2015-16<br>Total<br>£000s |
|---------------------------------|---------------------------|---------------------------|
| Travel and Subsistence          | 261                       | 240                       |
| Information Technology          | 483                       | 497                       |
| Marketing                       | 6                         | 5                         |
| Depreciation                    | 11                        | 12                        |
| Amortisation                    | 59                        | 79                        |
| Adjustment to the SCA (IFRIC12) | (13)                      | 5                         |
| IBM finance costs               | 2                         | 1                         |
| IBM credit write back           | (21)                      | (22)                      |
| Legal Costs                     | 156                       | 194                       |
| Legal Provision                 | 231                       | -                         |
| Recruitment                     | 34                        | 7                         |
| Accommodation                   | 161                       | 145                       |
| GLA conference                  | -                         | 21                        |
| Training                        | 28                        | 9                         |
| Auditors remuneration           |                           |                           |
| - External                      | 33                        | 26                        |
| - Internal                      | -                         | 1                         |
| Interpreters                    | 13                        | 20                        |
| Stationery/postage              | 12                        | 4                         |
| Board expenses                  | 5                         | 5                         |
| Legal support enforcement       | -                         | (25)                      |
| Restructuring Contractors       | 235                       | -                         |
| Other                           | 40                        | 38                        |
| <b>Total</b>                    | <b>1,736</b>              | <b>1,262</b>              |

The remuneration to the Comptroller and Auditor General in respect of external audit work carried out in 2016-17 was £33,000 (£26,000 2015-16).

## 5. Enforcement Income

|   | 2016-17<br>£000s | 2015-16<br>£000s |
|---|------------------|------------------|
| Enforcement income for operating activities within Great Britain    | -                | 2,230            |
| Additional enforcement income from DAERA for regional food activity | 100              | 100              |
| Other income  | 30               | 31               |
| <b>Total</b>  | <b>130</b>       | <b>2,361</b>     |

The GLA had a Service Level Agreement (SLA) with the Home Office during 2015-16 in order to provide enforcement services within Great Britain. This income was applied for and received on a monthly basis. This work is now funded through GIA as stated in Statement of Change in Taxpayers Equity on page 62.

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 £30,000 was received by the GLA from external sources in 2016-17 to assist with enforcement activity and training fees (£31,000 2015-16) which included £21,000 for the GLA National Stakeholder Conference which was self-financing). The next GLAA National Stakeholder Conference is scheduled for October 2017. The GLA did not host a conference in 2016-17.

## 6. Licence Fees and Application Inspections

| Annual Turnover | Fee Band | New Applications<br>(Inspection and<br>Licence Fees)<br>£ | Application<br>Inspection Fee<br>£ | Renewal Fee<br>£ |
|-----------------|----------|---|------------------------------------|------------------|
| £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.

## Licence Fees

The number of licences issued was as follows:

### As at 31 March 2017

|   | Licences Issued/Renewed | Licence Applications Cancelled | Licence Applications Refused | Licences Revoked | Recognised £000s |
|---|-------------------------|--------------------------------|------------------------------|------------------|------------------|
| Horticulture, agriculture and shellfish | 1,004                   | 59                             | 16                           | 18               | 667              |

### As at 31 March 2016

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

## Application Inspections

Application inspection income is on gross annual turnover within the sector, as identified above. In 2016-17 Inspection Income was £251,000 (£298,000 2015-16).

## 7. Financing

|                    | 2016-17<br>£000s | 2015-16<br>£000s |
|--------------------|------------------|------------------|
| Revenue – GIA cash | 4,676            | 1,704            |

Total non-ring-fenced (cash) GIA approved for the year is £4,500,000 (£1,783,000 2015-16). A ring-fenced (or non-cash) allocation of £335,000 to cover the costs of depreciation was also approved as part of budget setting (£184,000 2015-16). 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 2017.

As identified above and in 2015-16 enforcement funding was provided under a Service Level Agreement (£2,230,000).

