



Gangmasters &
Labour Abuse Authority

Gangmasters and Labour Abuse Authority Annual Report and Accounts

1 April 2017 to 31 March 2018



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Working in partnership to protect vulnerable and exploited workers



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1 April 2017 to 31 March 2018

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Performance Report: Overview

Overview

This section of the performance report provides a summary of the role, purpose and performance of the GLAA during 2017-18.

About us

Who we are

The Gangmasters and Labour Abuse Authority (GLAA) is a law enforcement and compliance agency charged with preventing, detecting and tackling labour exploitation across the UK.

This report reflects our first year of operation as the GLAA since transitioning from the Gangmasters Licensing Authority (GLA). That transition followed a review of the GLA after the introduction of the Modern Slavery Act 2015 and further changes introduced through the Immigration Act 2016. The latter concluded that the GLA should have a broader role in tackling labour exploitation and be renamed as the GLAA.

The GLAA is a Non-Departmental Public Body (NDPB), sponsored by the Home Office. Our headquarters are in Nottingham where 56 GLAA colleagues are based. They undertake core central functions including: licensing; collating, analysing and managing intelligence based on a threat and risk methodology; finance; risk and information assurance; IT; communications; and HR. A further 66 Regional Field Intelligence Officers, Investigating Officers and their managers are home based across the UK.

Our aim is 'working in partnership to protect vulnerable and exploited workers'. We are unrelenting in our approach to disrupt labour exploitation in all its forms by any lawful, ethical and cost-effective means.

Background

The Gangmasters Licensing Authority transitioned to become the Gangmasters and Labour Abuse Authority in 2017-18. This followed the 2016 Immigration Act which on 30 April 2017 gave new powers for the GLAA to investigate labour market offences in England and Wales.

The Immigration Act 2016 gives us a much broader role in terms of addressing labour exploitation and a wider remit across the labour market in England and Wales. Our remit in Scotland and Northern Ireland currently remains in line with the original scope of the Gangmasters (Licensing) Act 2004 (2004 Act).

The broader role involves the GLAA working independently and with its law enforcement partners both within the police community and Other Government Departments (OGDs). It does so, in accordance with the Director of Labour Market Enforcement Strategy, to identify, disrupt and dismantle serious and organised criminality, across a wide range of labour market offences up to and including people trafficking and other crimes whereby criminals seek to exploit human assets for profit.

Our existing licensing and regulatory functions, to regulate the activities of gangmasters¹ - remain unchanged.

This expanded remit has required significant organisational change, with additional funding and staff, to enable the GLAA to fulfil its new roles and responsibilities. The pace has been rapid; the GLAA's workforce has increased from 72 to 122 in the space of a year with significant investment in training to deliver an effective response to labour exploitation across industry. In doing so, our focus has not been solely on enforcement but also how we can work with high risk industries, to educate and enable them to play a full and active part in preventing exploitation, thereby protecting workers.

Our operational staff of 96 operate the licensing, investigation management, intelligence, compliance and criminal investigation functions. They are supported by colleagues in finance, human resources, learning and development, and communications and engagement functions.

There are around 1,000² licensed gangmasters based in the UK and overseas, who supply temporary contracted workers in the regulated sector. The GLAA has civil inspection powers as well as criminal enforcement powers to ensure compliance in this licensed sector. Our officers conduct application and compliance inspections using a licensing standards framework throughout the duration of a licence.

We have officers empowered to investigate offences of operating without a licence or using an unlicensed operator. Other investigating officers, Labour Abuse Prevention Officers (LAPOs), received specialist training accrediting them to be authorised to exercise wider powers under the Police and Criminal Evidence Act 1984 (PACE). This means we can investigate offences both under the 2004 Act, and a range of offences under the Employment Agencies Act 1973, National Minimum Wage Act 1998 and the Modern Slavery Act 2015 in England and Wales.

Strategic direction for the GLAA is set by an independent board consisting of up to eight members plus a chairperson and is supported by two sub-committees: Audit and Risk Committee (ARC) and a Remuneration Committee.

We are also accountable to ministers through the Home Office's Crime, Policing and Fire Group. The Government Internal Audit Agency, is responsible for the internal audit in the GLAA, providing assurance to management through a range of audits agreed with ARC each year. The National Audit Office (NAO), is responsible for auditing the statutory audited accounts. Additionally, we are subject to oversight of our conduct and use of

¹ Activities requiring a licence are defined in [section 3](#) of the Gangmasters (Licensing) Act 2004, and a Gangmaster is defined in [section 4](#) of that Act.

² GLAA data source

powers by the Investigatory Powers Commissioner's Office (IPCO); the Independent Office for Police Conduct (IOPC) and the Parliamentary and Health Service Ombudsman (PHSO) in relation to complaints.

We will also undergo our first inspection by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) in 2018.

Our Achievements in 2017-18



Chair's Foreword



Labour exploitation and slavery have no place in a civilised society; yet, sadly, the reality is very different. Millions of vulnerable people around the world are exploited every single day and the overwhelming majority – more than 24m according to global estimates³ – are in forced labour.

It is only in recent years that the true scale of the problem has begun to emerge both at home and overseas. The UK remains at the forefront of the fight against slavery and exploitation. This is evidenced by legislation such as the Modern Slavery Act 2015, the appointment of an Independent Anti-Slavery Commissioner, the creation of the GLAA and the establishment of the role of the Director of Labour Market Enforcement (LME), together giving greater awareness and prominence to the problems of exploitative practices and modern slavery. I am proud that the expanded and renamed GLAA is taking a lead role as well.

The GLAA is ideally and uniquely positioned to play a pivotal role in driving labour exploitation out of the UK. Its history as a licensing agency within the regulated sector means it already brings real credibility to those hundreds of legitimate businesses who work in agriculture, food processing and shellfish gathering.

Businesses operating in the GLAA regulated sector can have confidence that GLAA licensed operators are adhering to high levels of standards in which workers can be assured that their rights and welfare are subject to active oversight.

The licensing and compliance side of the GLAA's business will remain hugely important in the years ahead as it seeks to prevent labour exploitation.

Aligned to this is the GLAA's enforcement capability, which includes specialist investigative officers with the skills and powers to investigate a range of labour market offences. Giving the GLAA additional operational capability is a significant milestone in the fight against labour exploitation.

The challenge to eradicating labour exploitation in the UK is immense. But the GLAA's core approach to doing what it does gives me real cause for hope.

The GLAA is committed to working in partnership to protect vulnerable and exploited workers. These partnerships can be in the public sector with other law enforcement and statutory agencies, within the third sector (Non-Government Organisations (NGOs), trade unions, charities, community and faith groups) and crucially with private business.

The GLAA is the friend of legitimate business and the enemy of illegitimate practices. It believes that, aside from its highly effective operational capability, preventing labour exploitation is where the biggest impact can be made.

³ <https://www.alliance87.org/#alliance>

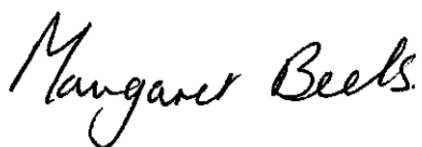
The GLAA is committed to working side by side with employers, helping them understand the issue of labour exploitation, raise awareness with their staff and customers and do more to educate the public so that they, as consumers, can bring about tangible change and eradicate wage theft, inadequate working conditions and the physical and mental abuse of workers.

Its first year as the GLAA has been a very successful one; yet it also saw the sudden and tragic death of chief executive Paul Broadbent. From January 2013 till his death on 27 December 2017 Paul provided inspirational leadership to GLA/GLAA and played a key role in having the vision and then delivering the extension of the GLAA's powers.

He was adept at using his extensive network for the benefit of the GLAA. His commitment was infectious, and he substantially raised the profile of the agency and its work. The GLAA remains committed to building on Paul's legacy as a champion for the vulnerable.

I would like to place on record my thanks to fellow board members Simon Allbutt, Bill Butler, Angela Coleshill, Professor Linda Dickens OBE, Marshall Evans and Dr Paul Williams. Together they have, collectively and individually, made invaluable contributions to help the GLAA fulfil its obligations whilst also offering tangible support to its executive management team.

Every single worker, regardless of status, has the right to work safely, free from threats and intimidation, to have their legal rights respected, be properly and lawfully paid for the work they do and their welfare safeguarded. Working with employers, the GLAA, as this report demonstrates, is playing a very full part in delivering this aim.

A handwritten signature in black ink that reads "Margaret Beels". The signature is written in a cursive, flowing style.

Margaret Beels
Chair

CEO's Foreword



This is the first annual report to be laid before Parliament by the GLAA. This edition covers our performance and activities in 2017-18 reporting on its expanded function and powers.

The GLAA's first chief executive, Paul Broadbent, knew there was nothing *modern* about slavery; it is as repugnant now as it ever was. It's what drove him to become a passionate voice for the vulnerable and to be the driving force that saw the GLA develop from the highly effective agency it was into a new law enforcement and compliance agency as the GLAA.

On the face of it, the scale of the GLAA's task is a daunting one – attempting to eradicate labour exploitation from a labour market of several million workers. Yet, as Margaret Beels articulates, the GLAA believes working in partnership is key to being able to deliver on the expectations placed upon us.

Our first year is testament to this approach with investigations conducted alongside our operational partners: Police, Border Force, National Crime Agency (NCA), HM Revenue and Customs (HMRC) – both their compliance and National Minimum Wage (NMW) teams – the Department for Business, Energy and Industrial Strategy (BEIS)'s Employment Agency Standards Inspectorate (EASI), and others.

And thanks to our additional powers, we have seen the GLAA leading these investigations rather than taking a supporting role. That really does matter because it demonstrates both the breadth of our reach and the capability and tools we have to pursue those who flout labour laws.

I fully expect the GLAA's operational capability to enhance further in the coming months and years as we look to cement our position as the foremost investigative agency for labour exploitation.

Alongside this capability the GLAA is absolutely committed to maintaining high standards within the regulated sectors through the management of its licensing scheme. We administer and manage more than 1,000 licences; they have become sought after by legitimate labour providers who recognise the powerful signal they send to their workers, other businesses in their supply chains and their customers.

As the GLAA moves forward, the emphasis on prevention through raising awareness of labour exploitation and educating businesses and people about what to look for, will play an ever increasing role, informed by our knowledge and assessments of emerging threats in high risk sectors, which also assists the work of the Director of Labour Market Enforcement's priorities.

The GLAA believes it can have the greatest impact on tackling slavery and labour exploitation if we can prevent it happening in the first place.

To do that the GLAA will need the continued support of the public, private and third sectors – many of whom are already united in their determination to end exploitation in the workplace. It has been described as a hidden crime, but the truth is, it is in plain sight – we don't need to see the vulnerable victims being threatened with violence, having their wages taken from them or living in squalid conditions to know slavery and exploitation exists.

The GLAA is committed to using any lawful, ethical and cost-effective means to tackle labour exploitation and I am confident that we will continue to play a meaningful role in helping achieve that.

