



Gangmasters &
Labour Abuse Authority

Compliance Strategy for the GLAA- 2021

July 2021

GLAA Compliance Strategy

Our Strategic Objective

1. The GLAA's latest [strategic plan](#) identified a new objective for the delivery of the licensing scheme and our regulatory activity. This objective better reflects our new approach to compliance and the need to improve the delivery of our activity.
2. We aim to:

Have a fair, robust and customer responsive regulatory regime that prevents labour exploitation and drives compliance.
3. We will be measuring our achievement of this objective with a specific focus on timely delivery of high-quality inspections and licence decisions. This strategy provides both the framework for the delivery of this work and achievement of our strategic objective.

Introduction

4. Over the last year, we have examined how we deliver our compliance activity and whether this meets the needs of our customers and reduces labour exploitation. We have been exploring in particular how we can be more productive and improve the timeliness of our processes. This resulted in a formal consultation process whereby we proposed several changes to the way that we deliver our compliance activity¹. We also sought the views of stakeholders through a series of workshops and face to face meetings which helped us crystallise our thinking. We value the contributions of our stakeholders and are grateful that so many responded to the consultation. In our [formal response](#) to the consultation we set out the steps we will be taking to improve our approach to compliance. We believe our change of approach will benefit both workers and those who supply labour in the regulated sector. We intend to introduce the changes over the next 12 months and will be reporting our progress at GLAA Board meetings and stakeholder groups.

What we will deliver

5. The compliance consultation focused on key areas where we felt change was necessary including:
 - Whether there is a need for application inspections or licences should be granted automatically?
 - Should the GLAA continue to conduct virtual application inspections?
 - Should inspector resources be focused on compliance inspections rather than application inspections?
 - Whether we should look to external organisation to provide information to check compliance?
 - What should be the trigger for a compliance inspection?

¹ [GLAA Compliance Strategy](#)

- Whether newly licensed businesses should be automatically inspected when they start trading?
- Is there an appetite for businesses to be granted a longer licence if they could provide evidence of compliance?
- Should the GLAA use more spot checks and thematic reviews to assess compliance?
- Should the scope of licensing be changed where businesses are not supplying workers in the sector?
- Should there be a review of licence fees?

6. Taking account of the consultation responses, we will be making the following changes to our approach:

Conducting virtual application inspections

7. Over the last 16 months because of the COVID restrictions, we have been conducting most of our application inspection work virtually. This has enabled us to test how well this process works and whether it is feasible to adopt it for all application inspections. In our response to the consultation, we committed to continuing this practice and will be conducting application inspections virtually unless a physical inspection is required. We believe that conducting the majority of application inspections virtually will lead to a more efficient process for our applicants as it will allow us to schedule inspections, answer queries and write up reports more quickly. This should mean that applicants should get a quicker decision on their application.
8. We recognised that there will be some applications where a physical inspection will be necessary. We have developed a policy for determining when a physical inspection is required which is shown at appendix 1. We will be issuing a licensing brief² in August 2021 outlining the policy set out in appendix 1 so that applicants will have a good understanding of when a physical inspection will be carried out.

Have a greater focus on compliance inspections by prioritising investigator resources

9. Respondents to our consultation were clear that they would like to see more businesses being inspected, notably, those businesses which have not been inspected for some time. GLAA recognises the importance of the regulated sector having confidence that licensed suppliers are compliant and accordingly will be prioritising our limited resources on compliance inspection work. By shifting the focus from applications to compliance inspections, we believe that this will provide more time for addressing the failures of non-compliant businesses.

Inspections triggered by a risk-based approach with a commitment to review all licence-holders

10. The consultation explored what the triggers should be for our compliance inspection activity. Respondents welcomed a risk-based approach being used to trigger inspections. They recommended focusing on high risk businesses. Such an

² [Briefs and Licensing news - Labour providers - GLAA](#)

approach they felt would offer greater assurance to labour users that the GLAA compliance programme was investigating reports and intelligence thoroughly and acting on it. We will continue to deliver a risk-based approach to inspections using intelligence to determine when an inspection is required.

11. GLAA recognises that some businesses have not had an inspection for a considerable amount of time. We are committed to increasing our inspection activity to deal with this issue. We recognise that every business needs to remain compliant with the licensing standards so we will be testing compliance through our programme of inspection. Our commitment is that we will have inspected every licence holder in a rolling programme over the next five years. We have set out the possible triggers for an inspection at appendix 2 and will publish this approach to inspection in a licensing brief when the strategy is published.
12. We are also committed to continuing our practice of conducting a compliance inspection of businesses which have started to supply workers in the regulated sector – referred to as “New Businesses”. However, regarding these businesses we may take a light-touch approach if there are no indications that an inspection is required. Appendix 3 provides our policy on how we will determine when an inspection is required for a business which has started to supply workers. Alongside other policy changes, this will also be published in a licensing brief so that licence-holders can understand how this will operate.