## 8. Property, Plant and Equipment 2016-17

|                           | Plant and Machinery Total | Information Technology Total | Fixtures and Fittings Total | Assets under construction Total | GLA Total  |
|---------------------------|---------------------------|------------------------------|-----------------------------|---------------------------------|------------|
|                           | £'000s                    | £000s                        | £000s                       | £000s                           | £000s      |
| <b>Cost or Valuation:</b> |                           |                              |                             |                                 |            |
| <b>At 1 April 2016</b>    | <b>7</b>                  | <b>263</b>                   | <b>15</b>                   | <b>-</b>                        | <b>285</b> |
| Additions                 | 16                        | -                            | 40                          | 503                             | 559        |
| Adjustment to the SCA     | -                         | (2)                          | -                           | -                               | (2)        |
| <b>At 31 March 2017</b>   | <b>23</b>                 | <b>261</b>                   | <b>55</b>                   | <b>503</b>                      | <b>842</b> |
| <b>Depreciation:</b>      |                           |                              |                             |                                 |            |
| <b>At 1 April 2016</b>    | <b>6</b>                  | <b>256</b>                   | <b>7</b>                    | <b>-</b>                        | <b>269</b> |
| Charge for the period     | -                         | 5                            | 6                           | -                               | 11         |
| <b>At 31 March 2017</b>   | <b>6</b>                  | <b>261</b>                   | <b>13</b>                   | <b>-</b>                        | <b>280</b> |
| <b>Net book value:</b>    |                           |                              |                             |                                 |            |
| <b>At 31 March 2017</b>   | <b>17</b>                 | <b>-</b>                     | <b>42</b>                   | <b>503</b>                      | <b>562</b> |
| <b>At 31 March 2016</b>   | <b>1</b>                  | <b>7</b>                     | <b>8</b>                    | <b>-</b>                        | <b>16</b>  |

### Asset Financing

|   |           |          |           |            |            |
|---|-----------|----------|-----------|------------|------------|
| Net book value owned as at 31 March 2017  | 17        | -        | 42        | 503        | 562        |
| Net book value leased as at 31 March 2017 | -         | -        | -         | -          | -          |
| <b>Carrying amount at 31 March 2017</b>   | <b>17</b> | <b>-</b> | <b>42</b> | <b>503</b> | <b>562</b> |

Defra has a contract with IBM for the provision of IT services and infrastructure assets. This contract was reframed on 1 February 2010. In March 2017 Defra purchased the assets used in providing the service. Although the GLA transferred from Defra to the Home Office in April 2014 it has continued to use this contract and Defra for IT services and infrastructure assets for the whole of the accounting period. GLAA are in the process of moving to Home Office infrastructure.

Until March 2017, Defra had the right to use assets owned by IBM. 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.

The GLA procures information technology support through the Defra's E-enabling Agreement with IBM. Although, the GLA had a rolling twelve month contract with Defra, the Defra contract was recently extended and Defra is contracted with IBM until July 2019.

From March 2017 the IBM contract no longer falls within the scope of IFRIC 12 as Defra has purchased the assets used in providing the IT service. These IT infrastructure assets,

which consist of laptops, servers and hardware, are classed as one tangible asset under property, plant and equipment and recorded within Defra Accounts as Property, plant and equipment.

Details of how the contract is accounted for can be found in the Statement of Accounting Policies on page 65.

The Asset under Construction relates to replacement IT infrastructure, which will replace the Defra provided infrastructure assets now held at nil net book value within the GLA in 2017-18, £233,000 of this amount had not been billed and has been accrued at year end.

### Property, Plant and Equipment 2015-16

|                           | Plant and Machinery Total<br>£'000s | Information Technology Total<br>£000s | Fixtures and Fittings Total<br>£000s | Assets Under Construction Total<br>£000s | GLA Total<br>£000s |
|---------------------------|-------------------------------------|---------------------------------------|--------------------------------------|--|--------------------|
| <b>Cost or Valuation:</b> |                                     |                                       |                                      |  |                    |
| <b>At 1 April 2015</b>    | <b>7</b>                            | <b>268</b>                            | <b>15</b>                            | <b>-</b>                                 | <b>290</b>         |
| Additions                 | -                                   | -                                     | -                                    | -  | -                  |
| Adjustment to the SCA     | -                                   | (5)                                   | -                                    | -  | (5)                |
| <b>At 31 March 2016</b>   | <b>7</b>                            | <b>263</b>                            | <b>15</b>                            | <b>-</b>                                 | <b>285</b>         |
| <b>Depreciation:</b>      |                                     |                                       |                                      |  |                    |
| <b>At 1 April 2015</b>    | <b>4</b>                            | <b>248</b>                            | <b>5</b>                             | <b>-</b>                                 | <b>257</b>         |
| Charge for the Period     | 2                                   | 8                                     | 2                                    | -  | 12                 |
| <b>At 31 March 2015</b>   | <b>6</b>                            | <b>256</b>                            | <b>7</b>                             | <b>-</b>                                 | <b>269</b>         |
| <b>Net book value:</b>    |                                     |                                       |                                      |  |                    |
| <b>At 31 March 2016</b>   | <b>1</b>                            | <b>7</b>                              | <b>8</b>                             | <b>-</b>                                 | <b>16</b>          |
| <b>At 31 March 2015</b>   | <b>3</b>                            | <b>20</b>                             | <b>10</b>                            | <b>-</b>                                 | <b>33</b>          |

