

ALP publishes initial analysis of GLA licensing progress

13 July, 2006

The Association of Labour Providers has published an analysis of labour providers that have sought licences from the GLA.

497 labour providers had applied for licences as at 13 July. The figure was 298 on 15 May, 405 on 15 June and 483 at the end of June.

The Association has analysed the first 446 applicants. The country breakdown was –

England 411, Scotland 20, Wales 6 and Northern Ireland 9.

Within England the counties with the most number of registered labour providers were –

Lincolnshire	77
Cambridgeshire	36
West Midlands	21
Norfolk	20
Kent	19

Bristol and Avon, Cumberland, Humberside, Huntingdon, the Isle of Wight, Northumberland, and Rutland between them had no registered labour providers. London had only seven labour providers. Only six labour providers from Wales have sought licences. At first sight some of these figures seem implausibly low. However, some labour providers operate nationally and other operate in areas away from their head offices.

81% of licence applicants supplied food packing, 66% supplied processing, 44% supplied agriculture and 34% supplied horticulture.

Of the 446 applicants 358 (80%) were companies 59 (13%) were sole traders and 29 (7%) were partnerships. Most of the sole traders were in the agriculture business. Nearly half the companies have not named any individuals on their licence applications. The ALP points out that GLA requirements on this are contradictory and need to be resolved.

Some additional information on applications to the GLA is available from a presentation given by a GLA executive to the Temporary Labour Working Group on 26 June 2006.

An interesting feature of the GLA approach has been the recognition of audits carried out by the TLWG. The audit reports have been examined against the GLA licence standards and scored accordingly. Where the score is less than the cut-off point of 30 the audit is classed as successful. Where it is over 30 then a verification visit has been required.

The GLA received the results of 462 TLWG audits. 227 (49%) scored under 30 and were regarded as successful. 185 (40%) required a further visit. Of the remaining 35, 22 have so far been classed as failed because of a major change of circumstances or failure to contact. Post verification, 427 labour providers (92%) were classed as successful. There is a close relationship between those labour providers and those listed on the GLA website.

The ALP drew the following conclusions from the analysis –

- Very few "field gangs" have registered.
- Many businesses probably do not know that they need licences. It is implausible that there are no businesses supplying permanent or temporary labour to the food industry in large parts of England, Wales, Scotland and Northern Ireland.
- The inconsistencies between the legislation, the regulations, the application form and the guidance notes are now exemplified in the Defra consultation paper on reasonable steps, which envisages that the labour user will have to deal with a named individual even though 46% of companies that have registered have not been required to name any individuals.
- The GLA website need significant amendment if it is to be of use to labour users wishing to check that the labour provider is licensed. In particular, the search facility must cover trading names as well as business names and it must be possible to print off and to save the entry for an individual labour provider.

Commenting on the analysis Mark Boleat, Chairman of the ALP said –

“The licensing process has gone smoothly, but so far seems only to have caught the more established labour providers. It is implausible that there are no employment agencies or businesses in so many parts of the country. There is a risk that businesses will not seek licences or will do so at the last minute, which may threaten the introduction of the offence of operating without a licence, currently planned for 1 October.

The ALP has consistently made the point that the major problem facing labour providers is the inability to get rates from labour users that allow them to meet all legal requirements. This is because a significant number of labour providers are evading tax, the only means of significantly reducing costs.

It is understandable that initially the GLA will be concentrating on licensing. However, it is important that as quickly as possible work is done by the GLA and HMRC, separately or together, which deals with the tax evasion issue. HMRC should be investigating labour user businesses that are known to pay unrealistically low rates and pursuing the labour providers who supply them.”

A copy of the detailed analysis is available elsewhere on the ALP website at www.labourproviders.org.uk/policypapers/gla_licensing_initial_anal.html

Notes:

1. The ALP was founded by 18 labour providers at a meeting in Cambridge in January 2004. The Association now has 118 members.
2. The Association is recognised as the trade association for labour providers that serve the agriculture and fresh produce trade. It has nominated two representatives to the Gangmasters Licensing Authority, its Chairman sits on the Home Office Illegal Working Stakeholder Group, and it is a co-sponsor of the Code of Practice for Labour Providers.
3. The Association has an independent Executive Chairman – Mark Boleat, the former Director General of the Building Societies Association, the Council of Mortgage Lenders and the Association of British Insurers.
4. The Association operates as a virtual organisation with no fixed premises. Information is provided to members and others through this website www.labourproviders.org.uk.

5. The Association has issued a number of policy papers and responses to consultation documents all of which are on this website.