



Gangmasters &  
Labour Abuse Authority

# Assessment of costs and benefits to business – Compliance Strategy

December 2020

# Assessment of costs and benefits to business

## The Proposal

The GLAA operates a licensing scheme as set out in the Gangmasters (Licensing) Act 2004 to regulate the provision of workers for roles in the UK fresh produce sector - agriculture, horticulture, shellfish gathering and any associated processing and packaging. Any business supplying workers for roles in these sectors is required to have a GLAA licence. As part of the process for applying for a licence the business is required to provide information to show compliance with the GLAA licensing standards. This information is collected as part of the application process during an inspection conducted by a Compliance Investigator. The final decision to grant or a refuse a licence rests with the GLAA licensing team. Once a licence has been granted the business must renew their licence annually.

The GLAA may also conduct an inspection of a licensed business if information comes to light that indicates that they may be non-compliant with the GLAA's licensing standards. This could result in the licence being revoked or additional licence conditions being added to the licence. All licence decisions are appealable. It is therefore imperative that the compliance inspection activity is delivered in an efficient and timely fashion.

The GLAA's is consulting on a range of options for compliance activity which we believe will provide both a more effective approach to licensing and the assurance that the GLAA's licensing scheme is credible and provides a level playing field for business. It also considers how productivity can be increased by identifying process improvements.

The GLAA has considered whether inspections related to applications for a licence should be delivered in a different way. The GLAA is proposing that applications can be verified without a physical inspection by checking compliance with the GLAA's Licensing Standards from the desk and using third party evidence.

The GLAA is proposing that physical inspection should only be used to assess whether a licensed business is compliant with the licensing standards. The consultation offers two options for triggering an inspection which are firstly linked to the annual renewal process or secondly a mixture of random and intelligence-led inspections.

The consultation also offers options for earned recognition which could be used to demonstrate compliance with the licensing standards and to determine who could be awarded a licence for a period longer than 12 months.

## Costs and benefits to business

The GLAA has looked at the potential economic impacts for businesses who operate within the regulated sector of the options for compliance activity outlined in the consultation document. This assessment is made on the basis of the current fee regime. The GLAA's fee levels have not changed since 2009 and, as explained in the consultation document, there is the potential for change in the future.

Set out below is a table which presents the consultation's different proposals. It identifies what the potential costs and/or benefit is for each option

Option for Change	Cost Impact	Benefit
Application inspections being conducted virtually/from the desk	The current cost of an application will remain unchanged.	<p>The inspection process should be quicker as the need for travel to the applicant's business site will be removed. However, this is reliant on the applicant being prepared and having the requisite information available.</p> <p>GLAA resources focused on licensed businesses where compliance can be tested more easily as the business is operating.</p> <p>A level playing field for all businesses,</p>
Licence applications being vetted.	The current cost of an application will remain unchanged.	Vetting should ensure that those businesses who do not want to operate within the law will not be able to get a licence automatically.
Focusing GLAA resources on compliance	Licensed businesses will have an inspection which will have a cost impact in terms of time spent, preparing and responding to request for information.	<p>More licensed businesses will be inspected with the aim of providing more of a level playing field for all.</p> <p>Businesses will have to maintain compliance as the potential for a GLAA inspection or review will be greater than in the current regime.</p>
Use of third parties to verify evidence of compliance	Many businesses in the regulated sector undergo an audit commissioned by a commercial partner within their supply chain such as a retailer. There would be no additional cost if this was a	If a business can evidence compliance, then this could be used at renewal or for a longer licence. The business with an excellent audit report would be less likely

Option for Change	Cost Impact	Benefit
	<p>requirement of the licensing scheme.</p> <p>Some small or micro businesses may not be required to have an audit and so there could be additional costs of securing the verification.</p>	<p>to be a high priority for a GLAA inspection.</p>
<p>Contracting out verification work to third parties</p>	<p>Any review of fees would have to consider the cost of contracting out part of the process. However, there would be no increase in fees under the current regime.</p>	<p>Certification work would be completed within a pre-determined timescale allowing GLAA resources to focus on higher risk areas</p>
<p>Replacing new business inspections with awareness visits</p>	<p>Minimal cost impact when the business starts trading as they will not need to prepare for an inspection.</p>	<p>Awareness session provides a link for the business with the GLAA and an opportunity to share information.</p> <p>This could be a virtual visit and so will not disrupt the business.</p>
<p>Longer Licences</p>	<p>It is likely that the cost of a longer licence would not be discounted and would be collected upfront for ease of GLAA administration processes.</p>	<p>The business can demonstrate that it is compliant to its customers as it has been awarded a longer licence.</p>
<p>Spot checks and thematic reviews</p>	<p>There would be a cost to the business in preparing for these interventions, but it would be less than for a full inspection.</p>	<p>The business would only need to evidence compliance against specified areas and could identify good practice.</p>
<p>Change in the scope of licensing</p>	<p>If the scope of licensing were to be changed in line with the consultation proposals, then there could be a saving to those businesses who will no longer require a licence.</p>	<p>The GLAA can focus its resources on businesses within the sector.</p>

**Consultation questions on the assessment:**

**Do you think the GLAA's assessment is accurate?**

**Are there other costs and benefits that the GLAA has not identified?**