

Gangmasters Licence Fee 2008 – 09 Consultation

Summary of Responses – January 2008

Introduction

The Gangmasters Licensing Authority (GLA) published a consultation document on 8 November 2007 seeking views on the gangmasters licence fee level that will take effect from 6 April 2008. The consultation closed on 21 December 2007. This is a summary of the responses received.

A list of the respondees is at annex A.

Summary of Responses

Twenty-Four Seven Recruitment Ltd commented the GLA should seek to reduce operating costs.

Reed Employment supports option 2. However, they consider no business will declare anticipated turnover of between £1 million to £5 million, thereby causing a shortfall in income.

The Edge UK favours option 2 and would like more information on how the GLA has performed to date.

Easyjob UK Ltd argues extending the GLA's remit would allow costs to be split by more companies, thereby reducing the unit cost for a licence. **Easyjob UK Ltd** also calls for the Department for Business, Enterprise and Regulatory Reform and the GLA to be merged to reduce duplication.

Easyjob UK Ltd considers increased fees may create a barrier to entry for new companies and may encourage illegal supply, especially with agencies within Europe.

Easyjob UK Ltd believes any fines from prosecutions should contribute to the GLA's recovery of costs. They also consider companies based outside the UK should be charged a higher rate to cover increased costs of administration and monitoring.

MC Personnel Ltd and **Proactive Recruitment Ltd** argue there should be more fee bands with less difference between turnover levels. They consider this would mean fee levels would correlate more accurately to turnover.

Riverside Recruitment Ltd and **Bridge Contract Services** support option 2. **Aviation Logistical Service Ltd** also supports option 2 but requests a smaller increase in fees levels between bands D and C.

NFU Scotland argue there should be no increase in fee levels. They consider the increases under option 2 are unreasonable as they are substantially above the rate of inflation and believe the GLA should seek to reduce costs. However, they welcome the fee level for band D remaining unchanged under option 2. They urge for more to be done to target unlicensed operators.

Jennifer Bain disagrees with the fee levels for businesses with a very small turnover.

The **Association of Labour Providers (ALP)** argues the licence fees should remain unchanged. It considers the GLA should be able to increase fee income by tackling those who falsely declare low turnover levels in order to pay a smaller fee. The **ALP** also consider businesses who traded illegally and apply late should pay an application fee that includes an

additional amount at least equal to the fee that should have been paid. The **ALP** further considers the GLA should seek to make cost savings.

The **Scottish Machinery Ring Association (SMRA)** believes there should be no increase to fees. The **SMRA** considers the proposed increases for bands A, B and C are above the rate of inflation and are unreasonable. They consider increased fees will deter new entrants and believe GLA should seek to make cost savings. The **SMRA** also urge for a fine system for non-compliant businesses as well as more emphasis on targeting unlicensed operators.

CKD Galbraith LLP considers the fee levels have a disproportionate impact on the forestry industry and urges the GLA to make efficiency savings.

The **NFU** considers more options should have been included in the consultation document. They support keeping the band D level unchanged. However, they are concerned the proposed increases for bands A – C exceeds the rate of inflation. The **NFU** is also concerned the proposed fee for applications in Band D is disproportionate for small, incidental and start up labour providers, and at the any cost savings of risk profiling will not be passed on.

The **Confederation of Forest Industries** and **Scottish Woodlands Ltd** believe the current fee levels are disproportionate for the forestry sector and rejects both of the options in the consultation. They argue any fees for the forestry industry should only be minimal.

The **Northern Ireland Forest Service** considers the current fees are high for small forestry contractors, especially as in many cases it is only a small proportion of their turnover in a given year is covered by licensing. They urge for lower fees for companies with turnover below £500,000.

The **Forestry Commission** considers the application inspection charge should reflect the level of inspection carried out by the GLA. They do not feel that the level of turnover that is used to determine the licensing bands is relevant to the type of forestry businesses that are affected by licensing. The **Forestry Commission** considers the fees have a disproportionate affect on the smaller businesses that operate in the forestry sector and argue that small forestry businesses be exempt from all licensing and inspection fees. They also consider the risk-profiling in the consultation does not appear to offer any savings to applicants that are judged to represent a low level of risk. They argue it is not fair to expect low-risk businesses to subsidise the cost of inspecting businesses that are high-risk.

The **Recruitment and Employment Confederation (REC)** the fees should remain unchanged. However, they consider it is neither proportionate nor just and equitable for the costs to fall on labour providers when the entire supply chain within agriculture and food production benefits from the licensing scheme. They believe, at the very least, the retailers should contribute funding.

REC argues the GLA should be achieving cost savings after two years of operation. They also consider the GLA has not presented its figures in a way that enables proper comparison with the previous year's budget. Along with the **ALP**, **REC** support charges for late applicants that reflect any period of time spent trading illegally.

REC and the **ALP** urge action against those failing to declare their true turnover and/or closing down one business in order to set up a new one in a lower band.

The **Scottish Rural Property and Business Association** considers there should be no increase in the fee levels and urges the GLA to make cost savings.

The **Forestry Contracting Association (FCA)** considers the fees are disproportionate for the very small businesses operating in the forestry industry and does not support either option. They argue significantly reduced fees should be introduced for forestry sector to encourage those businesses to remain in the industry.

Annex A: List of Respondees

1. Twenty-Four Seven Recruitment Ltd
2. Reed Employment
3. MC Personnel Ltd
4. Easyjob UK Ltd
5. Proactive Recruitment Ltd
6. Bridge Contract Services
7. Riverside Recruitment Ltd
8. The Edge UK
9. NFU Scotland
10. Bain, Jennifer
11. Aviation Logistical Service Ltd
12. Association of Labour Providers
13. Scottish Machinery Ring Association
14. CKD Galbraith LLP
15. National Farmers Union
16. Confederation of Forest Industries
17. Northern Ireland Forest Service
18. Recruitment and Employment Confederation
19. Scottish Rural Property and Business Association
20. Forestry Contracting Association