### 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         |
| <b>Carrying amount at 31 March 2016</b>   | <b>1</b> | <b>7</b> | <b>8</b> | <b>-</b> | <b>16</b> |

## 9. Intangible Assets

| 2016-17                   | Software Licence<br>Total<br>£000s |
|---------------------------|------------------------------------|
| <b>Cost or Valuation:</b> |                                    |
| <b>At 1 April 2016</b>    | <b>1,943</b>                       |
| Addition                  | 22                                 |
| Disposals                 | (55)                               |
| Revaluation               | 32                                 |
| <b>At 31 March 2017</b>   | <b>1,942</b>                       |
| <b>Amortisation:</b>      |                                    |
| <b>At 1 April 2016</b>    | <b>1,837</b>                       |
| Charge for the period     | 59                                 |
| Disposals                 | (55)                               |
| Revaluation               | 42                                 |
| <b>At 31 March 2017</b>   | <b>1,883</b>                       |
| <b>Net book value:</b>    |                                    |
| <b>At 31 March 2017</b>   | <b>59</b>                          |
| At 31 March 2016          | 106                                |

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

£7,000 of additions had not been billed at year end and were accrued.

The carrying amount of the intangible fixed assets had the revaluation not occurred is £52,000 (£90,000 2015-16).

The net book value of LAWS, the GLA's largest intangible asset was £44,000 (£87,000 2015-16). This asset has an expected life to December 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

|                                | 2016-17<br>£000s | 2015-16<br>£000s |
|--------------------------------|------------------|------------------|
| <b>Trade receivables:</b>      |                  |                  |
| Trade receivables              | -                | -                |
| <b>Other receivables:</b>      |                  |                  |
| Prepayments and accrued income | 78               | 68               |
| Other receivables              | 10               | 2                |
| <b>Total</b>                   | <b>88</b>        | <b>70</b>        |

## 11. Cash and Cash Equivalents

|  | 2016-17<br>£000s | 2015-16<br>£000s |
|--|------------------|------------------|
| Balance at 1 April                               | 647              | 496              |
| Net change in cash and cash equivalent balances  | (78)             | 151              |
| <b>Balance at 31 March</b>                       | <b>569</b>       | <b>647</b>       |
| The following balances at 31 March were held at: |                  |                  |
| Commercial banks and cash in hand                | 569              | 647              |
| <b>Balance at 31 March</b>                       | <b>569</b>       | <b>647</b>       |

## 12. Trade Payables and Other Current Liabilities

|  | 2016-17<br>£000s | 2015-16<br>£000s |
|--|------------------|------------------|
| <b>Amounts falling due within one year</b>       |                  |                  |
| Other taxation and social security               | 75               | 59               |
| Trade payables                                   | 55               | 178              |
| Accruals   | 643              | 301              |
| Deferred income                                  | 334              | 288              |
| <b>Total</b>                                     | <b>1,107</b>     | <b>826</b>       |
| <b>Finance lease falling due within one year</b> |                  |                  |
| Finance lease                                    | -                | 20               |
| <b>Total</b>                                     | <b>-</b>         | <b>20</b>        |
| <b>Amounts falling after more than one year</b>  |                  |                  |
| Finance lease                                    | -                | 16               |
| <b>Total</b>                                     | <b>-</b>         | <b>16</b>        |
| <b>Total All</b>                                 | <b>1,107</b>     | <b>862</b>       |

£240,000 of the accruals relate to capital and more information can be found at note 8 and note 9 on pages 71 to 74.

### 13. Provisions for liabilities

In accordance with IAS 37, provisions are disclosed in the Statement of Financial Position for legal and constructive obligations in existence at the end of the reporting period if the payment amount to settle the obligation is probable and can be reliably estimated. The amount recognised in provisions takes in to account the resources required to cover future payment obligations. Measurement is based on the settlement amount with the highest probability.