Finally, I want to thank Margaret Beels and the GLAA Board for the crucial role they play in holding the GLAA to account. And my thanks go to every single one of my GLAA colleagues for their commitment and dedication to making our organisation a success and helping protect vulnerable and exploited workers.



Michael Rich
Chief Executive

Chief Executive's Report

Transition to the Gangmasters and Labour Abuse Authority

The review of the role and remit of the Gangmasters Licensing Authority (GLA) that took place following the introduction of the Modern Slavery Act 2015, resulted in a public consultation and led to the changes introduced through the Immigration Act 2016. It concluded that the GLA should have a broader role in tackling labour exploitation and be renamed as the GLAA. These changes also required the GLAA to have regard for the Director of Labour Market Enforcement Strategy's.

This change was accompanied by the new powers that allow the GLAA to issue Labour Market Enforcement Undertakings (LMEUs) and apply for Labour Market Enforcement Orders (LMEOs). These are intended to address breaches of labour market offences where alternatives to prosecution are considered the most effective and proportionate means to secure restorative justice and future compliance. We can use these sanctions in England and Wales.

The granting of powers to investigate labour market offences in England and Wales is in addition to retaining the licensing and regulatory function of temporary labour in the agricultural and shellfish sectors across the whole of the UK. When these changes came into force on 30 April 2017, they gave us a much broader role in terms of addressing labour exploitation across the labour market regardless of worker status or industrial sector.

This change acknowledged the GLAA's capability to intervene earlier and more effectively at several different stages of the 'workers' journey' in the licensed sector, applying its experience across the wider labour market. We are increasingly taking the lead on investigations with operations conducted across a range of different employment sectors, including food processing, warehouse and packaging and within the building industry.

The Immigration Act 2016 created the role of Director of LME, and set out its functions⁴, to establish greater co-ordination of the enforcement bodies (GLAA, EASI), and the HMRC NMW team to drive effective activity. Professor Sir David Metcalf CBE took up the post in January 2017 and reports to both the Home Secretary and the Secretary of State for BEIS.

Our strategic direction is set by the GLAA Board and all activity will continue to be prioritised based on risk analysis and live and accurate intelligence, fully aligned to the Director of LME's enforcement strategy. The first strategy was published in May 2018.

⁴ The functions of the Director are set out in section 2 of the Immigration Act 2016

Victims

Our expanded role has increased our ability to identify victims of labour market offences across industries, enabling them to gain protection and support services. Our responsibility to identify victims is clearly set out in legislation⁵. This has seen an increase in the number of referrals that we have made to the National Referral Mechanism (NRM) - the UK's framework for identifying victims of human trafficking or modern slavery and ensuring they receive the appropriate support.

We have also seen an increase in our 'Duty to Notify' (DTN) reporting for those who we consider are victims but do not wish to be referred to the NRM.

The nature of our work and the types of exploitation we uncover do not always meet the threshold where individuals would be defined as victims of modern slavery. Nonetheless, our operational activity provides support for workers in these situations. We support them through any related prosecutions, where they may be called as witnesses. We also work to recover unpaid wages and holiday pay through direct intervention with the employer, where we have seen increasing success in amounts recovered.

NRM referrals	60
DTN referrals	42
Number of workers identified as suffering some form of abuse (non NRM/DTN)	1,233
Total⁶	1,335

Stakeholder engagement

The GLAA's aim of 'working in partnership to protect vulnerable and exploited workers' means the Authority considers effective and ongoing stakeholder engagement as critical to achieving our strategic aims.

Existing relationships with strategic and operational partners (such as the police, local authorities, NMW and EASI, as well as the Health and Safety Executive) have been enhanced to ensure there is greater awareness of the GLAA and our remit. This has helped build a cohesive response to the enforcement side of labour exploitation and modern slavery by ensuring operational partners are aware of our role and responsibilities.

Equally important is the focus on developing strong constructive relationships with the private sector. In the regulated sector this involves keeping licence holders, labour users and other interested parties fully informed and engaged about the work of the GLAA.

The GLAA has dedicated liaison groups for Labour Users/Providers and for Worker/NGOs. These are chaired by Board members and designed to act as critical reference groups to facilitate engagement with key stakeholders and enable them to discuss and inform policy, strategy and offer insight to the Board.

⁵ Modern Slavery Act 2015 - <http://www.legislation.gov.uk/ukpga/2015/30/section/52/enacted>

⁶ GLAA data source

Whilst we have maintained strong and effective relationships with our traditional stakeholders, our new remit has identified the need for us to build new relationships across other high-risk sectors.

We focus our approach based on the highest risk identified in our assessment of the nature and scale of exploitation. This has seen significant engagement specifically with stakeholders in the construction, textiles and car wash sectors. In addition, we continue to reach out to other businesses raising awareness of the GLAA, promoting greater understanding of the issues around exploitation and helping educate/train organisations and their staff.

The GLAA's programme of regional events also provides two-way opportunities to engage with stakeholders from all sectors. We have increased our dedicated resources to work with industry in recognition of the importance of raising awareness and prevention, as well as investigation.

More than 500 delegates from a range of public, private and third sector organisations attended our national conference in Birmingham in October 2017. The one-day event was aimed at raising awareness of both the organisation and the issues around labour exploitation. Feedback was extremely positive.

Communications and Engagement

To complement our work with stakeholders, we have also placed greater emphasis on wider communications and engagement activity. This approach is also designed to support delivery of the strategic objectives.

Activity in the first year has focused upon raising awareness of labour exploitation issues and the role and work of the GLAA.

This has included promoting the GLAA's operational successes, signposting partners and the public to a wide array of promotional literature aimed at raising awareness of labour exploitation and significantly enhancing the GLAA's digital engagement through increased use of social media channels, particularly Twitter, with further plans to revise our website.

In its first 12 months we more than doubled our number of Twitter followers to over 2,100 and tripled our Tweet impressions rate from 10,500 to 30,100. A similar upward trajectory was also seen on other platforms including Facebook and LinkedIn.

Overseas links

Labour exploitation is a global problem. The UK is a destination of choice for workers and for agencies and employers that seek to exploit them, both before and after they arrive. This cross-border nature of labour exploitation has required continual development of close working relationships with overseas counterparts. This approach helps inform operational decisions in the UK.

We also continue to support international organisations such as the International Labour Organisation (ILO), where its experience is sought after as a benchmark for other countries. This activity assists us in our preventative role and, more broadly, allows other

countries to draw on our experience in tackling the problem and helps prevent the exploitation of workers coming to the UK.

During 2017-18 we supported the Organisation for Security and Co-operation in Europe's (OSCE) programme on raising awareness of due diligence approaches in supply chains, where the programme focused on public procurement and working with Ukrainian authorities. We also supported the International Organisation for Migration with training for their labour inspectors.

Work to support Europol's action against forced labour (of which the NCA is the UK lead) saw the GLAA second a Romanian labour inspector to work with us over the summer of 2017. This work has also led to closer links between the GLAA and the Romanian Consulate which has seen the Authority enhance its engagement and understanding of labour exploitation issues affecting Romanian nationals in the UK.

Developing closer relationships with EU counterparts also saw the secondment of two Bulgarian labour inspectors to the GLAA during the 2017 Europol-led week of action focused on forced labour.

At the request of the Foreign and Commonwealth Office (FCO), we also supported closer cooperation between the UK and Italy following the introduction of new legislation to tackle labour exploitation. This enabled the GLAA to provide an update to the United Nations "Special Rapporteur on trafficking in persons, especially women and children," Maria Grazia Giammarinaro, who commended the GLAA model in her report to the UN Human Rights Council in Spring 2018⁷.

The GLAA supported the FCO and ILO advice to China, and the GLAA's contribution to the public consultations on licensing in the Australian states of Victoria and Queensland assisted the shape of labour licensing legislation in parts of Australia, which has now been implemented. The GLAA also provided evidence to the Australian Parliament's inquiry into modern slavery⁸.

⁷ See: <https://documents-dds-ny.un.org/doc/UNDOC/GEN/G18/133/20/PDF/G1813320.pdf?OpenElement>

⁸ See:

<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22committees%2Fcommjnt%2Fbbe70a63-96d1-4e53-b0d1-50cd244f2e07%2F0001%22>

Examples of partnership working

Our effectiveness is underpinned by the ability to lead and support multi-agency operations and, equally, to work with our enforcement partners and other stakeholders in delivering investigation, prevention, and protection activity. The following examples illustrate this approach.

GLAA-led Investigation

Operation Brewer – GLAA, NCA, and Merseyside Police

Information received by the GLAA and Merseyside Police alleged that Romanian workers were being trafficked into the UK. Allegations suggested that they were told where to work and given false names to use.

Forty-one vulnerable workers were identified and given support by specialist officers and the British Red Cross following action in Liverpool in March 2018. This involved dawn raids by the GLAA, NCA, and Merseyside Police executing warrants at a dozen residential addresses across the city, resulting in the arrest of three people. At one house a cannabis farm was discovered while large amounts of cash were also recovered.

The investigation resulted in three individuals being arrested.

Prevention

Developing a protocol and closer working with the construction industry

Recognising the importance of engaging with and gaining the support of new industries within the scope of the GLAA's broader remit, has led to work with the construction industry.

The protocol commits signatories to work in partnership to protect vulnerable and exploited workers, agree to the sharing of information to help stop or prevent exploitation and pledge to raise awareness of slavery through supply chains within the building industry.

It has been signed by a number of companies including Sir Robert McAlpine, Willmott Dixon, The Chartered Institute of Procurement and Supply (CIPS), Building Research Establishment Group (BRE) and the Chartered Institute of Building (CIOB).

All parties have agreed to raise awareness within supply chains to help to prevent and protect workers from exploitation or abuse and take necessary steps to ensure

that exploitation and abuse of workers is recognised and addressed with appropriate safeguards put in place to ensure that exploitative practice is not repeated.

Similar work is under way with other sectors.

Protection

Identification and support for victims

During an operation in the Oldham area the GLAA identified a victim living in the loft of accommodation used by the exploiters. The operation was organised after concerns were raised by supervisors at a food production factory about the condition of a 66-year-old man who was being driven to and from work by one of the suspects.



A Hungarian national, in his late 50s, said he was sent to perform work in a food processing factory and collecting scrap metal but had no access to the wages paid into his bank account.

Assisted by partner agencies three arrests were carried out at two

addresses in Oldham for possible offences under the Modern Slavery Act.

The 66-year-old man was rescued and referred into the NRM. The second victim was identified and also referred into the NRM.

Both have been granted Discretionary Leave to Remain in the UK and they continue to support the GLAA in the prosecution.

Successful Prosecutions

In the West Midlands a 39-year-old Romanian man transported a number of Romanian men to work in a food processing factory in Staffordshire on 12-hour shifts, keeping most of their wages for himself and paying them £20 for a day's work. They were forced to live in cramped conditions in one room in his house. He was convicted at Birmingham Crown Court after initially denying the offences and was sentenced to five years imprisonment for human trafficking and fraud offences.

In Nottinghamshire a 43-year-old Polish man trafficked two vulnerable Polish men into the UK, forcing them to work

and keeping most of their money to fund his own lavish lifestyle. The two victims, one working at a farm and another in a factory, earned between £200 and £400 per week but received just £20-£30 of that. The offender owned a large property in Poland, four cars and five properties in Nottingham.