More compliance activity using other tools such as awareness visits, informal resolution of issues, thematic reviews, unannounced spot checks, days of action

13. Generally, we have conducted a full inspection against each of the licensing standards³ to test the compliance of a licence-holder. However, we explored through the consultation whether we could introduce new ways of testing compliance. In response to the views of our stakeholders, we will be using other types of activity as well as inspection to test compliance. We want licence-holders to be vigilant at all times, able to demonstrate that workers are not being exploited at any time not just when an inspection is announced. We will be conducting unannounced visits which focus on a particular standard or a day of action in a specific geographical location. We will also do more activity from the desk which will involve asking licence-holders to provide documentary evidence of compliance within a set time. Licence-holders should expect to hear from us regularly and be prepared to demonstrate their compliance. We will introduce this approach once the strategy has been published.

Helping licence-holders to show us they are compliant through the use of training

14. One issue that came up during the consultation was how we can do more to help labour providers to understand the requirements of the licensing scheme. We felt this was an area where we could tap into the expertise of our stakeholders to support us in delivering training. We are pleased to be able to partner with our trade associations to deliver good quality training that applicants and licence-holders can access to help them prepare for inspections. We believe that applicants and licence-holders will benefit from this training, as it will help them to

³ [Licensing standards - Supply workers - GLAA](#)

understand their responsibilities and be in good shape to demonstrate compliance with the Licensing Standards. In the future, we hope to be able to offer a self-assessment tool for businesses to use to assess their compliance.

15. We will be promoting access to free training delivered by the Association for Labour Providers for all licence-holders from September 2021.

Provide more guidance to applicants and licence-holders so they understand the approach the GLAA will be taking when assessing compliance with the Licensing Standards

16. We have listened to our stakeholders who felt that we should share more information about how we interpret compliance with the licensing standards. We are committed to providing good quality advice for our regulated sector. We intend to publish more licensing briefs covering changes to employment law, how we interpret compliance with the Licensing Standards and providing updates on any changes we are making. By delivering a regular stream of information we hope that applicants and licence-holders will have a better understanding of our approach. We have already started this process and increased the number of licensing briefs we published last year. We will be reporting this number in our annual performance report.

Listen to workers and take action

17. At our sessions with stakeholders they flagged a variety of tools available for capturing feedback from workers. This is something that we have not previously accessed other than through face to face interviews and periodic questionnaires. This has led us to consider whether there are new ways of capturing the workers' voice. We know that some workers may not understand what their rights are and so will not recognise when they are being exploited or report it. By exploring the use of anonymous reporting through apps and other technology-based tools, we hope to develop a better understanding of how workers are being treated. This may take some time to introduce, but we will report progress to stakeholder groups.

Developing our cadre of Compliance Investigators

18. Finally, we have recognised that we need to develop the skills and knowledge of our inspectors. We recognised that we need to ensure that we provide a programme of learning to ensure they are fully equipped to deal with their role successfully. We are introducing a training programme which will lead to a professional qualification. It will enable them to adopt best practice standards for assessing compliance and provide a high-quality service. We are also working on further developing their knowledge in policy areas such as the payment of the National Minimum wage to ensure they have a robust understanding of how businesses can demonstrate their compliance. This is an ongoing process, but we will also be reporting on progress in our annual review of the strategy.

What will be different for businesses and our stakeholders

19. Over the coming months we will be progressing the changes outlined in this strategy. We are committed to making these changes to improve our delivery of the licensing scheme. We want labour providers and stakeholders in the sector to notice that we are operating more efficiently and delivering a better service and so we have set out below what businesses in the regulated sector should expect to see.
20. Our licence-holders should expect to hear from us more often as we seek to carry out a variety of compliance activities either in person or through virtual contact. We will always explain the purpose of our visit and what action we may take. We will be running shorter, focused exercises where we examine compliance with specific standards or turn up for an unannounced visit to check that the licence-holder is remaining compliant. We plan also to do more awareness raising visits where we can provide an opportunity for businesses to understand better how to remain compliant. We want all licensed businesses to be comfortable to approach us for advice.
21. We intend to ensure a steady flow of information is available to help businesses and in accessible format. All our Licensing Briefs are available on the website for ease of access.⁴ There are also quarterly updates in our partnership bulletin and we put information on our website about who has been inspected and who has had their licence revoked.⁵ There will also be updates on trends from our compliance work shared at our quarterly Labour Provider and Labour User Liaison Group meetings. We intend that this will provide businesses with a good understanding of the regulated sector and how we operate. We are also committed to reporting on our performance against our strategic objective and sharing this information on the website⁶.
22. Finally, we want to improve the service we offer to the regulated sector to drive up confidence in our approach. Over the last 12 months we have focused on reviewing our processes and identified that we need to ensure that our applicants and licence-holders hear more promptly about the outcome of their inspection. We are working on eradicating unnecessary steps and exploring how to streamline the way work flows through our team. This will result in inspections being carried out more efficiently and decisions being made more quickly.