|                                      | 2016-17                              |                |                |
|--------------------------------------|--------------------------------------|----------------|----------------|
|                                      | Server Room Decommissioning<br>£000s | Legal<br>£000s | Total<br>£000s |
| Balance as at 1 April 2016           | -                                    | -              | -              |
| Provided in the year                 | 17                                   | 231            | 248            |
| Provisions not required written back | -                                    | -              | -              |
| Provisions utilised in the year      | -                                    | -              | -              |
| Unwinding of discount                | -                                    | -              | -              |
| <b>Balance at 31 March 2017</b>      | <b>17</b>                            | <b>231</b>     | <b>248</b>     |

|  | 2016-17                              |                |                |
|--|--------------------------------------|----------------|----------------|
|  | Server Room Decommissioning<br>£000s | Legal<br>£000s | Total<br>£000s |
| Not later than 1 year                        | -                                    | -              | -              |
| Later than 1 year and not later than 5 years | 17                                   | 231            | 248            |
| Later than 5 years                           | -                                    | -              | -              |
| <b>Balance at 31 March 2017</b>              | <b>17</b>                            | <b>231</b>     | <b>248</b>     |

The provision for the server room relates to the cost of removal at the end of the lease (May 2019).

Provision has been made for a legal claim against the GLA. The provision reflects all known claims where legal advice indicates that it is more than 50 per cent probable that the claim will be successful and the amount of the claim can be reliably estimated. The details of the claim have not been disclosed as they relate to an ongoing disputed claim, which if disclosed could prejudice the GLA in this case. The case primarily relates to a claim under the Human Rights Act.



## 14. Capital commitments

|   | 2016-17<br>£000s | 2015-16<br>£000s |
|---|------------------|------------------|
| Contracted capital commitments at 31 March 2017 not otherwise included in these accounts: |                  |                  |
| IT Transition   | 26               | -                |
| Server room build   | 9                | -                |
| <b>Total</b>  | <b>35</b>        | <b>-</b>         |

## 15. Commitments under Leases

|  | 2016-17            |                   |                | 2015-16            |                   |                |
|--|--------------------|-------------------|----------------|--------------------|-------------------|----------------|
|  | Buildings<br>£000s | Vehicles<br>£000s | Other<br>£000s | Buildings<br>£000s | Vehicles<br>£000s | Other<br>£000s |
| Not later than 1 year                        | 75                 | 58                | -              | 75                 | 78                | -              |
| Later than 1 year and not later than 5 years | 87                 | 22                | -              | 162                | 68                | -              |
| Later than 5 years                           | -                  | -                 | -              | -                  | -                 | -              |
| <b>Total</b>                                 | <b>162</b>         | <b>80</b>         | <b>-</b>       | <b>237</b>         | <b>146</b>        | <b>-</b>       |

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.

## 16. Obligation under Service Concession Arrangement

|                              | 2016-17<br>£000s | 2015-16<br>£000s |
|------------------------------|------------------|------------------|
| Rentals due within 1 year    | -                | 20               |
| Rentals due within 2-5 years | -                | 16               |
| Rentals due thereafter       | -                | -                |
| <b>Total</b>                 | <b>-</b>         | <b>36</b>        |

In the financial years up to 2015-16, GLA had accounted for the contract with Defra as a service concession arrangement. From March 2017 the IBM contract no longer falls within the scope of IFRIC 12 as Defra has purchased the assets used in providing the IT service. This is explained in the Statement of Accounting Policies under Property, Plant and Equipment in note 1 on page 64.

## 17. Other Financial Commitments

|  | 2016-17<br>£000s | 2015-16<br>£000s |
|--|------------------|------------------|
| Not later than 1 year                        | 336              | 347              |
| Later than 1 year and not later than 5 years | 324              | 286              |
| Later than 5 years                           | -                | -                |
| <b>Total</b>                                 | <b>660</b>       | <b>633</b>       |

As part of the GLA 2016-17 Accounts, the GLA is required to disclose information on other financial commitments as at 31 March 2017.

The amounts to be disclosed are the total amount to which the GLA is committed to pay, analysed by the period in which the payments are due. 'Other Commitments' are defined as non-cancellable contract which are not leases, PFI contracts or capital commitments and relate to the GLA share of the IBM Defra contract.

## 18. 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 70.

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 54. Payment to senior managers has been disclosed as part of the Remuneration and Staff Report on pages 46 to 54.

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.

## 19. Events after the Reporting Date.

The Chief Executive and Accounting Officer, Paul Broadbent passed away on 27 December 2017. Roger Bannister was appointed interim Chief Executive and Accounting Officer in April 2018.

The organisation has been reformed through the Immigration Act 2016 and from 30 April 2017 became the newly created GLAA as explained in the Overview on pages 4 and 5.

The authorised for issue date is the date of the Comptroller and Auditor General's audit certificate on pages 57 and 58.





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