An investigation was mounted after a co-worker reported concerns over the wellbeing of one of the men to the GLAA. The offender was jailed for eight years for human trafficking, two counts of forced labour and fraud offences.

Compliance activity

Compliance activity has led to civil action with some criminal prosecutions being undertaken. For example:

A Cornish gangmaster who systematically exploited her workers through keeping some of their pay, forcing them to work double shifts with no breaks and charging them to live in unhygienic caravans was shut down by the GLAA. She kept the money to boost her own profits and her company failed eight of the GLAA licensing standards.

A Somerset woman was fined £4,000 by magistrates after ignoring warnings from the GLAA regarding her business practices. She was found guilty of supplying workers into a fish processing plant without the necessary Gangmasters licence.

Our People

Our people are integral to fulfilling our overarching aim of protecting vulnerable and exploited workers. We value and empower GLAA colleagues to implement our strategy to target rogue operators and identify and support victims.

During our transitional phase from the GLA to the GLAA, a key focus was to recruit the right people with the right skills to help rapidly drive the organisation's delivery. As we develop further we intend to broaden the age profile of our overall workforce and create opportunities to identify and train new talent into, and within, the organisation, to sustain our impact on labour exploitation.

Work has also continued delivering our People Strategy with the main objectives being:

- **Resourcing** - ensuring the right people with the right skills are in the right place to enable the organisation to maximise efficiency and respond to existing and emerging needs.
- **Capability** - the continuous development of all our people to equip them with the necessary skills and knowledge to maximise their potential as well as deliver current and future business outcomes e.g. training for colleagues who will use powers for tackling labour exploitation.

- **Reward** - continuing to embed the performance-related pay system which is linked to the performance and development system.
- **High Performance** - supporting managers to continuously drive strong performance and engagement at individual, team and organisational levels.
- **Engagement** - continuing to engage and listen to colleagues as the GLAA evolves to provide visibility of individual and team contribution.

The GLAA's values are reflected in our behavioural framework (PROUD) which outlines a clear set of behaviours that we expect from everyone. These are at the heart of how the GLAA does things and drives its teams and organisational performance.

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

In addition to the GLAA's annual "one team" staff seminar, we held an additional seminar in September 2017 to provide an opportunity for new and existing colleagues to meet and take part in an interactive team event to support integration.

Colleagues have been encouraged to share their views on a number of topics through various channels such as via the workforce improvement group, Public and Commercial Services Union and suggestion schemes as well as regular team and one to one meetings. During the year, regular updates were sent out to all colleagues keeping them informed of organisational changes as well as information on where to channel any queries or concerns.

The well-being and health and safety of the GLAA's teams are paramount. Work has been done to ensure colleagues understand how to work safely. There is mandatory training for all new starters as part of an induction programme and ongoing needs are met through e-learning and the provision of advice and guidance.

In addition to this induction programme there has been ongoing development opportunities for colleagues to build on their skills. The specialised training for LAPOs included detailed training on the NMW, the Employment Agencies Conduct Regulations, PACE powers as well as investigative skills provided by the College of Policing. Further specialised training has been delivered in relation to Achieving Best Evidence interviewing and Disclosure.

The GLAA treats its people with dignity and respect and endeavours, at all times, to provide a working environment free from discrimination, harassment or victimisation.

We are committed to eliminating discrimination and encouraging diversity amongst our workforce. In our recruitment we continue to work towards a workforce which will be truly representative of all sections of society, creating a working environment where each colleague feels respected and able to give of their best. The GLAA has continued to prioritise the promotion of equality of opportunity for all through fair and transparent systems such as recruitment and selection and the ongoing professional development of existing colleagues.

Resources

Our headquarters are in Nottingham where 56 of our staff are located. The majority of our operational staff, a further 66, are home based across the UK. The GLAA received an increase in budgetary allocation for 2017-18 with a cash revenue allocation of £6.26m (£4.5m 2016-17) and capital funding of £1.4m (£0.3m 2016-17). The GLAA underspent against this allocation drawing down cash revenue funding of £5.2m (£4.4m 2016-17) and capital funding of £1.2m (£0.3m 2016-17).



Michael Rich
Chief Executive
5 July 2019

Performance Report: Performance Analysis

Aim, Priorities and Objectives

The GLAA has a single overarching aim:

‘Working in partnership to protect vulnerable and exploited workers’

Strategic Priorities

This aim will be achieved by maintaining a continual focus on three strategic priorities:

- Preventing worker exploitation
- Protecting vulnerable people
- Pursuing those who exploit others for their work either financially, physically and or through coercion and control

Strategic Objectives

To achieve these three strategic priorities, the GLAA has 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.

- | | |
|-------|---|
| One | Disrupt criminal activity within the labour market |
| Two | Engage with stakeholders to minimise and manage risk |
| Three | Support compliant business |
| Four | Work in partnership to protect workers’ rights and prevent labour exploitation |
| Five | Maintain a credible licensing scheme, creating a level playing field and promoting growth |
| Six | Identify and support victims of labour exploitation |

Delivering the Priorities 2017-20

Our Strategic Plan for the next three years, which is reviewed and updated annually, informs the content of our annual Business Plan. These are both informed by our strategic intelligence assessments of risks and trends, and our performance monitoring throughout operational years. Our planned cycle for reviewing the strategic direction of the GLAA, which begins in October each year, ensures the GLAA presents plans for priority activity to our Board for agreement for the beginning of each financial year in the form of a Business Plan.

Our core aim of “Working in partnership to protect vulnerable and exploited workers” is dependent upon a clear framework for delivery, underpinned by sustained performance under any climate. This framework includes:

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

Key Performance Measures – monitoring, measuring and evaluating our work



Performance against targets are reported to and agreed by the GLAA Board and the Home Office to ensure oversight, scrutiny and governance.

In 2017-18 we embarked on a fundamental review and restructuring of our approach to performance management, which will deliver a comprehensive overview of wider GLAA performance commencing in the financial year 2018-19.

Our experience in 2016-2017 led to the recognition that we needed to

measure our effectiveness going forward against five key questions, and in 2017-2018 we developed the framework to enable that to occur; these five key questions are:

- KPQ 1** How comprehensive is the GLAA’s understanding of the scale and threat of labour exploitation in the UK?
- KPQ 2** How effective is the GLAA’s response to the identified threats of labour exploitation and modern slavery?

KPQ 3 How effective is the GLAA at working with partners to tackle labour exploitation and modern slavery?

KPQ 4 How effective is the GLAA at working with businesses, labour users and providers to drive up standards, preventing and tackling labour exploitation and modern slavery?

KPQ 5 How effective is the GLAA at managing its resources?

Social and Environmental Matters

The GLAA is committed to reducing the impact of its activities on the environment. The GLAA has invested in more efficient vehicles and encourages the use of public transport and has only one shared office.

The GLAA has also worked with petrol industry stakeholders to develop a Code of Practice that includes compliance with environmental requirements.

The GLAA is also committed to use technology where it can reduce travel.

Anti Corruption and Anti Bribery

The GLAA is committed to the highest standards of ethical conduct and integrity in its business activities. The GLAA will not tolerate any form of bribery by, or of its, employees, agents or consultants or any person or body acting on its behalf. The GLAA will fully investigate any instances of alleged or suspected bribery in line with its Disciplinary Policy and Procedure. The organisation communicates its anti-bribery policy and procedure on an annual basis and individuals are required to state that they have read and understood the policy. Where necessary the GLAA will set up training sessions where applicable. The same applies to Protected Disclosure matters and the organisational approach to this is set out in the GLAA Protected Disclosure Policy and Procedure.

Key Issues and Risk

As identified in the governance statement the GLAA had to manage several key risks and issues which impacted performance. This included resourcing the transition to the GLAA. This also included the transfer of IT infrastructure to the Home Office. The GLAA was also contending with several governance challenges. Capacity and capability remained a key challenge, as the organisation moved to take on a wider role and where there were ever increasing demands, which required new capabilities. The GLAA tries to use its performance measures to capture key areas of risk and provide early indication of potential issues. Although the GLAA had initially built its intelligence assessment of its wider remit before the transition to the GLAA, the GLAA was a victim of its own success and these demands exceeded original expectations and GLAA continually works to prioritise its resources against the demand and risks it faces.

Management Commentary – Delivery of Strategic Objectives - Performance 2017-18

Objective one:

Disrupt criminal activity within the labour market

The GLAA has identified or given assistance to law enforcement partners in the identity or activity of six Organised Crime Groups (OCGs) suspected of involvement in labour exploitation/modern slavery/trafficking and other serious criminality.

6
OCGs
identified

We have led or supported 181 criminal investigations into labour exploitation and modern slavery, 96 of which were undertaken by the GLAA independently. The remaining 85 were investigated jointly with other partners.

181
criminal
cases

The existing GLAA licensed sector accounted for 87 cases and the wider labour market 94 investigations. These have resulted in the arrest of 107 individuals.

As at 31 March 2018, there were nine cases with the respective prosecuting authorities awaiting consideration.

Four prosecutions were concluded resulting in convictions for GLAA Licensing offences and modern slavery.

The effective exchange of intelligence between partner agencies saw almost 1,500 shared intelligence reports.

107
individual
arrests

We published our updated national assessment [report](#) setting out the nature and scale of labour exploitation in the UK. This has also informed other assessments (UK threat assessment; Director of LME's strategy).

We began discussions with the Scottish Executive and Police Scotland to examine how we can support police operations in Scotland more effectively and where greater powers may enable a more consistent approach across all legal jurisdictions.

1500
shared
intelligence
reports

We worked closely with the NCA, Regional Organised Crime Units (ROCU), individual police forces and other law enforcement agencies to ensure any criminality identified was tackled promptly and effectively by the most appropriate authority.

Objective two:

Engage with stakeholders to minimise and manage risk

Delivery of a national conference for more than 500 delegates representing public, private and third sectors, aimed at raising awareness of labour exploitation and the role of the GLAA.

Design and implementation of a shared information protocol aimed at tackling exploitation with the construction sector and preparatory work for a protocol with the textiles sector.

Commenced work with petrol industry stakeholders to develop a code of practice (covering worker protection standards and environmental compliance requirements) for a pilot scheme in hand car washes, supported by supermarkets and landowners/landlords in the industry, creating a pressure group to drive up compliance.

Initiated work on developing cross-cutting pressures for compliance with the financial industry, that can impact all industries approach to prevention and due diligence e.g. in relation to employers' liability insurance and risk.

Modern slavery/labour exploitation training and awareness provided to 1,400 delegates, representing more than 30 businesses across 17 different industries.

Increased production and dissemination of materials in different languages aimed at raising awareness of labour exploitation and shared with public, private and third sector partners.

Built closer links with the Romanian Consulate to further understand and raise awareness of issues of exploitation affecting Romanian nationals.

Enhanced use of social media channels for direct two-way engagement with individuals and organisations, increasing the number of Twitter followers to more than 2,100, with similar increases on other channels including Facebook and LinkedIn.

