



Gangmasters &
Labour Abuse Authority

Gangmasters and Labour Abuse Authority Annual Report and Accounts

1 April 2018 to 31 March 2019



HC 38

Working in partnership to protect vulnerable and exploited workers



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1 April 2018 to 31 March 2019

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of the Gangmasters (Licensing) Act 2004

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Performance Report: Overview

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.

The GLAA is a Non-Departmental Public Body (NDPB), sponsored by the Home Office. The GLAA office is situated in Nottingham where 56 of its employees 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 employees undertaking the roles of Regional Intelligence Officers, Investigating Officers, and their managers are home based across the UK.

Our mission 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.

Following the 2016 Immigration Act, the Gangmasters Licensing Authority (GLA) became the GLAA in July 2016, and on 30 April 2017 commenced the ability to use its new powers to investigate labour market offences in England and Wales.

Our existing licensing and regulatory functions, to regulate the activities of Gangmasters¹ - continue unaltered. We now have a much broader role in terms of addressing labour exploitation with new powers 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 2004 Act. The broader role involves the GLAA working independently and with its law enforcement partners both within the police community and central and local government. It does so to identify, disrupt and dismantle serious and organised criminality, across the spectrum of labour market offences, from withholding holiday pay to serious modern slavery offences in which criminals seek to exploit human assets for profit.

Our expanded remit has required significant organisational change, with additional funding and employees, to support the GLAA in fulfilling its new roles and responsibilities. In addition to our investigative work the GLAA has an increasing focus on 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 their workers from victimisation.

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.
Gangmasters and Labour Abuse Authority
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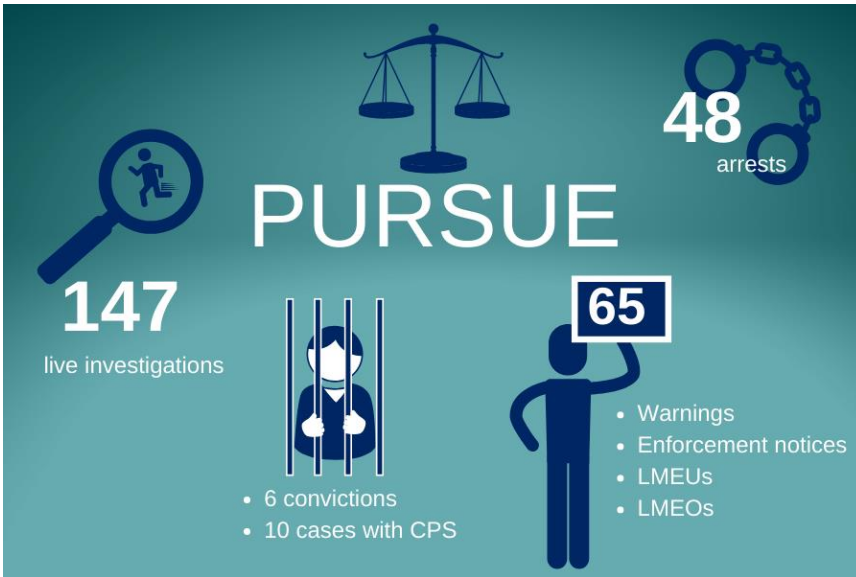
There are around 1,100 licensed gangmasters, based in both the UK and overseas, who supply temporary contracted workers in the regulated sector. The GLAA can use civil inspection powers as well as criminal enforcement powers in relation to the licensed sector. Our officers conduct application and compliance 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 under the Gangmasters (Licensing) Act 2004, but also 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.

The GLAA board, consisting of up to eight members plus a chairperson, provides the scrutiny, oversight and governance of the GLAA. The Board is supported by two sub-committees: Audit and Risk Committee (ARC), and a Remuneration Committee.

The GLAA is also accountable to Ministers through the Home Office and is audited regularly through arrangements with Government Internal Audit Agency (GIAA) and the National Audit Office (NAO). Additionally, it is also subject to oversight of its conduct and use of powers by: The Investigatory Powers Commissioner's Office; the Independent Office for Police Conduct (IOPC) and the Parliamentary and Health Service Ombudsman (PHSO), in relation to complaints; and underwent its first inspection by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) in 2018.

Our achievements in 2018-19



Chair's foreword



2018-19 was another year of change and challenge for the GLAA. It began with colleagues adjusting to the sudden and tragic loss of its former CEO and ended with the appointment of a new Chief Executive when Michael Rich joined the organisation in January 2019.

Throughout the year the organisation and its people, demonstrated immense resilience and an ability to adapt through a period of significant change. I am enormously grateful to all our colleagues in the GLAA for their sustained efforts through this period as they continued to deliver a service for the protection of workers from exploitation. GLAA continues to be recognised nationally and internationally for the excellent work that it does.

During this year we have fully embedded the role of our LAPOs in our operational response, which continues to be intelligence-led. We have improved our analytical capabilities so that our reports on the nature and scale of labour exploitation not only inform our priorities, but also inform the assessment of our partner enforcement bodies, and the strategy reports of the Director of Labour Market Enforcement.

Our wider role increases the demand for our services across the labour market. Whilst we have maintained our engagement with our traditional stakeholders within the licensed sector, we have recognised and worked towards broadening our stakeholder engagement. I am therefore pleased that the GLAA is matching its investigative work with innovative prevention activity that engages and secures support from new stakeholders, in high risk areas, with whom we are building strong and effective relationships.

Examples of our wider engagement is ably illustrated by the expansion of support from organisations in the construction industry, where an information sharing protocol has seen dozens of companies sign a pledge of support. Developing a similar protocol in the textile industry and work to develop an industry-led code of practice and accreditation scheme in the hand car wash industry are further examples of our prevention activity. We hope to replicate these successes in the next, and future years, in areas such as nail bars, and the hospitality industry, always ensuring that we prioritise our activities, whether they are investigative, or prevention focused, on those areas of highest risk identified by our intelligence assessments.

On 16 July 2019 the Government published a consultation paper on whether it should create a single labour market enforcement body to bring together GLAA and other enforcement partners, putting their expertise in one place with additional powers to enforce the minimum wage and holiday payments. A new enforcement body could create a single recognisable brand and make it easier for individuals to know where to go to for help. The GLAA welcomes the ambition to make improvements that would benefit both workers and compliant businesses and will work with the government to deliver such.

The 2018-19 year has been a challenging one for the GLAA, ranging from the increasing complexity of promoting and enforcing high standards of working conditions to internal changes, including the introduction of new IT systems. I would like to thank Roger

Bannister for the interim leadership he provided between April and October 2018, for his focus on risk management. I am also grateful to each GLAA colleague for the work they do to protect vulnerable and exploited workers – whether on the front line or by providing essential support functions.

Finally, I would like to thank my GLAA Board colleagues for their commitment to GLAA and their wise counsel. In January 2019 we bade farewell to Marshall Evans who was a member of the original GLA Board and then was appointed to the GLA Board by the Home Secretary following an open competition in 2012. His knowledge of the employment industry was very valuable. His replacement, Suzanne McCarthy, has brought a new portfolio of skills to complement those of Simon Allbutt, William Butler, Angela Coleshill, Linda Dickens and Paul Williams. We were all pleased that in July 2019, the Home Secretary agreed to the appointment of Michael Rich to the Board. The good governance of GLAA and the successful delivery of its mission into the future is at the core the Board's work.

A handwritten signature in black ink that reads "Margaret Beels". The script is cursive and fluid, with the first letter 'M' being particularly large and stylized.

Margaret Beels OBE
Chair

Chief Executive's Report



I was proud to join the GLAA as its Chief Executive and look forward to leading its continuing evolution as a model of national and international good practice in tackling forced labour in the UK. Although I only joined in the final three months of this financial year, I am nonetheless pleased to report on the achievements of the organisation in 2018-19.

Protect

Our mission of working in partnership to protect vulnerable and exploited workers is at the heart of what drives our activity - whether this is managing the licences of those who employ workers in the regulated sector, taking enforcement action when necessary to disrupt and deter exploitation or enhancing our focus on prevention through increased public and stakeholder engagement. Our analytical approach, drawing on an ever-greater amount of intelligence, ensures that we identify the highest risk sectors for intervention in all our activity.

Prevent

Domestically our wider remit necessitates greater emphasis on prevention, supporting businesses to address non-compliance, raise their game, and improve due diligence checks on their supply chains. Our licensing activity is the cornerstone from which we have developed, and which continues to ensure compliant businesses operate within a level playing field whilst irregular businesses are prevented from operating in ways that can lead to continued exploitation of workers. Since starting in post, I have been heartened by the support that our regulatory regime enjoys from the businesses within the licensed sector, recognising the positive impact the GLAA has had in raising standards and protecting workers.

Company refused licence after judge finds workers 'open to potential exploitation' (14 June 2019)

A recruitment agency which was refused a Gangmasters and Labour Abuse Authority (GLAA) licence has lost its appeal against the decision after a judge said workers at the company were left open to potential exploitation.

Boston-based Grand Labour Agency Ltd was refused a licence in September 2018, with the GLAA's decision upheld in court last month.

In a written judgment Employment Judge Elizabeth Heap said that it was "particularly concerning" that the organisation failed to display an understanding of issues such as minimum wage legislation and entitlements such as statutory sick pay and rest breaks.