Licence Fees

23. The GLAA will continue to seek to deliver the most efficient and cost-effective means of running the licensing system. The GLAA will be reviewing our approach to licence fees in 2021/22 as outlined in our business plan.⁷

⁴ [Briefs and Licensing news - Labour providers - GLAA](#)

⁵ [Public register - Active checks - Appeals - Prosecutions - GLAA](#)

⁶ [Gangmasters and Labour Abuse Authority - Performance Reports - GLAA](#)

⁷ [Strategic Plan 2020-23 and Business Plan 2020-21 \(gla.gov.uk\)](#)

Next Steps

24. We commit to reviewing the Compliance Strategy annually as part of our strategic and business planning and in response to any recommendations from the Director of Labour Market Enforcement. To allow sufficient time for the strategy to bed in, we will report progress against this first articulation of our strategy at the GLAA's July 2022 Board meeting. In line with the Regulators' code⁸, we will be seeking feedback from our stakeholders on our performance in line with this strategy to ensure that we are delivering our strategic objective. We will do this through seeking views, for example, at our quarterly Liaison Group meetings, workshops, and surveys. We will then report this feedback to the GLAA Board as part of our annual review of the strategy.

⁸ [Regulators' Code \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Factors for determining when a physical inspection maybe required for applications

The GLAA has been using a risk-based approach to determining if a physical inspection is required for applications since 2013. A physical application inspection is required if the profile of an applicant meets either mandatory criteria (when a physical inspection will always occur), or the discretionary criteria (when a physical inspection may occur)⁹. Previously, the default position was that the GLAA would physically inspect unless discretionary aspects exist, supported by other evidence, information and intelligence deemed a site visit unnecessary.

In the response to the consultation, we explained that we would going forward be continuing to carry out the majority of application inspections virtually. However, we recognised that there will be cases where a physical inspection is required. The table below identifies the factors that the Head of Regulation will be using to determine when a physical application inspection will be required.

All factors will be weighted equally and therefore if one applies a physical inspection is required.

Factor	Risk
Has had a previous licence which was revoked or application refused within the last 2 years	Applicant may still not be fit and proper to hold a licence
Checks of the applicant's identity suggest the documents are false or fraudulent	May be a front to cover for an individual who is not fit and proper
The applicant has not worked in labour supply or a similar role previously and has not evidenced sufficient information to give the GLAA confidence that the Principal Authority personally has sufficient understanding to undertake the role	The applicant Principal Authority may be a front to cover for an individual who is not fit and proper
The business supplies to other sectors and there is evidence of exploitation of workers	Workers are being exploited in other sectors
The business is an umbrella company	The business is not meeting the requirements of HMRC as regards the payment of tax.

⁹ [Licensing News \(gla.gov.uk\)](http://licensingnews.gla.gov.uk)

Triggers for Compliance Inspection

Currently, the GLAA will consider intelligence reports when determining if an inspection is required. We will schedule an inspection if we come across any of the indicators set out below. The decision to schedule an inspection will be made by the Senior Compliance Officer on the basis of intelligence, although we will also carry out a number of random inspections each year. All compliance inspections will contribute to our commitment to inspect all licence-holders over a rolling five-year period.

Compliance Inspection Triggers	Rationale
There is a credible allegation of a critical non-compliance with the licensing standards	The licence could require revocation, so an inspection is required
There is a credible complaint about non-compliance against several non-critical licensing standards	This is exploitation of workers and could indicate other areas of non-compliance.
There is a credible allegation of non-compliance with the licensing standards and the business has not been inspected for more than 5 years	An inspection is required to ensure they are compliant with the licensing standards

Risk profile for triggering New Business Compliance Inspections

In the consultation, we sought views as to whether we should continue our practice of inspecting all businesses who had secured a licence but had not notified us that they were trading in the regulated sector. We proposed that this should be replaced by an awareness visit that would provide an opportunity for engagement and to check the business understands how it can remain compliant. This would not be a formal inspection and could be conducted in person or using virtual systems.

Given the strength of feeling from respondents of the value of these inspections, we will continue to carry out new business compliance activity. However, as we highlighted in our formal response, we do not consider that every business will require an inspection. The following factors will be considered when determining if a new business inspection is required or if an awareness visit will be made instead. The Senior Compliance Officer will review the available information held on the GLAA intelligence system and decide whether an inspection is required. Identification of any single factor will trigger a full inspection.

New Business Inspection Triggers	Rationale
A new business who has never supplied workers	The application inspection will have examined processes and so an inspection will verify if the licence-holder can meet the competency requirements of licensing standard 1.2.
Additional Licence conditions were added to the licence when it was granted	An inspection will check if the licence-holder has addressed these non-compliances