Supported the development and the provision of training material in order to raise awareness of exploitation to the Church of England Clewer Initiative, Roman Catholic Santa Marta initiative and ongoing support to partners in Stronger Together.

500
delegates
for national
conference

1400
attended
Modern slavery
training

30
businesses
better
informed

2100
twitter
followers

Objective three:

Support compliant business

Quarterly meetings with the Labour User/Labour Provider liaison group to listen to compliant businesses as well as seeking their views on licensing issues and GLAA priorities.

Completed work with the Fresh Produce Consortium and interested stakeholders to review how licensing applies to Third Party Packaging businesses and issued guidance in November 2017, to minimise compliance burdens.

Worked with business and the Association of Labour Providers (ALP) to garner views on the ALP toolkit on “Eliminating Recruitment Fees in the Supply Chain”.

Provided advice to business to ensure compliance and sign-posted them to OGDs where appropriate.

Began work with the British Poultry Council to produce a revised Good Practice Guide to assist in the identification of exploitation of workers and guidance on Modern Slavery.

4
liaison
group
meetings

Worked
with FPC
ALP and BPC

Objective four:

Work in partnership to protect workers' rights and prevent labour exploitation

Used the GLAA's unique position to support the public/private sector initiatives to tackle labour exploitation within the UK Textile Sector.

Provided training and awareness across front line staff within Department for Work and Pensions, Border Force and ACAS in order to raise awareness of modern slavery and labour exploitation providing guidance in relation to signposting to relevant services.

Undertook six joint cases with EAS and 16⁹ with NMW. Some of those cases also involved other agencies including the Police.

Continued engagement with NGOs and worker representatives through the GLAA Liaison Group, sharing best practice to assist in reaching out to the vulnerable.

Attended Regional Anti-Slavery Partnerships in order to promote the work of the GLAA and signposted partners to material and guidance available through our website.

Identified and initiated work with the insurance and banking sectors, to ensure they are aware of risks and that exploitation can be identified through their engagement with businesses and workers.

Supported the development of guidance and voluntary codes which raise awareness of exploitation and promote reporting of issues to the relevant authorities or through the Modern Slavery Helpline.

Continued delivery of the GLAA Academy programme to delegates across a range of business sectors.

6

investigations
with EAS

16

investigations
with NMW

32

organisations
attended
the GLAA
academy

⁹ GLAA data source

Objective five:

Maintain a credible licensing scheme, creating a level playing field and promoting growth

Issued and maintained licences for approximately 1000¹⁰ licence holders within the licensed sector of the labour market.

1000

GLAA licences

Carried out 224¹¹ inspections of businesses (134 application inspections and 90 compliance inspections)

224

inspections

Identified 121¹¹ breaches of Licensing Standards.

Revoked 12¹¹ licences and refused to grant a further 16¹¹.

All licence appeals upheld by the Appointed Person in favour of the GLAA decision.

Provided an enquiries process for business to seek advice and guidance on the application of the Licensing Standards and whether licensing applies to particular activities.

121

breaches of
GLAA standards

Initiated a review of GLAA Licensing Standards which will conclude in 2018-19.

¹⁰ Due to new applications and those that cease trading as well as revocations this figure fluctuates around the 1000 level

¹¹ GLAA data source

Objective six:

Identify and support victims of labour exploitation

Updated our workers' rights leaflet which has been translated into 20 different languages.	758 victim referrals
We responded to 758 ¹² referrals in 2017-18 either directly from potential victims or on behalf of potential victims compared with 211 in 2016-17.	
Worked with the oversight of the Director of LME to develop cases for multi-agency operations.	1335 exploited workers
Industry sectors covered: car washes, agriculture and dairy, hospitality and shellfish gathering.	
We identified 1,335 ¹³ workers suffering some form of direct abuse (which includes those reported to the NRM or DTN).	60 NRM referrals
Referred or assisted with the referral of 60 ¹³ potential victims of modern slavery into the NRM.	
A further 42 ¹³ people were notified to the Secretary of State by the GLAA in its role as a first responder to report potential victims.	
As part of post-investigation support we worked with Salvation Army and other charities to ensure potential victims were given immediate after care, once removed from exploitative situations.	65 operations with partner organisations
Continued to utilise a direct contact triage system with businesses for rapid correction of issues affecting worker remuneration	
Recovered £94,444 ¹³ for workers	£94,444 recovered for workers
Identified the non-payment of £381,000 ¹³ of unpaid wages and holiday pay.	
Undertook 65 ¹³ joint operations.	

¹² Referrals either via the GLAA confidential helpline or via email to the Intelligence team

¹³ GLAA data source

2017-18 Performance against three-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 1, 3, 4, 6)	Exceeded	<p>During the year the GLAA recovered £94,444 on behalf of workers through informal interventions with employers. (£93,165 in 2016-17).</p> <p>The majority of these interventions related to workers within the GLAA licensed sector. Work in the wider labour market continues following the GLAA taking hold of its wider powers on 30 April 2017.</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>38 cases were dealt with in 2017-18. This was only slightly higher than the 2016-17 figure of 37 and fell short of our target of 49.</p> <p>2017-18 was heavily impacted on the transformation from the GLA into the GLAA and the implementation of our new wider powers.</p> <p>Whilst work of this nature carried on in the GLAA licensed sector, understanding of how this type of intervention can be replicated in the wider labour market is being assessed.</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, 4 and 6)	Not achieved	<p>During 2017-18 a total of 5,094 potential victims of labour exploitation were identified and given support to remove them from danger compared with 4,689 the previous year. However, this represents an increase of 8.6 per cent on the previous year.</p>

Target	Status	Commentary
<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 labour market (Linked to Strategic Objective 1)</p>	<p>Achieved</p>	<p>Whilst the GLAA continues to exploit opportunities to mount investigations into proceeds of crime, we are still building our financial investigation capability.</p> <p>However, we did seize £97,000 of suspected criminally obtained cash (£250,000 in 2016-17)</p>
<p>Increase by 10 per cent the referral of victims of human trafficking or modern slavery made by the GLAA or with the assistance of the GLAA to the Modern Slavery Human Trafficking Unit (NRM) referrals (Linked to Strategic Objectives 1 and 6)</p>	<p>Exceeded</p>	<p>In 2017-18 the GLAA has referred or been directly involved in the referral of 60 potential victims into the NRM against a total of 28 in 2016-17.</p> <p>(The figure quoted in the previous year of 146 included referrals from other agencies which the GLAA had assisted in.)</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>	<p>Not achieved</p>	<p>During 2017-18 the GLAA reported on six OCGs (29 2016-17) involved in labour exploitation/modern slavery and other serious criminality. It should be noted that wider law enforcement engagement in the modern slavery priorities has led to an increase in the overall number of OCGs being recorded by law enforcement in that category during the reporting period.</p>

Target	Status	Commentary
<p>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)</p>	<p>Not achieved</p>	<p>During 2017-18 the GLAA saw a significant rise in the number of joint operations targeting labour exploitation and modern slavery, with 65 such operations compared with 57 in 2016-17.</p> <p>Work has continued to strengthen links with the other two bespoke enforcement bodies of HMRC NMW and EASI who sit under the umbrella of the DLME.</p> <p>Although this target wasn't achieved, this represents an increase of 14 per cent.</p>



Michael Rich
Accounting Officer
 5 July 2019

Accountability Report

Corporate Governance Report

Directors' Report

Management Board

The composition of the GLAA Management Board is identified under the governance statement on pages 34 to 36. Also, on page 43, under the remuneration report there is a register of Board members directorships and significant interests. Declarations of interest for the Executive Management Team are recorded on page 51. These are disclosed for transparency and in case of conflict with their GLAA management responsibilities. A public register of interests for Board members is held, and this may be accessed via the GLAA's website at www.gla.gov.uk.

Financial Position

The Statement of Comprehensive Net Expenditure for the year ended 31 March 2018 on page 58 shows a deficit of £5,354,000 (£3,794,000 2016-17). This movement reflects a growth in the Authority, reflecting its wider remit and powers.

For the purposes of financial reporting, the Grant-in-Aid (GIA) does not form part of the GLAA's income. It is accounted for in the Financial Statements within the Statement of Changes in Taxpayers' Equity for the year ended 31 March 2018 on page 61 and in Note 7 on page 69.

Pension Arrangements

Pension arrangements for the GLAA are provided through the Civil Service pension scheme. Further details can be found within the Remuneration and Staff Report on pages 47 to 51.

Payment Policy

The GLAA 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 GLAA'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 BEIS 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 2017-18 the GLAA achieved an average payment time of seven days (five days in 2016-17).

Complaints Procedure

The GLAA has an established policy¹⁴ 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 (PHSO), who investigates complaints about maladministration or service failure on the part of the GLAA.

As part of the oversight of the new powers, the GLAA's use of them comes under the remit of the Independent Office for Police Conduct (IOPC). Any abuse of the GLAA's authorised PACE powers can therefore result in a complaint being sent to the IOPC, who then determine how that complaint should be dealt with in accordance with the Gangmasters and Labour Abuse Authority (Complaints and Misconduct) Regulations 2017¹⁵. To date there have been no cases referred to the IOPC, which gives the GLAA confidence in its operations of its wider investigative powers.

In 2017-18 the GLAA received eight complaints. Two complaints were resolved informally, with five dealt with using the complaints procedure. The complaints mainly concerned the time taken to return licensing decisions, changes in licensing policy and complaints following licensing compliance inspection. One complaint is ongoing pending a licence appeal by the complainant. There were ten complaints in 2016-17, eight of which related to time taken to return a licensing decision.

No complaints received in 2017-18 were referred to the Ombudsman. Two complaints received in 2016-17 were referred to the Ombudsman. Neither of these complaints were upheld by the GLAA or the PHSO.

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 GLAA provides guidance on how it handles Freedom of Information requests in its External Communications Policy¹⁶.

In 2017-18 the GLAA received 36 requests under the FOI Act mainly concerning investigations and operations in relation to licensing and labour exploitation, together with the business and staffing functions of the GLAA. Twenty-four responses were provided inside the stipulated 20-day period (23 requests in 2016-17 were all responded to within 20 days). Five of the responses were given within 30 days and three outside of 30 days with four being withdrawn.

Two of the three requests that exceeded 30 days required further clarification due to the complexity of the request.

¹⁴ www.gla.gov.uk/who-we-are/complaints/

¹⁵ <http://www.legislation.gov.uk/uksi/2017/521/contents/made>

¹⁶ www.gla.gov.uk/publications/external-communications-policy-1/

We publish a selection of FOI requests on our website that might be of wider public interest.

Information Security

There have been no incidents of loss of personal data during the year (none 2016-17).

Diversity and Equality

The GLAA 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.

The GLAA welcomes applications from all sections of society and is committed to providing equal opportunities for all candidates during the selection process. Part of that commitment is that the GLAA offers a Guaranteed Interview Scheme where we will interview any candidate who has declared a disability, as defined by the Act, if they meet a certain level of the criteria for the post.