She said: "Such a lack of understanding leaves workers open to potential exploitation and a real risk that they would not be receiving the remuneration, benefits and basic levels of health and safety to which they are legitimately entitled."

We have also shown our support for compliant businesses through a series of industry-led programmes and pilots, not least our innovative work with the construction industry. During the year, we saw a surge in the number of construction companies putting their names to the protocol we developed with the industry which now totals 88 signatories². This support has come from businesses large and small, all committed to work with us to tackle the conditions in which labour exploitation can occur.

We have emulated that success in work with the textile industry. In November 2018, the Prime Minister Theresa May announced the Apparel and General Merchandise Public and Private Protocol.³ This commits signatories to work together to eradicate slavery and exploitation in textile supply chains, with John Lewis, Marks and Spencer, New Look, NEXT, River Island and Shop Direct all having signed to date.

In July 2018, we gave evidence to the Environmental Audit Committee's hand car wash enquiry. Following the Committee's report, and in response to recommendations to licence this activity in the Director of Labour Market Enforcement's first strategy, Government gave its support for an industry-led voluntary licensing scheme. Working in partnership with supermarkets and other stakeholders in the petrol industry, the GLAA helped to create the Responsible Car Wash Scheme (RCWS). This accreditation scheme was launched at the House of Lords in October 2018 and piloted during spring 2019. Our learning from this will be of great value as we continue to work with partners to consider how to tackle exploitation within this sector.

Pursue

Whilst it is critical to work with partners to prevent the conditions in which labour exploitation can occur, it is also vital that we use our full range of powers to investigate and take enforcement action where our intelligence shows exploitation taking place. During the last year, we have continued to embed and improve our processes for determining the highest risk cases where we will take action. This has led to significant successes working with partners in several often-complex enforcement operations.

Two men were arrested at a hand car wash following a modern slavery raid in Durham yesterday (Wednesday 18 April 2018).

Officers from the Gangmasters and Labour Abuse Authority (GLAA) and Durham Constabulary raided the car wash in Burnopfield following allegations the workers there were being exploited.

Two Albanian men, aged 32 and 42, were arrested on suspicion of modern slavery offences.

A number of potential victims were spoken to and were offered help and advice from a range of agencies, including the Salvation Army and the Red Cross. Three male victims, two Latvian and one Romanian, opted into the National Referral Mechanism, which means they will be given continued help and support over the next three months.

² <https://www.gla.gov.uk/i-am-a/i-use-workers/construction-protocol/>

³ <https://www.gla.gov.uk/media/4200/apparel-and-general-merchandise-public-private-protocol-november-2018.pdf>

We have also secured the first Labour Market Enforcement Order (LMEO) on conviction of two offenders using our new powers and revoked the licences of non-compliant businesses. We continue to refer the most serious cases of exploitation that we investigate using our wider powers to the Crown Prosecution Service to consider prosecution and have secured a number of convictions during 2018-19. In Scotland and Northern Ireland, where we do not have powers outside of the GLAA licensed sector, we continue to support police colleagues in the devolved authorities in investigations into forced labour.

Having taken on a wider enforcement role and using new powers, we were inspected by HMICFRS in October 2018. In their report, the Inspectorate stated that the GLAA had done remarkably well in assembling and deploying its LAPOs effectively in a relatively short space of time. The Inspectors went on to say: “This is of notable credit to the late chief executive, the interim chief executive and all those who worked hard to create the conditions which have enabled this success.” I am particularly pleased to note that their report said the GLAA has exceeded the Home Office’s expectations with regard to recruiting and training investigators. Furthermore, Victoria Atkins, Minister for Crime, Safeguarding and Vulnerability, said: “The GLAA has risen to the challenge and transformed its organisation very impressively to take on its new mission to investigate serious labour exploitation across the entire economy.”

Partnership

It is also encouraging that the GLAA continues to seek new ways to engage with our communities to raise awareness of the risk of exploitation, to help prevent victimisation. One such example from the education sector is our work with Boston College in Lincolnshire, which in June 2018 became the first college in the UK to join forces with the GLAA to inform staff and have within its curriculum teaching students about modern slavery and labour exploitation. Having worked with the college through a whole academic year, we believe this pilot provides a sound basis for adopting such an approach more widely. I would particularly commend the forward thinking of the College, investing in our young people, the workers of the future, to ensure they can recognise and avoid being exploited.

International

Internationally, the GLAA continues to be used as a model of good practice and supports colleagues in international organisations including the International Labour Organisation (ILO), International Organisation for Migration (IMO) and Organisation for Security and Cooperation in Europe (OSCE), supporting their training, work on regulating recruiters and engagement with supply chain issues.



We have also supported outreach work by the Foreign and Commonwealth Office’s (FCO) “Red Bus” campaign helping raise awareness of labour

exploitation in eastern Europe.

Representatives of the GLAA supported the FCO, engaging with local communities whose workers and young people leaving education may migrate to the UK and other countries. By educating people of the potential risks of exploitation we aim to reduce the likelihood of new migrants to the UK being exploited which in turn supports our prevention activity.

We have maintained our close working relationship with Europol's forced labour programme, which drives the annual week of action across Europe, and have taken a lead role in the UK strand of activity (Project Aidant). In the year we have also worked closely with policy colleagues, and EU Departments on cross-border regulation, and the development of the EU Labour Agency. Whilst our post Brexit relationship with these EU institutions is yet to be clarified, we will continue to work with them as far as possible to ensure that we support prevention of exploitation including how workers are recruited and transported to the UK.

We were therefore further encouraged by the praise from Dr Maria Grazia Giammarinaro, the United Nations "Special Rapporteur on trafficking in persons, especially women and children" in a report on trafficking and human rights⁴. The report highlighted the GLAA's licensing scheme as an example of good practice in the enforcement of labour standards.⁵ Such international support is encouraging and demonstrates the awareness of our organisation as a model of good practice for others to consider.

Key Events

And in February 2019 the profile, and important work of the GLAA was recognised by a visit by HRH Princess Eugenie to the GLAA's Nottingham headquarters.



The Princess met with colleagues to hear more about the agency's work in liberating victims along with some of the challenges it faces in trying to prevent workers from being exploited for their labour. A fierce advocate for victims of exploitation and slavery, the Princess said she was 'enormously grateful' for the opportunity to learn about the work of the GLAA.

⁴ <https://www.gla.gov.uk/media/3588/un-report-on-trafficking-and-human-rights.pdf>

⁵ https://reliefweb.int/sites/reliefweb.int/files/resources/A_HRC_29_38_ENG.pdf

Finally, 5th February 2019 marked the 15th anniversary of the Morecambe Bay cockling disaster, in which 23 Chinese cockle pickers lost their lives, resulting from their exploitation and control by a gangmaster. This tragedy reminds us of the highest risk that can occur for exploited workers. It is unacceptable that in the UK, in the 21st century such tragedies and treatment of workers could occur. It led to the establishment of the then GLA, and it is why the GLAA remains resolute as the foremost UK enforcement body specialising in tackling forced labour. We will continue to tackle such exploitation, seek the prosecution of offenders, protect workers, and work towards prevention of exploitation in supply chains.



Going Forward

In becoming CEO of the GLAA, I recognise how much more there is to do, with new challenges on our horizon. These challenges range from the scale of the ever-changing task, to the need for new tools and techniques and an agile well motivated organisation focused on delivery in the face of budgetary pressures. I have no doubt that we will continue to rise to those challenges as effectively as we have done before – **working in partnership to protect vulnerable and exploited workers.**

Handwritten signature of Michael Rich.

Michael Rich
Chief Executive

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 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.

During 2018-19 those strategic objectives were:

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

Management Commentary – Delivery of Strategic Objectives - Performance 2018-19

Key Performance Measures – monitoring, measuring and evaluating our work

During 2018-19 our new performance analysis approach was implemented. This continues to mature and increase the volume and value of comparative data held. Our performance reporting against the business plan measures has enabled the GLAA to develop increasingly reliable volumetric information. This informs our assessment of performance, identifies any areas of weakness, to consider options for change, and develop baseline targets against which future performance will be measured. Our key successes, and report of our performance against targets are set out below.

Objective One:

Disrupt criminal activity within the labour market

Completed the recruitment of the LAPOs, to provide a fully operational service

Enhanced the analytical capability of the intelligence function to support effective targeting and tasking of the most severe allegations of forced labour

Delivered a fully resourced Regional Field Intelligence Officer function to test information received, enhancing intelligence, to develop cases for criminal investigation

Trained 6 employees as Financial Intelligence officers. This is essential to assist in the identification of cases suitable for further examination under the Proceeds of Crime Act (POCA) powers to enhance the capability and capacity of the operational response

Enhanced our e-forensics capability by ensuring skills to triage seized computers and maintain our ability to extract data from mobile phones and other storage media is maintained to enhance the capability and capacity of the operational response

Ensured that the investigation management unit is at the hub of investigation outcomes and appropriate sanction decisions and referrals, including controlling the use and content of Labour Market Enforcement Undertakings (LMEUs) and Orders to maintain a consistent and proportionate approach

Developed proposals for how the GLAA can work more effectively when identifying forced labour in the devolved administrations

Undertook discussions with the Home Office on powers, and initiated action on conclusions from the HMICFRS report to progress the re-design of the GLAA resource model to maximise flexibility and availability

Tasked 526 new investigations of all types (includes compliance inspections)

Concluded 470 investigations of all types (including 134 commenced in 2017-18 or before)

Undertook 222 inspections and interventions (consisting of 137 application inspections, 81 compliance inspections, and 4 tier 1 interventions of existing licence holders)

Tasked a further 304 investigation cases, concluding 267 within the year (including 77 commenced in 2017-18 or before), leaving 147 investigations ongoing (114 of which were initiated in 2018-19). This led to 48 arrests with partner agencies (107 2017-18)

Undertook joint activity with those other bodies under the Director of Labour Market Enforcement's oversight as follows:

2 with the Employment Agency Standards (EAS) team.
19 with HMRC's National Minimum Wages (NMW) teams.
2 with both EAS and NMW.

