

STATEMENT ON GLA: OUTCOME OF THE RED TAPE CHALLENGE

6 July 2012

We the undersigned wish to contribute to the important debate on the future of the Gangmasters Licensing Authority (GLA) which is currently subject to a government led review.

The GLA was established in 2005, following calls from a coalition of retailers, food industry representatives, trade unions and NGOs to improve regulation and enforcement in the food sector. It was recognised there was a need to raise standards, to avoid unfair competition for law abiding companies, and to prevent the exploitation of vulnerable workers.

This coalition, as represented by the signatories to this statement, still believes that the GLA and its licensing scheme have an essential role to play in maintaining compliance with minimum tax, housing and employment standards and in preventing serious crime, including human trafficking and forced labour. We therefore very much welcome the recent announcement that the government intends to retain the GLA.

In a recent Ministerial Statement a range of proposed reforms relating to the GLA were set out, many of which we welcome. However, as a coalition, we also share some concerns over the evidence for and implementation of some of the proposals, which could result in damaging consequences for workers in the supply chain.

We fully endorse the view that the GLA should target serious and organised crime, by working more closely with other law enforcement agencies. We support an intelligence-led approach to prosecuting organised crime groups and assisting in the earlier identification of the victims of human trafficking. However we believe that such enforcement work should not be undertaken to the exclusion of compliance activities by the Authority.

We agree that the main focus for the GLA should be to prevent and take appropriate enforcement action on crimes such as tax evasion, trafficking, non-compliance with health and safety standards, and non-payment of the National Minimum Wage. This will help to prevent the abuse of workers and reduce workplace injuries and deaths. However we are concerned that the proposed removal of the general requirement for an application inspection and associated fee would hamper the GLA's ability to meet these objectives.

This proposal would make it easier for rogue gangmasters to operate in the sector which would generate unfair competition for law-abiding companies and increase the risk of vulnerable workers being mistreated at work. This in turn risks damaging consumer confidence in the UK food industry and labour conditions in the supply chain. A reduction in compliance inspections also has the potential to increase the burden on the UK food industry by necessitating the extension of industry auditing processes. Voluntary compliance processes have previously proven to be ineffective in this area, running the serious risk of unscrupulous behaviour going unchecked and vulnerable workers suffering.

We believe that the licensing system remains the most appropriate and effective form of regulation for the food sector. In our opinion, all labour providers should be inspected either before a licence is granted or within 3 months of a licence being granted. The decision on when an inspection takes place should be based on a risk assessment. We recommend that a provisional licence should be awarded until a successful inspection is completed.

In our opinion there needs to be an appropriate balance between the GLA's mutually reinforcing activities of compliance and enforcement, with an appropriate level of resources being allocated to



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compliance activities. We also remain committed to the principle that the GLA should remain at least partly self-funded, through the use of licensing and inspection fees and increased revenue for the exchequer through the GLA's work on tax evasion.

We would therefore encourage the government to reconsider its proposals for streamlining the licensing scheme. We are also requesting a full stakeholder consultation before any of the GLA's operational practices are changed, as indicated in the recent Ministerial statement of 21 June. It is important that the forthcoming government consultation is rigorously evidence-based.

Beyond the proposals for revising the GLA licensing scheme, we fully endorse the plan to provide the GLA with the powers to issue administrative fines and penalties, in addition to the existing licensing and prosecution powers. These enhanced enforcement powers would increase flexibility and reduce costs for the GLA. They would enable swifter enforcement action and ensure that the Authority is able to recover unpaid wages and to reimburse workers.

We also recognise that there may be a case for reviewing the remit of the GLA, to avoid legal uncertainties for business on when licensing requirements apply. It is important however that any proposals to exclude certain industries from the GLA licensing requirements are first the subject of detailed consultation with key stakeholders and the wider public and that any revisions do not lead to the exploitation of vulnerable groups of workers.

Furthermore, we agree that it is essential the Board continues to provide strategic leadership and direction for the Authority and ensures that it remains accountable. It is important that representatives from key stakeholders, including industry bodies, labour users, labour providers, trade unions and NGOs have full decision-making roles on the Board.

We will seek the opportunity to meet with government to discuss these matters further and we reiterate our collective interest in working with the relevant government departments to realise the objectives set out and to support the continued good work of the GLA.

Yours sincerely

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