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 GLAA as outlined in our Performance Principles – Statement of Intent and policies



Michael Rich
Accounting Officer
5 July 2019

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 GLAA 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 GLAA and of its net expenditure, statement of financial position, cash flows and changes in taxpayers' equity for the financial year.

Michael Rich has been appointed Accounting Officer of the GLAA from the 3 January 2019. 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 GLAA's assets, are set out in Managing Public Money published by HM Treasury.

Paul Broadbent was the Accounting Officer for the period 1 April 2016 – 27 December 2017 and responsibility reverted to Sir Philip Rutnam as principal Accounting Officer from 28 December 2017 – 15 April 2018. Roger Bannister was appointed Accounting Officer of the GLAA from the 16 April 2018 to 21 October 2018 when responsibilities again reverted to Sir Philip Rutnam. Nicola Ray was the accounting officer between 6 November 2018 and Michael Rich being appointed on 3 January 2019.

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 GLAA's auditor is aware of that information. As far as I am aware, there is no relevant audit information of which the GLAA'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 Officers, with particular regard to 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 (FRoM) and in particular to:

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

Governance Statement

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

The GLAA 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 GLAA's activities are controlled and monitored by the GLAA'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. Section four of The Gangmasters (Licensing Authority) Regulations 2015 provide for the appointment of up to eight members. Board meetings are also attended by the GLAA's Executive Management Team. In recognition of the amount of change facing the Authority as it transitioned from the GLA to the GLAA, Board meetings were held every two months rather than on a quarterly basis.

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

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 GLAA's Chair, and a Worker/NGO liaison group which is chaired by a Board member. The former reviews the operation of the GLAA within the regulated sector from a stakeholder perspective and seeks to enhance co-operation between the GLAA and its stakeholders, identifying joint areas of interest and the adoption of new policies and strategies. The Worker/NGO liaison group provides a similar role but draws in stakeholders from the wider labour market, including trade union representatives and representatives from the Third Sector. Reports are submitted to Board meetings. The GLAA executive are also members of 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 2017-18 is detailed below. A public register of interests for Board members is held, and this may be accessed via the GLAA's website at www.gla.gov.uk.

Meetings were held every two months in 2017-18 and are open to the public.

Attendance at GLAA Board meetings

Representative	Number of meetings attended	Number of meetings eligible to attend
Margaret Beels (Chair)	6	6
Simon Allbutt	6	6
William Butler	5	6
Angela Coleshill	5	6
Prof Linda Dickens MBE	6	6
Marshall Evans	5	6
Dr Paul Williams	5	6

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	3	4
Dr Paul Williams	4	4

Attendance at Remuneration Committee

Board Representative	Number of meetings attended	Number of meetings eligible to attend
Simon Allbutt (Chair)	4	5
Angela Coleshill	4	5
Marshall Evans	4	5

During the year the ARC considered a number of reports, from the executive and internal audit covering key risks and issues and the management of risk itself within the GLAA. This included risks highlighted from the programme board which oversees the IT transition and the replacement of the licensing system, issues around single points of failure and the governance issues following the death of our Chief Executive were also considered.

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 2017-18. Four Board members were reappointed by the Secretary of State for a further three-year period from 1 April 2018. The Chair has been reappointed with a term until 2021. A recruitment process seeking successors for two Board members (Angela Coleshill and Marshall Evans) resulted in one new appointment in 2019 with a three-year term (Suzanne McCarthy) and the continuation of the appointment of one Board member (Angela Coleshill) under the Gangmasters (Licensing Authority) Regulations 2015. Consideration of whether and when to expand the size of the Board to eight, as permitted by the Gangmasters (Licensing Authority) Regulations 2015 is still under review by the Home Office.

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

The Board appointed an interim Chief Executive, Roger Bannister with effect from 16 April 2018. Following an open competition, the Board appointed Michael Rich to the position of Chief Executive of the GLAA with effect from 3 January 2019.

Internal Audit

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

Five internal audit reviews have been completed within 2017-18 on our IT Transition, Workforce Planning, Performance Management, Budgeting and Forecasting and Corporate Governance. Workforce planning was given moderate assurance and all other audits gave limited assurance. As a result of these audits, the GLAA agreed 26 recommendations, five of which were critical to address weaknesses that required immediate action. As result of this work Internal Audit could only give limited assurance on the GLAA for 2017-18, 'identifying significant weaknesses in the framework of risk and control such that it could be or could become inadequate and ineffective'.

The GLAA is taking action to address these issues, but the risks remain. The GLAA as a small organisation has a number of single post dependencies, management of risk needs to be improved and the GLAA has yet to develop a tested business continuity plan.

The GLAA is also focusing activity on addressing issues around first and second lines of assurance and improving processes which was picked up as a recurrent theme through the work of internal audit.

For the year 2017-18 the internal audit services were provided by the Government Internal Audit Agency (GIAA).

Scope of Responsibility

The Accounting Officer, has responsibility for maintaining a sound system of internal control that supports the achievement of the GLAA'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 2017-18 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 GLAA.

The system of internal control in use has been subject to regular review by the Executive Management Team. The GLAA Board is presented with a full risk register annually and

has delegated responsibility for routine monitoring of risk management arrangements to the ARC. The setting of risk appetite for all strategic risks is the responsibility of the GLAA Board. Processes are in place for risks to be escalated within the organisation and to the Home Office where necessary.

The GLAA is required to and did allow the ARC complete access to any information to enable it to report to the GLAA's Board.

During the reporting period 2017-18 the GLAA reported regularly to the Home Office to satisfy it of the regularity and propriety of expenditure relating to licensing and to enforcement, the responsibility for which has been delegated directly to the GLAA by the Secretary of State. The GLAA operated under a framework agreement with the Home Office which has been in the process of being updated and re-agreed during the year.

In addition, the GLAA ensured that the Home Office Permanent Secretary was aware of the main risks managed by the GLAA through direct reporting to him and regular reporting to its sponsor team.

In March 2018 the GLAA Board escalated concerns around governance and specific issues relating to its legacy IT to the Permanent Secretary, as the Principal Accounting Officer and in the absence of a delegated Accounting Officer within the GLAA at that time.

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 GLAA'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 GLAA'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 2018 and up to the date of approval of the Annual Report and Accounts. This complies with HM Treasury guidance.

Capacity to Handle Risk

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

To fulfil its basic purpose, the GLAA has to accept a degree of risk so our appetite cannot be universally low. We:

- Operate in an environment that includes criminality and our operations are not without risk.
- Undertake inspections and investigations where the process and the final result cannot be predicted.

- Have to make risk based decisions based on our assessment of the intelligence we obtain and receive.
- May be involved in legal proceedings that can be expensive and of uncertain duration.
- Are dependent on Government funding that is subject to public expenditure pressures.

We will be unrelenting in our approach to disrupt labour exploitation in all its forms by any lawful, ethical and cost-effective means. Our core aim is to protect vulnerable and exploited workers and hence we have a low risk appetite towards safety, enforcement and compliance objectives. We have a marginally higher risk appetite towards reputational, financial and legal obligations.

The risk register is reviewed by the Executive Management 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. Risk Managers are responsible for mitigation of risk and monitoring effectiveness of mitigation. Risk associated with key projects that the GLAA is delivering are addressed through a separate risk register and discussed at each programme board.

The strategic risk register and emerging issues are presented to the regular ARC meetings with comments and proposed action, as well as being presented annually in full to the GLAA 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 issues have been:

Governance: Paul Broadbent, Chief Executive and Accounting Officer of the GLAA died on 27 December 2017. The Accounting Officer responsibility reverted to the Permanent Secretary at the Home Office as Principal Accounting Officer for the rest of the financial year and until the delegation of Accounting Officer responsibility to the Interim Chief Executive on 16 April 2018.

This interim appointment ended on 21 October 2018 when Accounting Officer responsibility again reverted to the Permanent Secretary. A further interim Accounting Officer appointment was made on 6 November 2018 which ended on 3 January when Michael Rich was appointed as CEO and Accounting Officer.

The Chair had to perform a much more executive role during this period to support the Authority through this difficult time and in the absence of an interim Chief Executive. The Chair provided critical support to the Authority to drive key programmes of work (IT Transition and Licensing System), this however compromised normal segregation between executive and non-executive roles. This made the role of the Board and particularly ARC even more important in holding the executive to account.

The appointment of Board members including the Chair, is a matter for the Home Office. The terms of office of two board members expired in 2016-17 and the term of office of the Chair expired in July 2017. The terms of office of the other four board members expired in March 2018. At the expiry of their terms of office the Chair and each Board member

remained in office pending the appointment of their successor under the Terms of the Gangmasters (Licensing Authority) Regulations 2015.

Open competitions to recruit a Chair and two Board members were launched in September 2017. The four Board members whose terms expired in March 2018 were reappointed from April 2018. The extended period relating to the recruitment for the Chair and two Board member posts added to the governance uncertainty during the accounting period, this has since been resolved as identified on page 35 and 36.

The appointment of the permanent Chief Executive must follow an open recruitment process. The Board may only appoint a Chief Executive with the consent of the Home Secretary, whose approval is required for the Chief Executive's terms and conditions.

The GLAA continued to operate under a framework agreement from 2014 that defines how it works with the sponsor department. Work progressed to refresh the agreement during the financial year, but this was not finalised until after the end of the 17-18 accounting period.

These governance issues and uncertainties occurred when the Authority was going through significant organisational expansion and change and trying to deliver some major IT change programmes to address legacy IT issues.

Capacity and Capability: The GLAA has been in the process of implementing significant organisational change. This has absorbed significant resources and required the employment of specialist resources. Managing the risks of delivering a new IT infrastructure and new licensing system have been a challenge for the Authority. Lessons have been learnt and the GLAA, working with the Home Office, are looking to resource these projects more appropriately to ensure successful delivery. Increased specialist advice and support is also now available through Home Office sponsorship model.

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. The increase in operational resources should enable us to respond to growing demands. However, capacity remains a risk until the true nature and scale of labour exploitation is established. Our delivery may also be impacted by having a number of single person dependent posts within a small organisation. Work is in progress to mitigate this.

The GLAA has been dealing with demand levels from both an organisational and operational perspective that regularly exceed capacity and, on occasion, capability. Operationally, there is a triage process in place and we also work in partnership with other agencies to ensure that resources are directed against the highest level of risk.

The GLAA continues to manage the significant growth in the Authority with a near doubling in size and to deliver on its new role and remit. Key elements of the transition have been managed through a programme board led by the Chair of the GLAA and the Executive Team. These arrangements have been put in place to enable the GLAA to deliver on its new statutory responsibilities effectively. The GLAA have been developing a new associated performance reporting to assess the effectiveness of its response.

Legacy IT: The GLAA remained on Defra infrastructure and transfer to the Home Office infrastructure was delayed during the reporting period and completed in October 2018. The GLAA had good support from Defra but remained on a less resilient legacy infrastructure during the reporting period. This placed the GLAA at significant operational risk from IT or building related issues. GLAA worked with Defra and the Home Office to mitigate these risks insofar as is possible and has now transferred to more resilient Home Office infrastructure.