15 other cases with Her Majesty's Revenue and Customs (HMRC) (NB: includes cases involving wider HMRC investigation teams)

Secured 6 convictions in GLAA-led investigations, all for section 12 offences.

Recovered £94,769.49 in wages secured for workers by way of "Tier 1" (intelligence) interventions

Objective two:

Engage with stakeholders to minimise and manage risk

Delivered 11 regional seminars to more than 400 partners and stakeholders on the role of the GLAA between May to July 2018

Achieved a 75% increase in social media growth attracting 2,796 new followers to our Twitter, Facebook and LinkedIn channels

Progressed the mapping and analysis of the GLAA's stakeholders to assist GLAA to focus and engage in the right areas with the right organisations and people

Supported engagement with business in 18 cases as part of the Stronger Together programme

Held three meetings of the Labour User/Labour Provider liaison group, three meetings of the Worker/Non-Government Organisations (NGO) liaison group, and an annual joint meeting of the Labour User/Labour provider and worker/NGO group

Increased the number of intelligence reports created in 2018-19 to 4,298 (3,975 2017-18)

Objective three:

Support compliant business

Matured and expanded the support for the construction protocol to raise awareness of forced labour and support due diligence in supply chains. Signatories include major contractors, suppliers and clients and cover a range of construction industry disciplines

Launched the Apparel and General Merchandise Public/Private Protocol (the textile protocol) to generate similar support and improved intelligence in line with the construction protocol. The protocol is supported by major high street brands and suppliers

Undertook over 89 engagements with industry sectors, and public service staff, reaching over 7,000 individuals, including support for Association of Labour Providers roadshows

Worked with the insurance industry to develop insurance clauses to act as a deterrent for organisations that potentially may operate forced labour practices as a business model, creating a financial incentive to be compliant

Mapped more than 2,500 stakeholders across different industry sectors to enable corporate engagement activity to be better targeted, identifying the different role the GLAA may play with them, whether as an educator or a regulator

Feasibility to pilot versatile licensing schemes has been tested by engaging with the petrol industry stakeholders to propose and support the introduction of an industry led code of practice and accreditation scheme for Car washes, RCWS, which was launched in October 2018. GLAA officers provided operational support to undertake audits during the pilot stage of the scheme in February/March 2019. Initial scoping work on nail bars was also initiated.

Objective four:

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

Worked with the Roman Catholic Church (Santa Marta group) and Church of England (Clewer initiative) to raise awareness of forced labour, supporting training, through access to congregations and church supported schools

Provided training and awareness to The Advisory, Conciliation and Arbitration Service, Department of Work and Pensions and Border Force front line officers

Expanded our reach through social media messaging to community and business groups providing a pathway for those who need to report suspicions and concerns

Supported the FCO's Red Bus campaign in community activity in Poland to raise awareness of exploitation for young people entering the employment market that are likely to seek employment in other countries including the UK

Supported the development and delivery of ILO courses on forced labour, similarly supporting The OSCE and the IOM on their capacity, supply chain, and labour market regulation projects

Supported, and advised on cross border best practice, with the EU's undeclared work platform, the annual Europol action week, and the development of the scope of the EU European Labour Agency

Objective five:

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

Undertook a public consultation, delivering an updated version of the Licensing Standards, which came into force in October 2018

Initiated analytical work on licence fees, which will lead to proposals for change in 2019-20

Scoped out the IT functionality required to deliver a more efficient licensing process, which continues in 2019-20

Granted 113 licences; refused 13 applications; revoked 20 licences; and renewed 1,001 licences

Updated and issued charge rate guidance

Defended and won 4 appeals against GLAA licence decisions

208 breaches were identified in the 218 Inspections completed that were considered in licence review decisions, and decisions whether to grant a licence (including those with conditions attached to them)

Worked with Home Office and Manchester Local Authority multi-agency schemes to develop mapping and understanding of schemes in London and Manchester to regulate nail bars. This will lead to further scoping work in 2019-20

Objective six:

Identify and support victims of labour exploitation

Maintained and developed cooperation with the Salvation Army's victim support services to ensure identified victims receive necessary support services to meet their immediate needs

Taken immediate safeguarding action for victims (access to shelter and food) where existing support services were not immediately available to protect vulnerable individuals

Maintained contact and support to those potential victims who wish to enter the National Referral Mechanism (NRM)

Delivered our statutory duty to report levels of potential victims discovered, assisting assessment of the true level of modern slavery in the UK, where individuals did not want to enter the NRM

Revised our standard operating procedures and policy on how officers should manage and support potential victims until they are passed into support services, providing greater understanding of existing victim pathways to support services

Revised our witness policies in parallel to the review of victim procedures, securing positive review of the GLAA's approach from HMICFRS

Developed a community engagement workshop with the Romanian Embassy (run in early 2019-20) for business and worker support groups, to encourage awareness and reporting of forced labour

Supported the development of the Church of England's Clewer Initiatives' "Safe Car Wash App" enabling improved reporting of potential abuses, and improved access to location data of hand car washes

Enablers that support our operational function and efficient services

Our ability to deliver our operational activity effectively and efficiently could not be achieved without the support of our colleagues providing the corporate service functions. This section identifies those deliverables in relation to People (HR), Learning and Development, Finance, IT, and Performance Reporting.

People

- Implemented a new HR management system to provide better and efficient services to our people
- Work has begun on developing our workforce to create a multi-skilled, flexible team with the right skills and behaviour but has been impacted by capacity issues in the GLAA
- Produced regular data on equality and diversity for the Board to assess whether our workforce is truly representative of all sections of society
- Completed our annual People Survey as part of our approach to improving employee engagement with 93% of our people proud to work for the GLAA
- Established a working group of employees to look at issues raised during the survey to provide proposals for change. Work has begun on revising the existing allowance framework specifically for operational colleagues so that it is aligned to organisational needs.
- Regularly monitored our gender profile (currently 75 male and 45 female employees)
- Initial scoping work has begun on developing a potential apprenticeship and trainee investigator programmes and will continue in 2019-20.
- Progressed leadership and equality development through inclusive working, tasking the People Survey Working Group to review the annual performance appraisal process as a first step in leadership development (continuing in 2019-20)

Learning and Development

- Provided training for:
 - E-forensics – 2 GLAA employees were trained in digital forensics allowing for evidence to be gathered from mobile devices
 - Police National Computer training for seven members of the Intelligence team
 - Police National Database for the Intelligence Manager

- Criminal Justice Administration: three members of the Investigation Management Unit team started training with the Chartered Institute of Legal Executives to develop their skills in crime file management
- Identified that no specific victim training exists but delivered “Achieving Best Evidence” training to enhance effective evidence gathering which will assist identification and support of victims
- Undertook evaluation of induction feedback to consider improvements to its training capacity and training programmes, identifying further review and assessments to be undertaken on an ongoing basis

Finance

- Delivered a balanced budget, providing recurring savings of £292k per annum
- Secured additional capital funding (£650k) to support IT re-developments for enhanced efficiency
- Initiated whole unit time analysis of work steps in licensing to support a review of licence fees

IT:

- Successfully transferred all systems from Defra to Home Office platforms in September 2018
- Implemented a new telephony system in October 2018

Performance:

- Completed and fully implemented our new performance and insight regime providing a more comprehensive approach to the measurement of our performance and reporting to our Board

All:

- Supported the delivery of the HMICFRS report, enabling the development of an action plan to implement suggested improvements

2018-19 Business Plan targets and performance

This section sets out the outturn performance for 2018-19 against the targets set out in the 2018-19 Business Plan. The performance tables are accompanied with explanatory notes, where appropriate.

