



Gangmasters
Licensing Authority

GLA39/9.1 Review of Licensing and Associated Fees 2014-2015

16 October 2013

Board Paper Reference – GLA39/9.1 – Review of Licensing and Associated Fees 2014 - 2015

1. Purpose of the Report

- 1.1 This paper sets out a proposed approach for a review of the fees the GLA charges for applications and licence renewals.

2. Recommendation

- 2.1 A full review of the fees charges, the rationale and analysis of applications and renewals will be undertaken to inform the setting of appropriate fee levels to accurately reflect the resources used to carry out this function.

3. Reasons for Recommendation

- 3.1 To reflect the Red Tape Challenge recommendations and subsequent consultation feedback and proposals; to review, reflect and assess the true cost of administering, and managing the licensing scheme.

4. Summary of Key Points

- 4.1 Licence fees are prescribed in the Gangmasters (Licensing Conditions) Rules 2009. GLA Board paper 35/8.3 Licence fees 2013/2014 (October 2012) confirmed the current fee levels. It added that “The outcome of the Application Inspection consultation and the Red Tape Challenge considerations may alter the fees substantially.”
- 4.2 The GLA consultation concluded that:
 - Some licence applications may not require a physical site visit in certain circumstances albeit the default position is that all licence applications will include a site visit to the applicant premises (see GLA Brief 28).
 - Longer licences should be introduced for compliant businesses.
- 4.3 Currently new applicants pay a licence fee and an inspection fee (existing licence holders pay a renewal fee set at the level of the application fee).
- 4.4 From 01October 2013 not all new applicants may require a physical site visit. However, all other established and related activity – e.g. intelligence enquiries, other govt dept checks and all enquiries by licensing will continue to contribute to the overall application inspection process and only at that point, when the GLA is in possession of the full facts, will a decision be made as to whether a site visit is still necessary and the best use of finite resources. It is therefore important that the cost of the application process is revisited and reassessed to determine future application inspection fee levels remain proportionate and fully compliant with HM Treasury rules on charges.

4.5 The GLA consultation concluded that longer licences should be implemented. These cannot be implemented immediately because of the need to incorporate such changes into the GLA IT infrastructure. However, a reduction in the number of cases requiring annual renewal will therefore also require a review of the renewal fee structure.

4.6 The GLA will therefore review fees for:

- applications(including charges currently related to application inspections),
- licence renewals

In summary a full and robust activity based costing exercise will take place to establish and revise if appropriate all fees associated with licensing.

4.7 The change of approach to site visits for some licence applicants comes into effect on 1 October 2013 and will be reviewed and evaluated after six months therefore any recommendations relating to fees will be submitted after that date. Any proposed changes to fee levels will be subject to public consultation and approval by the Secretary of State for Defra with the necessary legislative changes introduced by the end of the financial year 2014-15. In the meantime, fee levels will remain unchanged:

	Licence Fee	Application Inspection Fee
A	£2,600	£2,900
B	2,000	£2,400
C	£1,200	£2,150
D	£400	£1,850

5. Financial Implications and Budget Provision

5.1 Fees received by the GLA are paid directly into the Consolidated Fund. The Authority receives a separate operating budget through “grant in aid” from Defra for funded activities. For 2013-14, this was £1.376 million, excluding enforcement costs. This may decrease as a consequence of budget reductions affecting Defra. Consequently, whilst income levels to HM Treasury may remain constant, the GLA may be operating against greater budgetary constraints.

6. Organisational Risks

6.1 There are no direct organisational risks from the proposed review. The review itself may identify organisational risks, in light of the experience of the revised processes which will need to be managed.

7. Policy Implications and Links to Strategic Priorities

7.1 Any future change would be a direct consequence of the implementation of RTC related changes.

8. Details of Consultation/EQIA

8.1 None

9. Background Papers and Relevant Published Documents

9.1 Previous Board fee papers.

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