

GLA 35/9.3 Restructure of the Board

17 October 2012

BOARD PAPER REFERENCE – GLA35/9.3. – REVIEW OF CORPORATE GOVERNANCE – RESTRUCTURE OF THE BOARDBackground

1. The Gangmasters Licensing Authority (GLA) was constituted in April 2005 following the Gangmasters (Licensing) Act 2004 (the Act). The Act gives statutory authority to the GLA specifying its scope, the requirement to be licensed and to use a licensed gangmaster and processes around the administration and enforcement of licences. As regards governance, the Act also provides that the Secretary of State may make regulations as to:
 - 1.1. The status and constitution of the Authority
 - 1.2. The appointment of its members
 - 1.3. Pay and remuneration of members
 - 1.4. Such other matters as he sees fit.
2. The Gangmasters (Licensing Authority) Regulations 2005 set out the governance arrangements for the GLA. This includes the creation of the Board of:
 - 2.1. A chair
 - 2.2. Nineteen representative members
 - 2.3. Nine ex-officio member
3. The Regulations specify fifteen organisations to be represented on the Board, four of whom have two representatives and the nine Government Departments/Agencies who provide ex-officio members. A full listing is at Annex A. The Regulations also specify that one named organisation may send an observer who may contribute to the board discussion at the invitation of the Chair.
4. The chair is appointed by the Secretary of State in consultation with the Minister of Agriculture and Rural Development in Northern Ireland. Other members of the Board are appointed by the Secretary of State following their nomination by the relevant organisation.
5. The Act specifies that the Board will direct the affairs of the GLA and ensure that the GLA properly discharges its functions and complies with the requirements of the 2005 Regulations.
6. The 2005 Regulations provide for the Board to set up sub-committees made up of members of the Board. The Board may delegate matters to sub-committees and determine the chair, quorum and voting arrangements.
7. The 2005 Regulations also provide for the Board to set up Liaison Groups to advise it about the operations of the 2005 Act and relevant regulations, to provide information about gangmasters in the GLA sector and to be a channel for communication. Membership of Liaison groups is at the discretion of the Board who also approve the terms of reference. Each Liaison group has to be chaired by a Board member.

8. The 2005 Regulations set out arrangements for the appointment, term of office and remuneration of Board members and for decision making at Board meetings.
9. The GLA Board meets quarterly. It has one sub-committee (Audit and Risk) which also meets quarterly and is chaired by the Deputy Chair of the GLA. A second subcommittee (Finance and General Purposes) is in the process of being constituted. There are two active liaison groups: the Labour Providers and Labour Users Group and the Supermarket Protocol Group. The former meets regularly each quarter. The latter meets as required but less frequently. Absent any interest from other Board members, both are chaired by the Chair of the GLA. There are also plans to reactivate a Worker Representative Liaison Group.

Analysis of Membership

10. Members of the GLA Board represent various parts of the food production chain.
 - 10.1 Labour providers are represented by the Association of Labour providers (2) and the Recruitment and Employment Confederation (1)
 - 10.2 Labour users are represented by the National Union of Farmers (2) and the National Farmers Union of Scotland (1), the Fresh Produce Consortium (1) the Shellfish Association of Great Britain (1) and the Sea Fish Industry Authority (1)
 - 10.3 Workers are represented by the TUC (2) and Unite (2)
 - 10.4 The retail industry is represented by the British Retail Consortium (1) and the Food and Drink Confederation (1)
11. Other organisations who are represented on the Board are the police (2) , Local Authority Regulatory Services (1) and Citizens Advice Bureaux (1).
12. Fundamentally the GLA enforces employment law on behalf of vulnerable workers in its sector. All government departments who are responsible for any aspect of the employment law enforced by the GLA send ex-officio members. Full List at Annex A.