Targets Achieved 6

Targets Not Achieved 6

Target	Target achieved	Commentary
<p>To work to increase the number of GLAA-led enforcement investigations, whilst maintaining our work in partnership</p> <p>Measure: Active and closed GLAA led enforcement investigations</p>	<p>2018-19 147 active 267 closed</p> <p>2017-18 68 active 60 closed</p>	<p>The number of enforcement investigations tasked has increased by 31 per cent to 247 (189 2017-18). Around half of these had indicators of modern slavery and just over half related to sectors not regulated by the GLAA in terms of licensing. There has been an increase in the number of enforcement cases tasked to each investigation team area, with the greatest amount tasked to South-East and London and the least to the North West, consistent with the previous year. It is important to note that the North West area covers Scotland and Northern Ireland where the GLAA has no remit to investigate modern slavery.</p>

Target	Target achieved	Commentary
<p>To address issues impacting the number of sanctionable outcomes resulting from enforcement investigations</p> <p>Measure: Sanctionable outcomes by type</p>	<p>2018-19 Convictions: 6 Warnings: 31 LMEO: 2 LMEU: 15 Enforcement notice: 17</p> <p>2017-18 Convictions: 6 Warnings: 107 LMEO: 0 LMEU: 5 Enforcement notice: N/A</p>	<p>Overall, charge and prosecution rates remain low, which is reflective across law enforcement partners with regards to modern slavery and human trafficking offences. The longest investigations have resulted in prosecution. Such cases can be complex and involve obtaining information from partner agencies, tracing witnesses and utilising various investigative strategies to obtain evidence.</p>

<p>Target To make use of financial investigation powers in investigations</p> <p>Measure: Number of times POCA used in operations</p>	<p>Target achieved</p> <p>2018-19 1 (41,300)</p> <p>2017-18 0</p>	<p>Commentary</p> <p>Although the baseline was intentionally low (0), it has been exceeded in one case where proceeds of crime powers have been utilised, where assets have been identified at £40,000.</p>
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<p>Target To expand the GLAA outreach to engage with a larger number and more diverse range of stakeholders</p> <p>Measure: Increase in the number of protocols and the % of organisations signed up to protocols</p>	<p>Target achieved</p> <p>2018-19 Construction Protocol: 88 signatories</p> <p>The Apparel & General Merchandise Public & Private Protocol: 15 signatories</p> <p>2017-18 No baseline</p>	<p>Commentary</p> <p>The GLAA has undertaken numerous engagements with stakeholders, across various sectors, raising awareness of modern slavery and labour exploitation. Over recent months the GLAA has been engaged in ongoing work in Malta developing training processes based on the GLAA model and also had an input into academic research within the National Crime Agency (NCA).</p> <p>Work has also been undertaken to promote current protocols and pilot licensing schemes.</p>
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<p>Target To prioritise engagement with stakeholders</p> <p>Measure: Number of sectors which saw an increase in intelligence reports after GLAA engagement at an event</p>	<p>Target not achieved</p> <p>2018-19 No available data</p> <p>2017-18 No baseline</p>	<p>Commentary</p> <p>The data was not available to accurately measure the impact of GLAA engagement at events and the resultant impact on intelligence received in either 2017-18 or 2018-19.</p>
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<p>Target To ensure all licensing queries are responded to within 5 working days</p> <p>Measure: % responded to in 5 working days</p>	<p>Target not achieved</p> <p>2018-19 85.4%</p> <p>2017-18 No baseline</p>	<p>Commentary</p> <p>The percentage of licensing queries responded to within 5 working days was consistently above 80% for all months within 2018-19 except for October and November, which were both 69.5%. The reason for this decrease in October 2018 was due to the IT transition, which caused delays in the time taken to respond to queries. Moreover, a backlog caused by the transition, as well as issues with the Licensing database (LAWS), caused a decrease in November.</p>
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<p>Target To work to increase the number of enforcement investigations undertaken in partnership, whether GLAA or partner led</p> <p>Measure: Increase in the number of joint working cases</p>	<p>Target achieved</p> <p>2018-19 Total tasked: 147</p> <p>2017-18 Total tasked: 125</p>	<p>Commentary</p> <p>Where the source of actionable intelligence is known, the majority comes from partner agencies. Non-standard operations tend to involve joint work with one or more partner agencies, for example a visit to car washes.</p>
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<p>Target To address the time it is taking to process a licence application, ensuring this is kept to the standard</p> <p>Measure: 80% completed within 30 days</p>	<p>Target not achieved</p> <p>2018-19 23.5%</p> <p>2017-18 0%</p>	<p>Commentary</p> <p>Licensing processes are longer where a licence is ultimately revoked or refused; such cases are often complex and incur delays, particularly where information is required from partner agencies. Application inspections and compliance inspections where no issues are found are completed efficiently. Breaking down the processes, the time taken between submitting an inspection report to licensing and a decision being made can often be lengthy and, in some cases, the inspection</p>
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		report may be returned to the inspector if there are issues that need clarifying or further information and/or investigative work required; this can be a long process; particularly where the licence is ultimately refused or revoked. There may be many reasons for this, but it is recommended that these are explored to ensure any common issues impacting on the process can be addressed. Generally, a prompt licensing decision is made once these issues are resolved.
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<p>Target To review the time taken to complete a compliance investigation, allowing us to target persistent non-compliance in the regulated sector</p> <p>Measure: 80% completed within 30 days</p>	<p>Target not achieved</p> <p>2018-19 0%</p> <p>2017-18 1.64%</p>	<p>Commentary</p> <p>Compliance cases continue to be allocated in a timely manner. The number of working days between allocation/inspection and allocation/report to licensing appears protracted in some cases, particularly those resulting in a revocation, or where additional licence conditions are added following a compliance inspection. Reasons for delays in the process should be explored. Cases resulting in revocation take the longest time to inspect following allocation and also take longer for a report to be submitted to licensing. These investigations can often be complex, however further analysis should be undertaken to fully understand the reasons for lengthy delays and to explore opportunities to minimise such delays on future cases.</p> <p>73% of live compliance cases at the time of the report were under 3 months old indicating timely investigations into the compliance of licensed labour providers. There were 3 open compliance inspections over 12 months old, all at the time were awaiting a licensing decision. The reasons for delay relate predominantly to correspondence between the licensing team and the business over the repayment of workers entitlements.</p>
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<p>Target To work towards prioritising victims as part of our enforcement investigations – to increase on baseline</p> <p>Measure: Victims identified by type and referrals</p>	<p>Target not achieved</p> <p>2018-19 1,658 potential victims identified</p> <p>NRM referrals: 33 (Jan – Dec 2018) MS1 referrals: 34</p> <p>2017-18 3,876 potential victims identified</p> <p>NRM referrals: 58 MS1 referrals: 86</p>	<p>Commentary</p> <p>The GLAA continues to identify significant numbers of potential victims of labour exploitation, a result of increased operational activity, raised awareness and increasing levels of referrals across the wider labour market. While numbers may change year-to-year, dependant on what is discovered on individual investigations, the GLAA maintains its first responder responsibilities. This ensures that those potential victims of the most severe treatment are referred to the NRM. The NRM assesses whether an individual should be given formal victim status and access to support services, and to that we inform Government of the numbers of potential victims who do not want to enter the NRM (the MS1 process).</p> <p>There continues to be some disparity between the number of potential victims identified and the amount of NRM and MS1 referrals, however it is important to note that exploitation can take many forms and may not always indicate modern slavery.</p> <p>The number of MS1 forms submitted by the GLAA has decreased in this reporting period.</p> <p>The number of NRM referrals increased between January and December 2018 when compared to the same period in 2017.</p> <p>Over the year, potential victims of labour exploitation have been identified rather evenly across the investigation team areas, with the highest amount in the South West team area.</p> <p>59% MS1 referrals were made by the South East team this reporting period, over half of these pertain to the same investigation.</p> <p>NRM referrals cannot be broken down by each team area at the time of writing the</p>
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		<p>end of year report as they have been taken from the NCA's end of year assessment.</p> <p>Approximately 53 workers have been assisted by way of a Tier 1 intervention and over £3,000 has been recovered on their behalf; non-monetary recoveries were also made, for example P45s. Tier 1 interventions were paused earlier in the year due to resource constraints but have since resumed.</p>
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<p>Target To be compliant with the Victims Charter requirements</p> <p>Measure: To create measures for victim satisfaction and begin recording data</p>	<p>Target not achieved 2018-19 No data available</p> <p>2017-18 No data available</p>	<p>Commentary The target has not been met, nor could a baseline be determined, and this target is not therefore included in the 2019-20 targets.</p>
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<p>Target To raise awareness of modern slavery by providing external training on identifying the signs of modern slavery</p> <p>Measure: The number of training sessions provided to partner agencies and industry sources</p>	<p>Target achieved 2018-19 89 engagements reaching an audience of over 7,000 (data only captured from October 2018 onwards).</p> <p>2018-19 No data available</p>	<p>Commentary The Prevention team and, in addition, investigating officers have delivered presentations and training to various audiences including participation in police training events and presentations to retailers.</p> <p>Such engagements have reached in excess of 7,000 people, both in the UK and overseas.</p>
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Social and Environmental Matters

The GLAA is committed to reducing the impact of its activities on the environment. In doing so we consider both the external impacts we have through the influence we exert on other industries through our regulatory responsibilities, and internally through our approach to reducing our carbon footprint in relation to essential journeys and our accommodation.

The GLAA has also worked with petrol industry stakeholders to develop a Code of Practice for hand car washes that includes compliance with environmental requirements. It focuses on a reduction in acidic products and ensuring correct drainage connection so that pollutants do not enter water courses affecting local nature and habitats.

Internally, the GLAA has invested in more efficient vehicles for our operational staff. We continue to encourage the use of public transport and operate one office, which is shared with other Government bodies.

The GLAA is also committed to use technology where it can reduce travel, and this has included the use of skype and video conferencing in addition to standard conference call facilities where appropriate.