Legacy IT – Licensing System: The GLAA licensing system is at end of life and the GLAA planned to replace this system due to a number of identified issues with the existing system and costs of maintaining this system. A project to create a replacement licensing system has yet to be delivered, so the GLAA has no alternative but to continue with the current system. The GLAA has put some mitigation in place to enable continued use of the system.

Legal: There remains an ongoing risk that GLAA decisions will be challenged in both criminal and civil courts. Licensing decisions are regularly subject to appeal. The GLAA has two litigations it is managing and an Employment Tribunal. Detail of these actions are legally sensitive. New powers under the Immigration Act 2016 has been accompanied by an extensive training and accreditation programme and effectiveness of new powers are being reviewed with Home Office.

GLAA Licensing Standards were overdue for review during the reporting period increasing the risk of challenge and reducing effectiveness of protection of vulnerable workers. A review of the Standards with the Home Office was completed in October 2018.

The GLAA has successfully defended all appeals against licensing decisions in 2017-18. There have been 10 appeals received in 2017-18 (11 in 2016-17). The GLAA 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 GLAA and, even when successfully defended, the appeals absorb significant resource and finance.

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 GLAA 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 GLAA's Board, has been diligent in reviewing the effectiveness of the system of internal control. Issues that have been identified are in the process of being addressed. I am confident that arrangements being put in place will improve the areas of weakness identified through the work of Audit and the Board. With the guidance of internal audit and ARC the Executive Management Team has a good understanding of the risks and issues the Authority faces and is working to mitigate these.

Risk Environment

The risk environment for the GLAA has significantly increased as identified above. The Authority manages some very significant operational risks and has also faced some very challenging organisational issues.

It is expected that the governance issues the Authority has faced will be resolved with more permanent solutions, which will support the GLAA in reviewing its structures and resources against a better understanding of the nature and scale of operational risks and the impact of its new responsibilities. This will also be informed by the continued work of internal audit and the HMICFRS inspection which was undertaken in October 2018.

With the continued support of the Home Office, the GLAA has delivered a new IT infrastructure and is making good progress towards a new licensing system and putting further mitigation in place to extend the life of the current system. These should enable the Authority to refocus on core business.

The GLAA received a budget allocation for 2017-18 - a capital allocation of £1.4m for 2017-18 and £0.7m for 2018-19. It has been required to make cash savings in 2018-19 of 5 per cent and it is expected in 2019-20 it will need to make a further similar level of savings.

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 is now not being taken.



Michael Rich
Accounting Officer
5 July 2019

Remuneration and Staff Report

Executive Management Team

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

Contract Information (Subject to Audit)

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 45 and 46.

The Chair of the GLAA is employed on a contract basis. During the financial year, the Chair, Margaret Beels, received total remuneration of £35,805 (£29,205 2016-17). These costs are included in the staff costs total of £4,252,000 (£3,106,000 2016-17) on page 50. Payments of £1,789 (£927 2016-17) have also been made to the Chair in regard to travel and subsistence.

The Chief Executive's post was made permanent in December 2016. Remuneration in relation to the additional responsibilities as Chief Executive of the GLAA, was also resolved in December 2017 along with Home Office approval for the 2016-17 Chief Executive bonus payment.

Board Members (Subject to Audit)

	Directorships and significant interests	Salary 2017-18 £000s	Salary 2016-17 £000s
Simon Allbutt	<ul style="list-style-type: none"> ▪ Director, Allbutt HR Consulting ▪ Trustee, Erskine Hospital 	0-5	0-5
William Butler	<ul style="list-style-type: none"> ▪ Non-Executive Director, The Law Society 	5-10	5-10
Angela Coleshill	<ul style="list-style-type: none"> ▪ Competitiveness Director, Food and Drink Federation ▪ Director, National Skills Academy 	0-5	0-5
Prof Linda Dickens MBE	<ul style="list-style-type: none"> ▪ Deputy Chair, Central Arbitration Committee ▪ Mediator, United Nations SMC ▪ Member, Expert Advisory Panel Essex Fire and Rescue Services ▪ Independent Chair, NJC Fire and Rescue Services ▪ External Mediator, Royal Mail UCW 	5-10	5-10
Marshall Evans	<ul style="list-style-type: none"> ▪ None 	0-5	0-5
Dr Paul Williams	<ul style="list-style-type: none"> ▪ Non-Executive Director, Food Standards Agency 	0-5	0-5

Normal business-related travel and subsistence was reimbursed to Board members in line with the GLAA's policy. This amounted to £4,000 in 2017-18 (£3,000 2016-17).

Tax Arrangements for Public Sector Appointees

There were two off-payroll engagements as of 31 March 2018 for more than £245 per day and that lasted for longer than six months. These are contractors and consultants who have their own tax and national insurance arrangements; none were current or former employees of the GLAA (none 2016-17). None of the engagements involved Board members or any of the executive management team with significant financial responsibility, during the financial year. The total spend on contractors was £233,000 (£184,000 2016-17).

Policy on the Duration of Contracts and Notice Periods

The GLAA Chief Executive is on a Fixed Term Contract. All other senior managers with agreed employment contracts within the Authority contain a three month notice period which is an appropriate time to allow for a handover period.

Policy on Performance Related Pay

All GLAA 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 GLAA's strategic objectives.

Performance pay for post holders who reported to the Chief Executive was determined by the Board's Remuneration Committee on advice from the Chair.

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 GLAA 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.

The Recruitment and Selection policy clarifies the GLAA commitment to providing equal opportunities for all candidates during the selection process. The GLAA welcomes applications from people with disabilities and encourages these candidates to make an application if they feel they have the requisite skills and qualifications for the position, in line with the Guaranteed Interview Scheme and additional assistance or adjustments can be accommodated ahead of the interview. The GLAA will ensure that all recruitment and promotion will be undertaken based on the skills and experience necessary to perform the role.

We continue the employment of, and arrange appropriate training for, employees of the GLAA who have become disabled persons during the period. We promote the training, career development and promotion of disabled persons employed by the GLAA.

Other Employee Matters

The Equal Opportunities and Diversity Policy Statements details the organisational commitment to eliminating discrimination and encouraging diversity amongst the workforce. It also includes the commitment to recruitment and promotion and that this will be undertaken on the basis of skills and experience necessary to perform the role.

Training, development and progression opportunities are available to all staff, the GLAAs performance management and learning and development statements will ensure that all staff are provided with equal opportunities for personal and career development. All employees are required to read and confirm their understanding of this policy on an annual basis and any breach of this policy may result in gross misconduct and lead to action in line with the disciplinary procedure.

We communicate directly with all employees regarding employment issues that relate to them, we also engage with PCS union with formal consultation where appropriate and actively encourage individual and group employee participation on relevant employment matters.

A health and safety committee is held on a quarterly basis where representatives from across the organisation discuss health and safety matters, any changes required to improve safe working within the organisation.

We work in partnership with PCS union who are recognised as representing PCS members within the organisation, regular union management meeting are held to discuss employment matters and to resolve any issues to the satisfaction of the organisation and Union where possible.

Salary Information (Subject to Audit)

Single Total figure of Remuneration

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

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

This includes salary, benefit -in-kind and non-consolidated performance related pay. There were no severance payments or Benefit in Kind payments to Directors in 2016-17 or 2017-18. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The PRP payments within the single remuneration figure are reported on a paid basis. The 2017-18 figures would relate to 2016-17 PRP awards as these are paid in the following year. For the Chief Executive PRP payments for 2015-16 and 2016-17 were paid in 2017-18 which had been accrued for in previous years.

No other benefits in kind or compensation were paid to senior managers. The GLAA does not offer any remuneration package which is not in the form of cash.

2017-18**Single Total Figure of Remuneration**

Senior Manager	Job Title	Salary £000s	Performance Payments £000s	Severance Payments £000s	Pensions Benefits £000s	Total £000s
Paul Broadbent (until 27 December 2017)	Chief Executive	70-75 F'YE 95-100	20-25	-	26	120-125
Darryl Dixon	Director of Strategy	65-70	0-5	-	(1)	65-70
Nicola Ray (FTE 0.59)	Director of People and Licensing	35-40 FTE 65-70	-	-	4	40-45
Ian Waterfield	Director of Operations	55-60	-	-	-	55-60

2016-17**Single Total Figure of Remuneration**

Senior Manager	Job Title	Salary £000s	Performance Payments £000s	Severance Payments £000s	Pensions Benefits £000s	Total £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 (FTE 0.59)	Director of People and Licensing	35-40 FTE 60-65	-	-	14	50-55
Ian Waterfield (joined 01/09/2016)	Director of Operations	30-35	-	-	-	30-35

Sir Philip Rutnam was the accounting officer from the 27 December 2017 until 31 March 2018. Details of his remuneration are reported as part of the Home Office Annual Report and Accounts.¹⁷

¹⁷

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/727179/6_4360_HO_Annual_report_WEB.PDF

Fair Pay Disclosure (subject to audit)

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 2017-18 no employees received remuneration in excess of the highest paid executive (none 2016-17). The banded remuneration of the highest paid director in the GLAA as at the reporting date of 31 March 2018 was £65,000-£70,000 Darryl Dixon (£95,000-£100,000 2016-17 Paul Broadbent). This reduction reflects the fact that the Chief Executive was not in post at the end of the financial year.

This was 2.34 times (2.83 times 2016-17 (restated)) the median remuneration of the workforce, which was £28,880 (£34,474 2016-17 (restated)). The change in ratio reflects both the GLAA not having a CEO in post at the reporting date and the recruitment of new staff which has reduced the median pay.

Remuneration ranged from £15,000-£20,000 to £65,000-£70,000 (£15,000-£20,000 to £95,000-£100,000 2016-17).

As at 31 March 2018 there were two female (Chair and Director) and two male (Directors) senior leaders with 49 females and 73 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: three 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 5 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 4.6 per cent and 8.05 per cent for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with the Pensions increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32 per cent. 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 PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS 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.

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)

2017-18

Senior Manager	Real Increase in pension £000s	Real increase in lump sum at pension age £000s	Value of accrued pension as at 31/03/18 £000s	Related lump sum at pension age £000s	CETV at 1 April 2017 £000s	CETV at 31 March 2018 £000s	Real increase in CETV £000s
Paul Broadbent	0-2.5	-	0-5	-	23	43	14
Darryl Dixon	0-2.5	0-2.5	25-30	80-85	558	593	(2)
Nicola Ray	0-2.5	(0-2.5)	20-25	30-35	367	388	(1)

2016-17

Senior Manager	Real Increase in pension £000s	Real increase in lump sum at pension age £000s	Value of accrued pension as at 31/03/2017 £000s	Related lump sum at pension age £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

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)

	2017-18		2016-17	
	Permanently employed staff £000s	Other / Temporary £000s	Permanently employed staff £000s	Other / Temporary £000s
Staff salaries including PRP	3,246	23	2,352	49
Employee benefits as per IAS 19	40	-	9	-
Social security costs	339	-	256	-
Pension service costs	604	-	440	-
Total	4,229	23	3,057	49

Fifteen employees were employed on a fixed term contract during 2017-18 (three employees 2016-17).