Relationship with Defra

13. Defra is the sponsoring department for the GLA. The CEO of the GLA is the Accounting Officer and reports to the Permanent Secretary of Defra. The Accounting Officer has to account to Defra for the propriety, regularity and value for money of GLA Expenditure.
14. There is also a sponsorship team within Defra, one of whom attends GLA Board meetings. The team meets formally with the GLA Executive on a quarterly basis, with regular contact on policy matters as required. During the recent Red Tape Challenge review of the GLA's activities, Defra took the lead with the Cabinet Office.

GLA Governance

15. In its widest sense, including through its interface with Defra, GLA's governance arrangements should be designed to ensure that the GLA adheres to GLA statutory obligations, other relevant statutory enforcement obligations, Government financial controls and Government policy, notably as regards employment law.
16. The GLA also needs to respond to the employment landscape in which it operates. As a small organisation it needs to draw on the expertise of interested parties in order to maximise its effectiveness, but in ways that do not compromise its enforcement responsibilities.

Strengths of existing Governance Arrangements

17. The size and composition of the GLA gives an opportunity for a wide range of interests to meet and discuss issues relating to the GLA.
18. The legislation provides for sub-committees to assist the Board and liaison groups to represent interest groups to inform GLA thinking.

Issues with existing Governance Arrangements

19. **Size** – GLA Board is too large and diverse to be effective as regards holding the GLA Executive to account.
20. **Appointment** – The GLA is made up of nominated individuals from stakeholder groups. Best practice for arms length bodies would be for there to be an open competition where selection would be based on skills required.
21. **Conflicts of Interest** – It is difficult for a number of Board members to avoid the perception of a conflict of interest between their role as a Board member and their role within the organisation for which they work.
22. **Executive** – None of the senior team in the GLA is a member of the Board. Best practice is for Boards to include executive and non-executive members.
23. **Decision making** – there are no arrangements for urgent decisions other than at Board meetings.

Way Forward

24. Discussions have started with the Cabinet Office to draw on their experience of best practice for Arms Length Bodies such as the GLA.
25. Any significant changes to governance will require new secondary legislation, preceded by a public consultation exercise run by Defra.
26. Specific proposals for change will be discussed with the Board prior to any public consultations.

27. Proposals for change need to ensure that the active and willing engagement of a wide range of interests into the new governance processes is preserved.

Observations and comments from Board members are requested.

Margaret McKinlay
Chair
Gangmasters Licensing Authority
September 2012

Annex A

Current Membership of the GLA Board

The Gangmasters (Licensing Authority) Regulations 2005 makes provision for the constitution, structure and other matters relating to the operation of the GLA.

Regulation 4 provides for the membership of the Board of the GLA. There are nineteen “representative members” nominated for appointment by the various organisations specified in Schedule 1 to the regulations and nine *ex officio* members (see Annex B) appointed by the Minister, Secretary of State, Director General or Commissioner responsible for the various government departments and bodies specified in Schedule 2, the Scottish Ministers and National Assembly for Wales.

Organisations eligible to nominate representative members of the Board

Organisation	No of members
Association of Labour Providers	2
Recruitment and Employment Confederation	1
National Farmers Union	2
NFU Scotland	1
Trades Union Congress	2
UNITE the union	2
British Retail Consortium	1
Fresh Produce Consortium	1
Food and Drink Federation	1
Sea Fish industry Authority	1
Shellfish Association of Great Britain	1
Association of Chief Police Officers	1
Police Superintendents Association	1
Local Authority Association	1
National Association of Citizens Advice Bureaux	1

Appointment of ex officio members of the Board

Person appointing ex officio member	No of members
Secretary of State for Home Affairs	1
Secretary of State for Work and Pensions	1
Secretary of State for Environment, Food and Rural Affairs	1
The Commissioners of Inland Revenue and the Commissioners of Customs and Excise jointly	1
Secretary of State for Business, Enterprise and Regulatory Reform	1
The Director General of the Health and Safety Executive	1
The Scottish Ministers	1
The National Assembly for Wales	1
The Minister for Agriculture and Rural Development for Northern Ireland	1