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. The same applies to Protected Disclosure matters and the organisational approach to this is set out in the GLAA Protected Disclosure Policy and Procedure.



Michael Rich
Accounting Officer
17 January 2020

Accountability Report

Corporate Governance Report

Directors' Report

Management Board

The composition of the Executive Management Team is identified under the governance statement on pages 31 to 38. Also, on pages 39 and 40, 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 48. 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 2019 on page 55 shows a deficit of £6,260,000 (£5,357,000 2017-18). This movement reflects a growth in the Authority's staff.

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 2019 on page 58.

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 45 to 48.

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 2018-19 the GLAA achieved an average payment time of 5 days (seven days in 2017-18).

Complaints Procedure

The GLAA has an established policy⁶ for dealing with complaints. All complaints are responded to in writing. If not satisfied, the complainant can then refer the matter to the 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 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 2017⁷. 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 2018-19 the GLAA received 12 complaints. The majority were licensing related and concerned handling of licensing applications, compliance inspections and late renewals, with the other complaints mainly operations and communications related. One complaint was not progressed. There were eight complaints in 2017-18.

No complaints received in 2018-19 were referred to the PHSO (none 2017-18).

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 Policy⁸.

In 2018-19 the GLAA received 38 requests under the FOI Act (36 requests in 2017-18) These mainly concerned investigations and operations in relation to licensing and labour exploitation, together with the strategic, business and staffing functions of the GLAA. One FOI was withdrawn. Thirty one responses were provided inside the stipulated 20 day period. Three responses were given within 30 days and three outside of 30 days. Two of the requests that exceeded 30 days required further clarification due to the complexity of the request. All the published FOIs within this time period can be found on the GLAA website⁹.

Parliamentary Questions

Twenty five Parliamentary Questions (PQs) which referenced the GLAA or required a GLAA response were recorded and published on our website. Thirteen related to GLAA strategy and operations involving modern slavery and labour exploitation. Eight were in

⁶ www.gla.gov.uk/who-we-are/complaints/

⁷ <http://www.legislation.gov.uk/ukxi/2017/521/contents/made>

⁸ www.gla.gov.uk/publications/external-communications-policy-1/

⁹ <https://www.gla.gov.uk/who-we-are/freedom-of-information/>

reference to the seasonal workers pilot scheme, with the others relating to the business and staffing functions of the GLAA. All the published PQs within this time period can be found on the GLAA website¹⁰.

Information Security

There have been no incidents of loss of personal data during the year (none 2017-18).

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 based on 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
17 January 2020

¹⁰ <https://www.gla.gov.uk/whats-new/parliamentary-questions/>

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

I was 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.

Accounting Officer responsibility reverted to Sir Philip Rutnam as the principal Accounting Officer from 28 December 2017 – 15 April 2018. Roger Bannister was appointed Accounting Officer of the GLAA from 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 when I was 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, I, as Accounting Officer, am required to comply with the requirements of the Financial Reporting Manual (FRM) and to:

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

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 considered 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 4 of The Gangmasters (Licensing Authority) Regulations 2015 provides for the appointment of up to eight members. Board meetings are also attended by the GLAA's Executive Management Team. In 2018-19 there were five Board meetings, one of which was solely focused on GLAA strategy.

The Board has two sub-committees that conduct business on its behalf. The 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 regarding the performance management and any remuneration applicable to the Chief Executive. It also considers and approves policies that relate to the management of people within the organisation.

There are also two liaison groups (these are not sub-committees of the Board): A Labour User/Provider 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 advises stakeholders within the regulated sectors. It 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, forums established by the Director of Labour Market Enforcement and international liaison committees.

A full list of members and their individual attendance records at Board meetings during 2018-19 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.

Attendance at GLAA Board meetings

Representative	Number of meetings attended	Number of meetings eligible to attend
Margaret Beels OBE (Chair)	5	5
Simon Allbutt	5	5
William Butler	5	5
Angela Coleshill	5	5
Prof Linda Dickens MBE	3	5
Marshall Evans (till 14 Jan 19)	2	4
Dr Paul Williams	5	5
Suzanne McCarthy (from 15 Jan 19)	1	1

Attendance at Audit and Risk Committee

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

Attendance at Remuneration Committee

Board Representative	Number of meetings attended	Number of meetings eligible to attend
Simon Allbutt (Chair)	4	4
Angela Coleshill	4	4
Marshall Evans	3	4

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. Further information regarding key risks and issues is set out later in this statement.

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.

Following two recruitment processes during 2018-19, Margaret Beels was appointed as Chair for a further three years until July 2021 and Suzanne McCarthy was appointed as a Board member for three years with effect from 15 January 2019.

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. Roger Bannister was interim Chief Executive and Accounting Officer of the GLAA Gangmasters and Labour Abuse Authority

from the 16 April 2018 to 21 October 2018. Nicola Ray was the Accounting Officer between 6 November 2018 and 3 January 2019 when Michael Rich was appointed as Chief Executive of the GLAA and assumed Accounting Officer responsibilities. This appointment followed an open competition.

Internal Audit

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

Five planned internal audit reviews were completed in 2018-19: readiness for GDPR, General Ledger, Pension Administration, Stakeholder Management and Corporate Governance and Risk. The audits on GDPR and Pension Administration were given a moderate assurance, the audits on General Ledger, Stakeholder Management and Corporate Governance and Risk were given a limited assurance.

There were three high priority recommendations accepted in 2018-19 and there were eight recommendations that remained outstanding at the end of the year, three of which were overdue for completion.

During 2018-19 the GLAA has taken steps to strengthen the processes through which progress against accepted Internal Audit recommendations is monitored. Revised and improved governance within the organisation, reporting through to ARC and the Board, now includes regular and dedicated executive time spent considering progress and during the year there was a commensurate reduction in the level of outstanding actions. All draft Internal Audit reports are now considered by the organisation's Executive Management Team before management responses to the recommendations are approved.

In addition to the planned reviews, an additional internal audit review took place and reported draft findings during 2018-19, relating to processes for the re-grading of posts. This was commissioned by the Chair in response to concerns relating to decisions made during 2018-19. A final report was issued in the first quarter of 2019-20 and recommendations for improvements to processes have been accepted, with implementation underway. A further review also commenced in 2018-19 relating to concerns regarding processes and behaviours that were raised directly with the GIAA and with which the GLAA is fully cooperating.

For the year 2018-19 the internal audit services (and additional reviews described above) were provided by the GIAA.

Internal Audit Opinion

The annual opinion of Internal Audit was to offer limited assurance, on the framework for governance, risk management and control within the GLAA for 2018-19 (Limited 2017-18).

In reaching this opinion the outcome of audits conducted in the year, the result of work conducted by other assurance providers and the status of the outstanding audit recommendations, were carefully considered.

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 2018-19 we have incorporated the guidance from the HM Treasury DAO (GEN) 02/12 and 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 strategic 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 provide and did allow the ARC complete access to any information to enable it to report to the GLAA's Board.

During the reporting period 2018-19 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 during 2018-19. This was fully refreshed in August 2018 and reviewed by the new Accounting Officer during early 2019, following which the GLAA and Home Office agreed that no changes were necessary.

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 the absence of a delegated Accounting Officer within the GLAA at that time, 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. This was responded to by the Permanent Secretary and when an interim CEO was appointed some key actions were required and some specialist support from the Home Office was also identified to help address these risks.

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 2019 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 must 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 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; and*
- *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.

During the reporting year a new policy and some new processes were introduced to improve risk management within the organisation. This included the creation of two new meetings purely focused on risk, one at practitioner level and another at senior management level. This has helped to reinvigorate risk management within the organisation, although the development of this remains ongoing. Training on risk management has been delivered across the organisation and to the Board on the new processes.

The strategic risk register and emerging issues are presented to the regular ARC meetings with comments and proposed actions, 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:

- Changes to the Accounting Officer of which there have been 3 within this reporting period as well as a period when the Home Office Permanent Secretary had Accounting Officer responsibilities. These changes have resulted in instability within the organisation and periods during which the Board has had to assume a more executive role. This has been exacerbated by uncertainties and delays regarding Board appointments, though this had been brought to a more satisfactory position by the end of the reporting period.
- The continuing development of sound governance within the organisation in order to support the growth and wider remit of the organisation and need for development and revision of policies to support sound decision making.
- The transition of IT systems from Defra to the Home Office, which became a resource-intensive project for the organisation. Whilst the transition was delivered within the period, it was significantly later than initially planned and resulted in a number of post-transition issues, several of which presented risks to the effective operational activity of the GLAA and where clear mechanisms for resolution were not in place.
- The delays to replacing the legacy IT system that underpins the statutory regulatory role of the GLAA. The project for a replacement did not deliver as anticipated during the period and a revised approach is now being taken as the current system remains unsupported, posing risks to a core GLAA business area.
- The continuing growth in demand for the GLAA's response to labour exploitation across the labour market, bringing risks that potential victims are not protected as swiftly or effectively as they should be. Process reviews are underway but whilst improvements will be made, a doubling of demand against static resources presented significant operational challenges for the organisation during the reporting period.
- The levels of engagement and morale of people within the organisation, reflected in the results of the 2018 people survey and levels of retention within some teams. This had been exacerbated by some of the issues related to governance and decisions that have led to the reviews by the internal audit function described above. Recognising this, greater emphasis has been placed on people and culture within the 2019-20 business plan.
- Continuing risks of legal action against the Authority, which are covered further in the notes to the accounts, which have consumed time and energy of key team members and for which consideration of financial provision remains an issue.