A total of £65,000 was accrued for PRP (£66,000 2016-17). The 2016-17 figure includes an accrual of the Chief Executive's PRP for 2015-16 which had not been paid as at 31 March 2017.

Pension Costs

The PCSPS is an unfunded multi-employer defined benefit scheme in which the GLAA is unable to identify its share of the underlying assets and liabilities. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (<https://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>).

To 31 March 2018, employer's contributions of £521,000 were payable to the civil service pension schemes (£410,000 2016-17) at one of four rates in the range of 20 to 24.5 per cent (20 to 24.5 per cent 2016-17) 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 £83,000 (£29,000 2016-17) 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 £2,700 (£900 2016-17), 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 £13,000 (£2,000 2016-17). Contributions prepaid at that date were nil (nil 2016-17).

Average number of employees (based on FTE) (Subject to Audit)

	2017-18			2016-17		
	Total	Permanent staff	Others	Total	Permanent Staff	Others
Total directly employed	101	94	7	69	67	2

Reporting of Civil Service and Other Compensation Schemes Exit Packages 2017-18

There were no exit packages to report during 2017-18 (none 2016-17).

Sickness Absence

For the reporting year to 31 March 2018 the average number of days lost to staff sickness was 6.01 (7.2 2016-17).

Declarations of Interest

Senior Leaders	Declarations of Interest
Margaret Beels, Chair	<ul style="list-style-type: none"> ▪ Non-Executive Director, Market Operator Services Ltd ▪ Directorship: Wispway Properties Ltd ▪ Trusteeships: Friends of the Connection; The London Chorus
Paul Broadbent, Chief Executive	<ul style="list-style-type: none"> ▪ None
Roger Bannister, Interim Chief Executive	<ul style="list-style-type: none"> ▪ Director, Leader Board Performance Ltd ▪ Governor, Cliffedale School, Grantham ▪ Strategic Advisor, Leicestershire Police
Darryl Dixon, Director of Strategy	<ul style="list-style-type: none"> ▪ None
Nicola Ray, Director of People and Licensing	<ul style="list-style-type: none"> ▪ None
Ian Waterfield, Director of Operations	<ul style="list-style-type: none"> ▪ None

Parliamentary Accountability and Audit Report

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

Losses and Special Payments (Subject to Audit)

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 2017 to 31 March 2018 the GLA incurred no losses or special payments (nil 2016-17).

Fees and Charges (Subject to Audit)

Following a comprehensive review of the cost of the licensing function in 2017-18 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 £000s	Full Costs £000s	Surplus/(Deficit) £000s	Fee Recovery Actual %
Licensing 2017-18	915	1,832	(917)	50
Licensing 2016-17	918	1,911	(993)	48

For the purposes of cost recovery, expenditure has been analysed by function, as well as category, shown in note two on pages 66 and 67. All costs are allocated based on the GLAA'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 six on pages 68 and 69.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require certain public-sector employers to publish information on facility time used by Trade Union representatives. The information below sets out the relevant Trade Union facility time data for the GLAA covering the period 1 April 2017 to 31 March 2018.

The information is based on time sheet recording by the Public and Commercial Services union representatives regarding union facility time.

Employees who are Union officials during period	FTE	Facility Time %	Cost of Facility time % of pay bill	Total cost of facility time £000	Total pay bill £000	Paid Trade Union Activities %
1	1	1-50	0.12	5	4,252	100

Remote Contingent Liabilities (Subject to Audit)

In addition to contingent liabilities reported in accordance with IAS 37, the GLAA 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 is an ongoing litigation against the GLAA, where the possibility of a transfer of economic benefit in settlement is consider too remote to be recognised. The details of the claim have not been disclosed as they relate to an ongoing disputed claim, which if disclosed could prejudice the GLAA in this case. The case primarily relates to a claim under the Human Rights Act.



Michael Rich
Accounting Officer
 5 July 2019

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

Opinion on financial statements

I certify that I have audited the financial statements of the Gangmasters and Labour Abuse Authority for the year ended 31 March 2018 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, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Gangmasters and Labour Abuse Authority's affairs as at 31 March 2018 and of the Gangmasters and Labour Abuse Authority's 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 regularity

In my opinion, in all material respects the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Gangmasters and Labour Abuse Authority in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accounting Officer for the financial statements

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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

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. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Gangmasters and Labour Abuse Authority's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Gangmasters and Labour Abuse Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the Gangmasters and Labour Abuse Authority and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; 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 Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date: 9 July 2019

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

	Note	2017-18 £000s	2016-17 £000s
Expenditure			
Staff costs	3	(4,252)	(3,106)
Operating Expenditure	4	(2,151)	(1,736)
Total expenditure		(6,403)	(4,842)
Income			
Enforcement	5	134	130
Licence fees	6	704	667
Application inspections	6	211	251
Total income		1,049	1,048
Net expenditure for the year		(5,354)	(3,794)

Other Comprehensive Expenditure

	Note	2017-18 £000s	2016-17 £000s
Items that will not be reclassified to net operating cost:			
Net loss on revaluation of intangible assets	9	(3)	(9)
Comprehensive net expenditure for the year		(5,357)	(3,803)

The notes on pages 62 to 76 form an integral part of the accounts.

Statement of Financial Position as at 31 March 2018

	Note	31 March 2018 £000s	31 March 2017 £000s
Non-current assets			
Property, plant and equipment	8	968	562
Intangible assets	9	30	59
Total non-current assets		998	621
Current assets			
Trade and other receivables	10	87	87
Cash and cash equivalents	11	1,671	569
Total current assets		1,758	656
Total assets		2,756	1,277
Current liabilities			
Trade and other payables	12	(1,852)	(1,107)
Provisions	13	(17)	(248)
Total current liabilities		(1,869)	(1,355)
Total assets less current liabilities		887	(78)
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		(1,869)	(1,355)
Assets less liabilities		887	(78)
Reserves			
General reserve		883	(85)
Revaluation reserve		4	7
Total reserves		887	(78)



Michael Rich
Accounting Officer
5 July 2019

The notes on pages 62 to 76 form an integral part of the accounts.

Statement of Cash Flows for the year ended 31 March 2018

	Note	2017-18 £000s	2016-17 £000s
Cash flows from operating activities:			
Net operating cost		(5,354)	(3,794)
Adjustments for non-cash transactions:			
Depreciation	8	52	11
Amortisation	9	31	59
Adjustment to the Service Concession Arrangement (SCA)	4	-	(13)
Finance costs	4	-	2
Credit write back	4	-	(21)
(Increase)/Decrease in trade and other receivables	10	-	(18)
Increase/(Decrease) in trade and other payables	12	755	42
Provisions Movement	13	(231)	248
Payments to the consolidated fund which are outside the scope of the GLA's activities		-	(929)
Net cash outflow from operating activities		(4,747)	(4,413)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(474)	(326)
Purchase of intangible assets	9	-	(15)
Net cash outflow from investing activities		(474)	(341)
Cash flows from financing activities			
Revenue – Grant-in-Aid	7	5,169	4,395
Capital – Grant-in-Aid	7	1,154	281
Total financing		6,323	4,676
Net (decrease)/increase in cash and cash equivalents in the period		1,102	(78)
Cash and cash equivalents at the beginning of the period		569	647
Cash and cash equivalents at the end of the period		1,671	569

The notes on pages 62 to 76 form an integral part of the accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2018

	Note	General Reserve £000s	Revaluation Reserve £000s	Total Reserves £000s
Balance at 1 April 2016		(38)	16	(22)
Net operating cost		(3,794)	-	(3,794)
Net loss on revaluation of intangible assets	9	-	(9)	(9)
Grant-in-Aid	7	4,676	-	4,676
Payment to consolidated fund		(929)	-	(929)
Balance at 31 March 2017		(85)	7	(78)
Balance at 1 April 2017		(85)	7	(78)
Net operating cost		(5,354)	-	(5,354)
Net loss on revaluation of intangible assets	9	-	(3)	(3)
Grant-in-Aid	7	6,323	-	6,323
Payment to consolidated fund		-	-	-
Balance at 31 March 2018		883	4	887

The notes on pages 62 to 76 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 2017-18 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 GLAA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the GLAA for the reportable activity are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Reporting Entity Name

As reported in the 'Who we are' section on page 1. The Gangmasters Licensing Authority transitioned to become the Gangmasters and Labour Abuse Authority in 2017-18.

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.

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 S9 of the Gangmasters (Licensing Authority) Regulations 2015 and directions made thereunder by the Secretary of State, reporting the state of the GLAA's affairs as at 31 March 2018 and its financial position for the year.

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

Any events that would impact on these accounts after the 31 March 2018 are stated in note 18 on page 76.

Going Concern

The Statement of Comprehensive Net Expenditure for the year shows a deficit of £5,357,000 and the Statement of Financial Position shows total reserves of £887,000. The general reserves figure reflects income relating to the deferred income liability of £316,000 (£334,000 2016-17). GIA funding is also drawn down on a cash needs basis.

The GLAA has received confirmation of its proposed funding levels for 2018-19, 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.

The Government has announced its intention to consult on the possibility of creating a single agency inspectorate to enforce employment standards. There is no reason to expect that this affects the GLAA's status as a going concern.

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 GLAA 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 GLAA 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. Application Fee income is recognised once an onsite inspection is complete.

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*.

Payables

The GLAA has a policy of paying all suppliers promptly. The payables figure represents the amounts owed to GLAA suppliers who have issued invoices to the GLAA which have been processed but not paid at the balance sheet date. These amounts are generally paid shortly (days) after being processed and certainly within one year.

Accruals

The GLAA prepares its accounts on accruals basis. It accrues for transactions and where appropriate uses estimates to ensure that the accounts give a true and fair view of events and transaction during the reporting period.

Financial Assets and Liabilities

The GLAA 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).

Financial Instruments

The GLAA does not enter into contracts that use derivative instruments such as interest rate swaps or any other hedging facilities. The GLAA 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 GLAA was a NDPB of the Home Office but has continued to use IT services of Defra. The GLAA procures information technology support through the Defra's E-nabling Agreement with IBM. Although, the GLAA has a rolling twelve-month contract with Defra, Defra is contracted with IBM until July 2019.

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.

Assets under construction

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

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 GLAA, the arrangement is treated as a finance lease. The GLAA 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 GLAA 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 GLAA are covered by the Superannuation Act 1972 and reflect benefits for members of the PCSPS and Civil Servants and other Pension Scheme (alpha). The Superannuation Act provides for defined pension benefits to be met from the consolidated fund and no liability rests with the GLAA.

Past and present employees of the GLAA are covered by the provisions of the PCSPS and alpha. The Scheme is a defined benefit scheme and liability rests with the scheme and not the GLAA. Benefits are paid from the Civil Superannuation Vote to which the GLAA makes contributions calculated to cover accruing pension entitlement for staff

employed. Statements of account for the Scheme are provided by the Cabinet Office Civil Superannuation Resource Account. The PCSPS pension scheme undergoes a reassessment of the contribution rates by the Government Actuary at four-yearly intervals. In respect of defined contribution schemes, the GLAA recognises the contributions payable for the year.

Full details can be found on pages 42 to 51 of the Remuneration and Staff Report.

