

## **How licensing applies to businesses based outside the UK; cleaning activities that require a licence; Principal Authority resume process.**

### **Gangmasters Licensing Authority – Home Office**

**RPC rating: validated**

This Opinion covers three small measures; for each, a brief description of the change, its impacts (as set out in the IA) and the quality of the submission is given in the table below. All three have an Equivalent Annual Net Direct Cost to Business (EANDCB) which rounds to zero.

Measure	Description	Impact	Quality of submission
<p>GLA Brief 41: How licensing applies to businesses based outside the UK (June 2015)</p>	<p>Section 5 of the Gangmasters (Licensing) Act 2004 requires any business based outside the UK that supplies labour into the UK to hold a GLA licence. Any UK company that uses labour from an unlicensed company, whether the supplier is in the UK or overseas, also commits a criminal offence. The GLA has recently revised its guidance on licensing for overseas businesses to reflect changes to the status of Bulgaria, Romania and Croatia and to clarify the GLA's position on deductions for services and on the Posted Workers Directive.</p>	<p>The GLA expects that the impacts both of familiarisation and of the changes with respect to Bulgaria, Romania and Croatia will fall only on new applicants for licensing based outside the UK (which it expects to comprise around 5.3% of the 150 new applicants it sees each year, or 8 businesses). UK businesses wishing to manage their own compliance with the regulations would be more likely to draw on other sources of information (in particular the GLA's register of licensed businesses). The changes regarding deductions for services and the Posted Workers Directive do not create any new regulatory requirements, as they clarify existing guidance.</p>	<p>The GLA has described the measure and its impacts with proportionate brevity and has clearly set out the evidence in support of its position that the EANDCB of the measure rounds to zero.</p> <p>It is plausible that overseas licensees would pass any additional costs to their UK business customers. However, given the very small number of overseas firms affected, this is unlikely to create a non-zero UK EANDCB and the RPC is therefore able to validate this assessment.</p>

Opinion: EANDCB validation  
 Origin: domestic  
 RPC reference number: 4123 - 4125  
 Date of implementation: see table

Measure	Description	Impact	Quality of submission
<p>GLA Brief 45: Cleaning activities that require a licence (December 2015)</p>	<p>Licensing for companies supplying cleaning labour is a somewhat complex area, and not all such companies require a licence. The Brief clarifies the circumstances under which cleaning as an integral part of food processing requires a licence.</p>	<p>The GLA argues that the Brief clarifies existing regulation rather than creating new regulatory requirements. It expects that at most 175 businesses will fall within scope of the guidance and will therefore have to familiarise themselves with the Brief and possibly apply for a licence. It estimates the maximum cost of doing so (if all 175 businesses must apply) at £6,001 per annum.</p>	<p>The GLA has described the impact of the change and set out its cost calculations clearly and proportionately. It has not explicitly calculated familiarisation costs or explained why it believes that the average time taken to complete an application is two hours. However, given the small number of businesses involved the EANDCB would round to zero on any reasonable assumptions around both points, and the RPC is therefore able to validate this assessment.</p>

Opinion: EANDCB validation  
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Measure	Description	Impact	Quality of submission
GLA Brief 48: Principal Authority Resume process (April 2016)	When a company applies to the GLA for licensing, it must nominate its Principal Authority – the individual who directs the activities of the company. It must also notify the GLA when the Principal Authority changes. The GLA proposes to collect additional information about individuals who are nominated as Principal Authorities (in particular details of their previous relevant experience) with the intention of identifying lower-risk businesses more effectively and reducing the number of physical compliance inspections it undertakes.	The GLA estimates that around 150 applicants for licences and 44 applicants for change of Principal Authority will be affected each year. It assumes, based on its own analysis of the additional information required, that the additional time required to complete the Principal Authority Resume Form will be around half an hour (in most cases) to an hour (in more complex cases such as those involving bankruptcy). It further assumes that around 20% of cases will be more complex. Using ASHE salary data, it estimates the total cost of providing the additional information at £2,875 per annum.	The GLA has described the impact of the change and set out its cost calculations clearly and proportionately. It has not explicitly calculated familiarisation costs or provided evidential support for its assumption around the number of complex cases. However, the EANDCB would round to zero on any reasonable assumptions around both points, and the RPC is therefore able to validate this assessment.

### Departmental assessment

Classification	All Qualifying regulatory provisions
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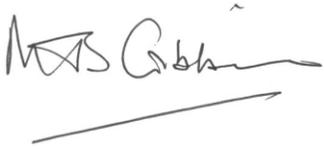
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Equivalent annual net direct cost to business (EANDCB)	All £0.0 million
Business net present value	All £0.0 million

### RPC assessment

Classification	All Qualifying Regulatory Provisions
EANCB – RPC validated <sup>1</sup>	All £0.0 million
Business Impact Target (BIT) Score <sup>1</sup>	All £0.0 million



**Michael Gibbons CBE, Chairman**

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<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.

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