The GLAA has successfully defended all appeals against licensing decisions in 2018-19. There have been 4 appeals concluded in 2018-19 (10 in 2017-18). 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.

The governance issues the Authority has faced are now being tackled and the business plan for the 2019-20 year has included new priorities focused on developing the organisation, its people and processes to reflect the growth of the organisation. Whilst the HMICFRS inspection (undertaken in October 2018 with findings published in April 2019) confirmed that the GLAA was making appropriate use of its new powers, the reality of rising demands for the GLAA to intervene to tackle labour exploitation using those powers creates a challenging risk environment.

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. The IT infrastructure will provide a more resilient solution for the GLAA ultimately but as set out above, there are significant operational issues with the functioning of the solution.

The GLAA received formal confirmation of its budget for 2019-20 during the second quarter of that year. The risk environment for the organisation will be significantly shaped by the outcome of the spending review process within government and the length of time taken to make decisions regarding the allocations for future years. Making savings remains challenging in the context of the growing operational demands noted above and the GLAA will have to prioritise its resources and response to these risks. In recognition of this risk, a review of demand management processes is included within the 2019-20 business plan and discussions with the Home Office are well underway regarding potential investment areas to mitigate those operational and reputational risks.

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
17 January 2020

Remuneration and Staff Report

Executive Management Team

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

Roger Bannister	Interim Chief Executive (6 April 2018 – 21 October 2018)
Michael Rich	Chief Executive (from 3 January 2019)
Darryl Dixon	Director of Strategy
Nicola Ray	Director of People and Licensing and Acting Chief Executive (06 November 2018 to 2 January 2019)
Ian Waterfield	Director of Operations

Contract Information

Policy on the Remuneration of Senior Managers

The initial salary packages for all senior managers were set using a benchmarking process to define comparable packages for the area and the specialist skills required and are in line with Civil Service guidelines. Current and future salary packages are set in line with the work and recommendations of the Senior Salaries Review Body and Civil Service pay guidance. The terms and conditions of the Chief Executive are determined by the Board and approved by the Secretary of State. All positions were advertised nationally. Salary information is recorded in the tables on pages 42 and 43.

Board Members Remuneration (Subject to Audit)

The Chair of the GLAA is employed on a contract basis. During the financial year, the Chair, Margaret Beels, received total remuneration of £31,185 (£35,805 2017-18). These costs are included in the staff costs total of £5,134,000 (£4,252,000 2017-18) on page 65. Payments of £1,352 (£1,789 2017-18) have also been made to the Chair in regard to travel and subsistence.

	Directorships and significant interests	Salary 2018-19 £000s	Salary 2017-18 £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 	0-5	5-10

	Directorships and significant interests	Salary 2018-19 £000s	Salary 2017-18 £000s
	<ul style="list-style-type: none"> ▪ Member, Expert Advisory Panel Essex Fire and Rescue Services ▪ Independent Chair, NJC Fire and Rescue Services ▪ External Mediator, Royal Mail UCW 		
Marshall Evans (till 14 Jan 2019)	<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 	5-10	0-5
Suzanne McCarthy (from 15 Jan 2019)	<ul style="list-style-type: none"> ▪ Chair, Fire Standards Board ▪ Chair, Joint Audit Panel, Mayor's Office of Policing and Crime and the Metropolitan Police Service ▪ Deputy Chair, Valuation Tribunal Service 	0-5	-

Normal business-related travel and subsistence was reimbursed to Board members in line with the GLAA's policy. This amounted to £3,000 in 2018-19 (£4,000 2017-18).

Tax Arrangements for Public Sector Appointees

There were no off-payroll engagements as of 31 March 2019 (2 2017-18) 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 (two 2017-18). 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 £19,000 (£233,000 2017-18).

Policy on the Duration of Contracts and Notice Periods

The GLAA Chief Executive is on a Fixed Term Contract (January 2022), with the possibility of extension. All other senior managers are permanent employees and all senior managers' contracts 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 the Public and Commercial Services Union (PCS) 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 and any changes required to improve safe working within the organisation.

We work in partnership with the PCS union who are recognised as representing PCS members within the organisation, regular union management meetings 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).

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 2018-19 (none 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 2018-19 figures would relate to 2017-18 PRP awards as these are paid in the following year.

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.

2018-19 - Single Total Figure of Remuneration

Senior Manager	Job Title	Salary £000s	Performance Payments £000s	Severance Payments £000s	Pensions Benefits £000s	Benefit in Kind £000s	Total £000s
Roger Bannister (FTE 0.8) Apr-Oct 2018	Interim Chief Executive	45-50 FTE/FYE 105-110	-	-	-	-	45-50
Michael Rich From Jan 2019	Chief Executive	25-30 FYE 105-110	-	-	10	-	35-40
Darryl Dixon	Director of Strategy	65-70	-	-	7	-	70-75
Nicola Ray (FTE 0.59)	Director of People and Licensing	35-40 FTE 65- 70	-	-	16	-	55-60
Ian Waterfield	Director of Operations	60-65	0-5	-	-	-	65-70

2017-18 - Single Total Figure of Remuneration

Senior Manager	Job Title	Salary £000s	Performance Payments £000s	Severance Payments £000s	Pensions Benefits £000s	Benefit in Kind £000s	Total £000s
Paul Broadbent (until 27 December 2017)	Chief Executive	70-75 FYE 95-100	20-25	-	26	-	120-125
Darryl Dixon	Director of Strategy	65-70	0-5	-	3	-	70-75
Nicola Ray (FTE 0.59)	Director of People and Licensing	35-40 FTE 65-70	-	-	7	-	45-50
Ian Waterfield	Director of Operations	55-60	-	-	-	-	55-60

Sir Philip Rutnam was the Accounting Officer from 27 December 2017 until 16 April 2018 and 22 October 2018 to 5 November 2018. Details of his remuneration are reported as part of the Home Office Annual Report and Accounts.¹¹ Pension benefits for Nicola Ray and Darryl Dixon have been updated for 2017-18, following payment of a backdated pay award.

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.

The banded remuneration of the highest-paid director in the GLAA in the financial year 2018-19 was £105,000-£110,000 (2017-18, £65,000 - £70,000). This was 3.43 times (2017-18, 2.34) the median remuneration of the workforce, which was £31,372 (£28,880 2017-18).

In 2018-19 no employees received remuneration in excess of the highest-paid director (none, 2017-18). Remuneration ranged from £20,000-£25,000 to £105,000-£110,000

¹¹

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/807126/6.5571_HO_Annual_Report_201920_WEB.PDF

(£15,000-£20,000 to £65,000-70,000 2017-18). This increase reflects the fact that the Chief Executive was not in post at the end of the financial year 2017-18.

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

As at 31 March 2019 there were two female (Chair and Director) and three male (CEO and two Directors) senior leaders (two female Chair and Director and two male Directors 31 March 2018) with 45 females and 75 male staff in total (49 female and 73 male 31 March 2018).

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 into 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 in 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% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final 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 worked out 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% of their pensionable earnings in that scheme year and the accrued pension is updated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. 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% and 14.75% (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% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% 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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCS or alpha – as appropriate. Where the official has benefits in both the PCS and alpha the figure quoted is 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 <https://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 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 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)

2018-19

Senior Manager	Real Increase in pension £000s	Real increase in lump sum at pension age £000s	Value of accrued pension as at 31/03/19 £000s	Related lump sum at pension age £000s	CETV at 1 April 2018 £000s	CETV at 31 March 2019 £000s	Real increase in CETV £000s
Michael Rich	0-2.5	0-2.5	0-5	0-2.5	0	7	5
Darryl Dixon	0-2.5	0-2.5	25-30	85-90	597	664	7
Nicola Ray	0-2.5	0-2.5	25-30	30-35	390	450	9

2017-18

Senior Manager	Real Increase in pension £000s	Real increase in lump sum at pension age £000s	Value of accrued pension as at 31/03/2018 £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	597	3
Nicola Ray	0-2.5	(0-2.5)	20-25	30-35	367	390	1

The Director of Operations and Roger Bannister opted out of the pension scheme. None of our senior managers are members of the partnership pension scheme. The pension benefit for Darryl Dixon and Nicola Ray has been recalculated following a back dated pay award being paid.

CETV information for 2017-18 has been restated due to a back-dated pay award relating to 2017-18 which was paid in April 2018.

Staff Costs (subject to audit)

	2018-19		2017-18	
	Permanently employed staff £000s	Other / Temporary £000s	Permanently employed staff £000s	Other / Temporary £000s
Staff salaries including PRP	3,956	12	3,246	23
Employee benefits as per IAS 19	15	-	40	-
Social security costs	424	1	339	-
Pension service costs	726	-	604	-
Total	5,121	13	4,229	23

Eighteen employees were employed on a fixed term contract during 2018-19 (15 employees 2017-18).

A total of £60,000 was accrued for PRP (£65,000 2017-18).

Pension Costs

The PCSPS and the Civil Servant and Other Pension Scheme (CSOPS) – known as “Alpha” – are unfunded multiemployer defined benefit schemes but the GLAA is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservicepensionscheme.org.uk>).