Provisions

GLAA provides for obligations arising from past events where the GLAA 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 rates as directed by HM Treasury.

Value Added Tax

The GLAA 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 GLAA principal place of business is Nottingham, England.

Accounting changes that have been issued but are not yet effective

IFRS 9 Financial Instruments was issued in July 2014. HM Treasury have confirmed that IFRS 9 will apply as interpreted within the Financial Reporting Manual from 2018–19. This is not expected to impact the GLAA as it will not change the recognition or valuation of GLAA financial instruments (payables and receivables), due to the nature of the receivables held the GLAA is not at risk of credit loss.

IFRS 15 Revenue from Contracts with Customers was issued in May 2014. HM Treasury have confirmed that IFRS 15 will apply as interpreted within the Financial Reporting Manual from 2018–19. This is not expected to have material impact.

IFRS 16 The International Accounting Standards Board (IASB) has issued the final version of IFRS 16 which will replace IAS 17 for annual periods beginning on or after 1 January 2019. FReM has deferred implementation of this standard until 1 April 2020, it therefore does not affect the 2018-19 financial statements.

Preliminary analysis of the introduction of IFRS 16 there will be a material impact on the Statement of Financial Position as operating leases will be treated in the same way as Finance Leases. The full impact of the introduction of this standard will require Assets and Liabilities to be increased by the same amount. This will be reported in 2019-20 with 2018-19 forming a comparative year.

2. Statement of Operating Costs by Operating Segment

In line with HM Treasury's *Fees and Charges Guide*, the GLAA is required to operate on a full cost recovery basis.

Significant costs remain subject to change following transition to the Home Office, including general IT and LAWS. Costs and fees will be reviewed with recommendations about how to bring fees and charges in line with guidance.

Function	2017-18			2016-17		
	Licensing £000s	Enforcement £000s	Total £000s	Licensing £000s	Enforcement £000s	Total £000s
Expenditure						
Staff costs	(1,272)	(2,980)	(4,252)	(1,272)	(1,834)	(3,106)
Operating Expenditure	(560)	(1,591)	(2,151)	(639)	(1,097)	(1,736)
Total	(1,832)	(4,571)	(6,403)	(1,911)	(2,931)	(4,842)
Income						
Licensing	915		915	918	-	918
Enforcement		134	134	-	130	130
Total	915	134	1,049	918	130	1,048
Net income (expenditure)	(917)	(4,437)	(5,354)	(993)	(2,801)	(3,794)

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 42 to 51.

4. Operating Expenditure

	2017-18 Total £000s	2016-17 Total £000s
Travel and Subsistence	367	179
Operating Leases Vehicles	75	82
Operating Lease Buildings	75	75
Information Technology	553	483
Marketing	79	6
Depreciation	52	11
Amortisation	31	59
Adjustment to the SCA (IFRIC12)	-	(13)
IBM finance costs	-	2
IBM credit write back	-	(21)
Legal Costs	39	156

	2017-18 Total £000s	2016-17 Total £000s
Legal Provision	(231)	231
Recruitment	94	34
Accommodation	133	86
GLA conference	41	-
Training	61	28
Interpreters	36	13
Stationery/postage	44	12
Board expenses	8	5
Restructuring & Contractors	593	235
Other	101	73
Total	2,151	1,736

The remuneration to the NAO in respect of external audit work carried out in 2017-18 was £40,000 (£33,000 2016-17).

5. Enforcement Income

	2017-18 £000s	2016-17 £000s
Enforcement income for operating activities within Great Britain	5	-
Additional enforcement income from DAERA for regional food activity	100	100
Other income	29	30
Total	134	130

The GLAA recharges Department of Agriculture, Environment and Rural Affairs (DAERA) for enforcement activities carried out within Northern Ireland £100,000 (£100,000 2016/17).

In addition, a further £34,000 was received by the GLAA from external sources in 2017-18 (£30,000 2016-17), for training and awareness raising events.

6. Licence Fees and Application Inspections

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

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

Under the 2004 Act, the GLAA 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 2018

	Licences Issued/Renewed	Licence Applications Cancelled	Licence Applications Refused	Licences Revoked	Recognised £000s
Horticulture, agriculture and shellfish	1,103	75	16	12	704

As at 31 March 2017

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

Application Inspections

Application inspection income is on gross annual turnover within the sector, as identified above. In 2017-18 Inspection Income was £211,000 (£251,000 2016-17).

7. Financing

	2017-18 £000s	2016-17 £000s
Revenue/Capital – GIA cash	6,323	4,676

8. Property, Plant and Equipment 2017-18

	Plant and Machinery Total £'000s	Information Technology Total £000s	Fixtures and Fittings Total £000s	Assets under construction Total £000s	GLAA Total £000s
Cost or Valuation:					
At 1 April 2017	23	261	55	503	842
Additions	17	-	64	377	458
Disposal	-	-	-	-	-
At 31 March 2018	40	261	119	880	1,300
Depreciation:					
At 1 April 2017	6	261	13	-	280
Charge for the period	3	-	49	-	52
At 31 March 2018	9	261	62	-	332
Net book value:					
At 31 March 2018	31	-	57	880	968
At 31 March 2017	17	-	42	503	562
Asset Financing					
Net book value owned as at 31 March 2018	31	-	57	880	968
Net book value leased as at 31 March 2018	-	-	-	-	-
Carrying amount at 31 March 2018	31	-	57	880	968

Additions in 2017-18 include £217,000 of accruals (£234,000 2016-17).

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 GLAA transferred from Defra to the Home Office in April 2014 it has continued to use this contract with 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.

The GLAA procures information technology support through the Defra's E-enabling Agreement with IBM. Although, the GLAA 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 64.

Property, Plant and Equipment 2016-17

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

Asset Financing

Net book value owned as at 31 March 2017	17	-	42	503	562
Net book value leased as at 31 March 2017	-	-	-	-	-
Carrying amount at 31 March 2017	17	-	42	503	562

9. Intangible Assets

2017-18	Software Licence Total £000s
Cost or Valuation:	
At 1 April 2017	1,942
Addition	7
Disposals	-
Revaluation	37
At 31 March 2018	1,986
Amortisation:	
At 1 April 2017	1,883
Charge for the period	31
Disposals	-
Revaluation	42
At 31 March 2018	1,956

2017-18	Software Licence Total £000s
Net book value:	
At 31 March 2018	30
At 31 March 2017	59

2016-17	Software Licence Total £000s
Cost or Valuation	
At 1 April 2016	1,943
Addition	22
Disposals	(55)
Revaluation	32
At 31 March 2017	1,942

Amortisation:	
At 1 April 2016	1,837
Charge for the period	59
Disposals	(55)
Revaluation	42
At 31 March 2017	1,883

Net book value:	
At 31 March 2017	59
At 31 March 2016	106

The carrying amount of the intangible fixed assets had the revaluation not occurred is £26,000 (£52,000 2016-17). Additions in 2017-18 included accruals of £14,000, (£7,000 in 2016-17).

The net book value of LAWS, the GLAA's largest intangible asset was £22,000 (£44,000 2016-17). Due to the issues identified in the governance statement, this asset is viewed as having a limited expected life and will require further spend to extend the life of this asset in 2018-19. GLAA has funding for this work but this will not address other issues and a replacement system is required. Future options around replacement of this system are under review.

10. Trade Receivables, Financial and Other Assets

	2017-18 £000s	2016-17 £000s
Trade receivables:		
Trade receivables	(3)	-
Other receivables:		
Prepayments and accrued income	88	78
Other receivables	2	10
Total	87	88

11. Cash and Cash Equivalents

	2017-18 £000s	2016-17 £000s
Balance at 1 April	569	647
Net change in cash and cash equivalent balances	1,102	(78)
Balance at 31 March	1,671	569
The following balances at 31 March were held at:		
Commercial banks and cash in hand	1,671	569
Balance at 31 March	1,671	569

12. Trade Payables and Other Current Liabilities

	2017-18 £000s	2016-17 £000s
Amounts falling due within one year		
Other taxation and social security	92	75
Trade and other payables	232	55
Revenue Accruals	981	402
Deferred income	316	334
Total	1,621	866
Capital Accruals	231	241
Total	1,852	1,107

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.

	2017-18		
	Server Room Decommissioning £000s	Legal £000s	Total £000s
Balance as at 1 April 2017	17	231	248
Provided in the year	-	-	-
Provisions not required written back	-	(231)	(231)
Provisions utilised in the year	-	-	-
Unwinding of discount	-	-	-
Balance at 31 March 2018	17	-	17

	2017-18		
	Server Room Decommissioning £000s	Legal £000s	Total £000s
Not later than 1 year	-	-	-
Later than 1 year and not later than 5 years	17	-	17
Later than 5 years	-	-	-
Balance at 31 March 2017	17	-	17

	2016-17		
	Server Room Decommissioning £000s	Legal £000s	Total £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	-	-	-
Balance at 31 March 2017	17	231	248

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

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

Provision was made for a legal claim against the GLAA. The case has not progressed as expected when the provision was made and accordingly the requirements for recognising a provision are no longer met so the provision has been removed. The details of the claim have not been disclosed as they relate to an ongoing disputed claim, which if disclosed could prejudice the GLAA in this case. The case primarily relates to a claim under the Human Rights Act.

As identified in the governance statement there are currently 2 litigations against the GLAA.

14. Capital commitments

	2017-18 £000s	2016-17 £000s
Contracted capital commitments at 31 March 2018 not otherwise included in these accounts:		
IT Transition	59	26
Server room build	5	9
Total	64	35

15. Commitments under Leases

	2017-18			2016-17		
	Buildings £000s	Vehicles £000s	Other £000s	Buildings £000s	Vehicles £000s	Other £000s
Not later than 1 year	75	20	-	75	58	-
Later than 1 year and not later than 5 years	12	213	-	87	22	-
Later than 5 years	-	-	-	-	-	-
Total	87	233	-	162	80	-

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. Other Financial Commitments

	2017-18 £000s	2016-17 £000s
Not later than 1 year	46	336
Later than 1 year and not later than 5 years	176	324
Later than 5 years	-	-
Total	222	660

As part of the GLAA 2017-18 Accounts, the GLAA is required to disclose information on other financial commitments as at 31 March 2018.

Other financial commitments relate to non-cancellable contracts which are not leases, PFI or capital commitments or other service concession arrangements. The figures for 2016-17 relate to GLAA share of the Defra IBM contract.

17. Related Party Transactions

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

In addition, the GLAA 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 seven on page 69.

The GLAA 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 51. Payment to senior managers has been disclosed as part of the Remuneration and Staff Report on pages 45 to 50.

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

18. Events after the Reporting Date.

The GLAA has had several changes in accounting officer since the reporting date and before the laying of annual report accounts as recorded in the statement of accounting officer responsibility.

The Government has announced its intention to consult on the possibility of creating a single agency inspectorate to enforce employment standards. As identified in the statement on going concern, the GLAA do not expect this will impact on GLAA as a going concern.

The Accounting Officer authorised these financial statements for issue on date of the Comptroller and Auditor General's audit certificate on pages 54 to 57.

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