For 2018-19, employers’ contributions of £597,000 were payable to PCSPS and CSOPS (£521,000 2017-18) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2018-19 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account or a stakeholder pension with an employer contribution. Employer’s contributions of £129,000 (£83,000 2017-18) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age related and ranged from 8% to 14.75%.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £4,000 (£2,700 2017-18), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at 31 March 2019 were £0 (£0 in 2017-18). Contributions prepaid at that date were nil (nil in 2017-18).

Average number of employees (based on FTE)

	2018-19			2017-18		
	Total	Permanent staff	Others	Total	Permanent Staff	Others
Total directly employed	122	107	15	101	94	7

Reporting of Civil Service and Other Compensation Schemes Exit Packages 2018-19

There were no exit packages to report during 2018-19 (none 2017-18).

Sickness Absence

For the reporting year to 31 March 2019 the average number of days lost to staff sickness was 8.42 (6.01 2017-18).

Declarations of Interest

Senior Leaders	Declarations of Interest
Margaret Beels OBE, 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
Roger Bannister, Interim Chief Executive	<ul style="list-style-type: none"> ▪ Director, Leader Board Performance Ltd ▪ Governor, Cliffedale School, Grantham ▪ Strategic Advisor, Leicestershire Police
Michael Rich, Chief Executive	<ul style="list-style-type: none"> ▪ None
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

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 2018 to 31 March 2019 the GLAA incurred no losses but GLAA did make a special payment of £30,000 (nil 2017-18).

Fees and Charges

Following a comprehensive review of the cost of the licensing function in 2016-17 and HM Treasury guidance, the cost of this function has been revised. Fee levels are set by the Secretary of State and have remained unchanged since 2009. Income has reduced as certain low risk areas were removed from the regulated sector as part of the Red Tape Challenge.

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

	Income £000s	Full Costs £000s	Surplus/(Deficit) £000s	Fee Recovery Actual %
Licensing 2018-19	899	2,020	(1,121)	45
Licensing 2017-18	915	1,832	(917)	50

For the purposes of cost recovery, expenditure has been analysed by function, as well as category, shown in note 2 on page 64 to 65. 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 6 on pages 67.

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 2018 to 31 March 2019.

The information is based on time sheet recording by the PCS 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 %
5	5	1-50	0.22	11	5,070	100

Remote Contingent Liabilities

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 are currently no remote contingent liabilities.



Michael Rich
Accounting Officer
17 January 2020

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

I certify that I have audited the financial statements of the Gangmasters and Labour Abuse Authority for the year ended 31 March 2019 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 2019 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.

- 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: 22 January 2020

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 2019

	Note	2018-19 £000s	2017-18 £000s
Expenditure			
Staff costs	3	(5,134)	(4,252)
Operating expenditure	4	(2,141)	(2,151)
Total expenditure		(7,275)	(6,403)
Income			
Enforcement	5	116	134
Licence fees	6	715	704
Application inspections	6	184	211
Total income		1,015	1,049
Net expenditure for the year		(6,260)	(5,354)

Other Comprehensive Expenditure

	Note	2018-19 £000s	2017-18 £000s
Items that will not be reclassified to net operating cost:			
Net loss on revaluation of intangible assets	8	(1)	(3)
Comprehensive net expenditure for the year		(6,261)	(5,357)

The notes on pages 59 to 74 form an integral part of the accounts.

Statement of Financial Position as at 31 March 2019

	Note	31 March 2019 £000s	31 March 2018 £000s
Non-current assets			
Property, plant and equipment	7	1,442	968
Intangible assets	8	157	30
Total non-current assets		1,599	998
Current assets			
Trade and other receivables	9	75	87
Cash and cash equivalents	10	917	1,671
Total current assets		992	1,758
Total assets		2,591	2,756
Current liabilities			
Trade and other payables	11	(2,157)	(1,852)
Provisions	12	(17)	(17)
Total current liabilities		(2,174)	(1,869)
Total assets less current liabilities		417	887
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		(2,174)	(1,869)
Assets less liabilities		417	887
Reserves			
General reserve		415	883
Revaluation reserve		2	4
Total reserves		417	887



Michael Rich
Accounting Officer
17 January 2020

The notes on pages 59 to 74 form an integral part of the accounts.

Statement of Cash Flows for the year ended 31 March 2019

	Note	2018-19 £000s	2017-18 £000s
Cash flows from operating activities:			
Net operating cost		(6,260)	(5,354)
Adjustments for non-cash transactions:			
Depreciation	7	157	52
Amortisation	8	16	31
Adjustment to the Service Concession Arrangement (SCA)	4	-	-
Finance costs	4	-	-
Credit write back	4	-	-
(Increase)/Decrease in trade and other receivables	9	12	-
Increase/(Decrease) in trade and other payables	11	304	755
Provisions Movement	12	-	(231)
Payments to the consolidated fund which are outside the scope of the GLA's activities		-	-
Net cash outflow from operating activities		(5,771)	(4,747)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(631)	(474)
Purchase of intangible assets	8	(144)	-
Net cash outflow from investing activities		(775)	(474)
Cash flows from financing activities			
Revenue – Grant-in-Aid		5,292	5,169
Capital – Grant-in-Aid		500	1,154
Total financing		5,792	6,323
Net (decrease)/increase in cash and cash equivalents in the period		(754)	1,102
Cash and cash equivalents at the beginning of the period		1,671	569
Cash and cash equivalents at the end of the period		917	1,671

The notes on pages 59 to 74 form an integral part of the accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2019

	Note	General Reserve £000s	Revaluation Reserve £000s	Total Reserves £000s
Balance at 1 April 2017		(86)	7	(78)
Net operating cost		(5,354)	-	(5,354)
Net loss on revaluation of intangible assets		-	(3)	(3)
Grant-in-Aid		6,323	-	6,323
Payment to consolidated fund		-	-	-
Balance at 31 March 2018		883	4	887
Balance at 1 April 2018		883	4	887
Net operating cost		(6,260)	-	(6,260)
Net loss on revaluation of intangible assets		-	(2)	(2)
Grant-in-Aid		5,792	-	5,792
Payment to consolidated fund		-	-	-
Balance at 31 March 2019		415	2	417

The notes on pages 59 to 74 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 2018-19 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

The Gangmasters and Labour Abuse Authority.

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 2019 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 2019 are stated in note 17 on page 74.

Going Concern

The GLAA has received confirmation of its proposed funding levels for 2019-20, 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 Enforcement Body (SEB) to enforce employment standards, but this is not expected to impact the GLAA's status as a going concern. It is expected that if a single agency was created that this would incorporate all the current functions of the GLAA and the basis of the consultation was to enhance rather than reduce protection of vulnerable workers and create a more level playing field for business. The earliest date expected by management for the creation of SEB is 2021, given legislation and other changes required in preparation to set this up.

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 is recognised when all the conditions laid down in IFRS 15 Revenue from Contracts with Customers have been satisfied. Revenue is recognised when a performance obligation included within a contract with a customer is satisfied, at the transaction price allocated to that performance obligation. This may be at a point in time, or over time.

Application Inspection payments: The key performance obligation is on completion of an inspection. It is generally through this process that the issuing or rejection of the application to be licenced is decided. Refunds are also available to those that do not require a full inspection for a decision to be made.

Licence Fees: The licence fee is paid with an application inspection fee for those applying for a new licence or paid annually before the expiration of the licence for existing licence holders. The performance obligation is discharged over the course of the licence period. Therefore, the income is recognised monthly over the life of a licence and, in the case of new licences, only once issued. In the case of cancelled or refused licence applications, as the fee is not refundable, the full amount of the licence fee is recognised in the month the decision is made.

As application inspection payments and licence fees are both received in advance, these funds are held as contract liabilities until the performance obligation is met or refunds are made.

The following table provides analysis impact of these changes on the recognition of application inspection income.

	£000s
Balance transferred from deferred income following adoption of IFRS 15	49
Decrease due to revenue recognised in the period	(83)
Impact	(34)

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 an 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 transactions during the reporting period.

Financial Assets and Liabilities

The GLAA classifies its non-derivative financial assets 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 a limited number of IT services of Defra, these were provided as a service to the GLAA.

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 40 to 48 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 rate as directed by HM Treasury.

Estimates and Judgements

The GLAA does not have significant estimates. Estimates and judgements will be evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

IFRS 15 Revenue from Contracts with Customers is effective from 2018-19. The GLAA has updated its approach to revenue recognition for application inspections as a result of this as explained in the Income Recognition section above and in note 6.

IFRS 9 Financial Instrument: This standard, which is effective from 2018-19, includes requirements for classification, recognition and measurement, impairment, derecognition and general hedge accounting. The significant majority of the Authority's financial instruments are trade receivables and payables.

Receivables are shown net of expected credit loss. These accounts do not include transition disclosures in respect of IFRS 9, due to the effect of IFRS 9 on the GLAA resource accounts not being significant. This is because the GLAA holds receivables with customers with low credit risk (mainly central government departments), and other receivables are simple trade receivables held for collecting cash in the normal course of business.

The GLAA does not operate hedge accounting, so the specific requirements of IFRS 9 for hedging instruments do not apply.

IFRS 16 Leases: The International Accounting Standards Board 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.

The full impact of the introduction of this standard will require assets and liabilities to be increased by the same amount, as operating leases will be treated in the same way as finance leases. The GLAA is undertaking a programme of work to assess the impact of the introduction of IFRS 16 on the Statement of Financial Position.

Preliminary analysis has indicated that there will be a material impact; the results of this piece of work should be published in the 2019-20 Home Office annual report and accounts. IFRS 16 will be adopted by the GLAA for the first time in 2020-21 with 2019-20 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	2018-19			2017-18		
	Licensing £000s	Enforcement £000s	Total £000s	Licensing £000s	Enforcement £000s	Total £000s
Expenditure						
Staff costs	(1,391)	(3,743)	(5,134)	(1,272)	(2,980)	(4,252)
Operating Expenditure	(629)	(1,512)	(2,141)	(560)	(1,591)	(2,151)
Total	(2,020)	(5,255)	(7,275)	(1,832)	(4,571)	(6,403)
Income						
Licensing	899	-	899	915	-	915
Other	-	116	116	-	134	134
Total	899	116	1,015	915	134	1,049
Net income (expenditure)	(1,121)	(5,139)	(6,260)	(917)	(4,437)	(5,354)

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

	2018-19		2017-18	
	Permanently employed staff £000s	Other / Temporary £000s	Permanently employed staff £000s	Other / Temporary £000s
Staff salaries including PRP	3,956	12	3,246	23
Employee benefits as per IAS 19	15	-	40	-
Social security costs	424	1	339	-
Pension service costs	726	-	604	-
Total	5,121	13	4,229	23

Eighteen employees were employed on a fixed term contract during 2018-19 (15 employees 2017-18).

A total of £60,000 was accrued for PRP (£65,000 2017-18).

Further Information on staff costs can be found within the Remuneration and Staff Report section on pages 39 to 48.

4. Operating Expenditure

	2018-19 Total £000s	2017-18 Total £000s
Travel and Subsistence	554	442
Information Technology	555	553
Marketing	8	79
Depreciation	157	52
Amortisation	16	31
Legal Costs	134	39
Legal Provision	-	(231)
Recruitment	47	94
Accommodation	105	208
GLAA conference	-	41
Training	44	61
Interpreters	73	36
Stationery/postage	25	44
Board expenses	2	8
Restructuring & Contractors	320	593
Other	101	101
Total	2,141	2,151

The remuneration to the NAO in respect of external audit work carried out in 2018-19 was £40,000 (£40,000 2017-18).

5. Enforcement Income

	2018-19 £000s	2017-18 £000s
Enforcement income for operating activities within Great Britain	-	5
Additional enforcement income from DAERA for regional food activity	100	100
Other income	16	29
Total	116	134

The GLAA has also issued invoices to the Department of Agriculture, Environment and Rural Affairs (DAERA) for enforcement activities carried out within Northern Ireland £100,000 (£100,000 2017-18).

In addition, a further £16,000 was received by the GLAA from external sources in 2018-19 to assist with enforcement activity and training fees (£34,000 2017-18).

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 2019

	Licences Issued/Renewed	Licence Applications Cancelled	Licence Applications Refused	Licences Revoked	Recognised £000s
Horticulture, agriculture and shellfish	1,114	67	13	19	715

As at 31 March 2018

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

Application Inspections

Application inspection income is based on gross annual turnover within the sector, as identified above. In 2018-19 inspection income was £184,000 (£211,000 2017-18). The reduction in income is a result of the change in the recognition point for application inspection income following the adoption of IFRS 15 as detailed in the accounting policies.

7. Property, Plant and Equipment 2018-19

	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 2018	40	261	119	880	1,300
Additions		1,517		(880)	637
Disposal		(240)			(240)
Adjustment	1	-	(7)	-	(6)
At 31 March 2019	41	1,538	112	-	1,691
Depreciation:					
At 1 April 2018	9	261	62	-	332
Charge for the period	7	152	(2)	-	157
Disposal	-	(240)	-	-	(240)
Adjustment	4	-	(4)	-	-
At 31 March 2019	20	173	56	-	249
Net book value:					
At 31 March 2019	21	1,365	56	-	1,442
At 31 March 2018	31	-	57	880	968
Asset Financing					
Net book value owned as at 31 March 2019	21	1,365	56	-	1,442
Net book value leased as at 31 March 2019	-	-	-	-	-
Carrying amount at 31 March 2019	21	1,365	56	-	1,442

Assets that the GLAA had access to under its arrangements with IBM Defra and recognised a share of those assets are no longer recognised, which resulted in the adjustments above. These were replaced by IT infrastructure assets and IT services predominately provided through the Home Office. Additions in 2018-19 include £448,000 of accruals (£217,000 2017-18).

Property, Plant and Equipment 2017-18

	Plant and Machinery Total	Information Technology Total	Fixtures and Fittings Total	Assets Under Construction Total	GLAA Total
	£'000s	£000s	£000s	£000s	£000s
Cost or Valuation:					
At 1 April 2017	23	261	55	503	842
Additions	17		64	377	458
Adjustment to the SCA					
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

8. Intangible Assets

2018-19	Software Licence Total £000s
Cost or Valuation:	
At 1 April 2018	1,986
Addition	144
Disposals	-
Revaluation	49
At 31 March 2019	2,179
Amortisation:	
At 1 April 2018	1,956
Charge for the period	16
Disposals	-
Revaluation	50
At 31 March 2019	2,022
Net book value:	
At 31 March 2019	157
At 31 March 2018	30

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

The carrying amount of the intangible fixed assets had the revaluation not occurred is £197,000 (£26,000 2017-18). Additions in 2018-19 included accruals of £160,000 (£14,000 in 2017-18).

The net book value of LAWS, was £154,000 (£22,000 2017-18).

9. Trade Receivables, Financial and Other Assets

	2018-19 £000s	2017-18 £000s
Trade receivables:		
Trade receivables	(2)	(3)
Other receivables:		
Prepayments and accrued income	71	88
Other receivables	6	2
Total	75	87

10. Cash and Cash Equivalents

	2018-19 £000s	2017-18 £000s
Balance at 1 April	1,671	569
Net change in cash and cash equivalent balances	(754)	1,102
Balance at 31 March	917	1,671
The following balances at 31 March were held at:		
Commercial banks and cash in hand	917	1,671
Balance at 31 March	917	1,671

11. Trade Payables and Other Current Liabilities

	2018-19 £000s	2017-18 £000s
Amounts falling due within one year		
Other taxation and social security	16	92
Trade payables	-	232
Accruals	1,720	1,212
Contract Liabilities	420	316
Total	2,157	1,852

£448,000 (£251,000 2017-18) of the accruals relate to capital and more information can be found in notes 7 and 8 on pages 68 to 70.

12. 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 into account the resources required to cover future payment obligations. Measurement is based on the settlement amount with the highest probability.

	2018-19		
	Server Room Decommissioning £000s	Legal £000s	Total £000s
Balance as at 1 April 2017	17	-	17
Provided in the year	-	-	-
Provisions not required written back	-	-	-
Provisions utilised in the year	-	-	-
Unwinding of discount	-	-	-
Balance at 31 March 2018	17	-	17

The provision for the server room relates to the cost of removal at the end of the lease (May 2019). This provision is expected to become due between 1 and 5 years, in line with expiration of the current lease (May-2019).

As identified in the governance statement there are currently two litigations against the GLAA. The details of these claims have not been disclosed as they relate to an ongoing disputed claim, which if disclosed could prejudice the GLAA in this case. These cases do not meet the requirements that would require a provision being made.

13. Capital commitments

	2018-19 £000s	2017-18 £000s
Contracted capital commitments at 31 March 2019 not otherwise included in these accounts:		
IT Transition	-	59
Server room build	-	5
Total	-	64

14. Commitments under Leases

	2018-19			2017-18		
	Buildings £000s	Vehicles £000s	Other £000s	Buildings £000s	Vehicles £000s	Other £000s
Not later than 1 year	12	117	-	75	20	-
Later than 1 year and not later than 5 years	-	223	-	12	213	-
Later than 5 years	-	-	-	-	-	-
Total	12	340	-	87	233	-

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.

15. Other Financial Commitments

	2018-19 £000s	2017-18 £000s
Not later than 1 year	-	46
Later than 1 year and not later than 5 years	-	176
Later than 5 years	-	-
Total	-	222

As part of the 2018-19 Accounts, the GLAA is required to disclose information on other financial commitments as at 31 March 2019.

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

16. 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 the Statement of Cash Flows on page 57.

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 39 and 40. Payment to senior managers has been disclosed as part of the Remuneration and Staff Report on pages 43 and 44.

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.

17. Events after the Reporting Date.

The Government ran a public consultation on whether to establish a new SEB for employment rights between July and October 2019. Following this, the Government made a commitment to create a SEB.

Announcements on the remit of the new body are yet to be made, but it is likely that the GLAA will be included as part of this. This is not expected to impact on the immediate status of the GLAA. It is likely that any changes would not take effect until 2021 due to the need for legislation to establish the new body.

The Accounting Officer authorised these financial statements for issue on the date of the Comptroller and Auditor General's audit certificate on pages 52 to 54.

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