

Election Manifesto



"The UK needs a dynamic, flexible and intensive labour market that will benefit business, workers and the economy as a whole. The UK recruitment industry is committed to playing a central role in this and calls upon policy makers to ensure that the right regulatory environment is in place to support these aims."

Gareth Osborne

2005

Promoting a dynamic and inclusive labour market

Promoting a Dynamic and Inclusive Labour Market

The UK economy continues to reap the benefits of a flexible labour market. Employment levels have continued to rise and business competitiveness has remained strong.

However, a number of areas need urgent attention, in particular, the on-going skills shortages, productivity and the need to address potentially damaging regulations from Brussels. As the representative body for the UK recruitment industry, the REC calls for all political parties to:

Recognise and facilitate the contribution of the recruitment industry to the UK labour market and economy

- The recruitment industry has annual turnover of over £24.5 billion and makes a substantial contribution to the economy.
- The recruitment industry is responsible for placing over 1.5 million temporary workers and half a million permanent employees into work each year and has a massive role to play if we are to achieve the target of 80% of the working age population in employment.
- Recruitment service providers play a key role in helping UK Plc to address resourcing challenges - whether it be temping work or permanent postings. This is especially important in increasingly tight labour markets where the demand for staff is continuing to rise¹. In an increasingly competitive global economy, fast and flexible resourcing solutions are an absolute necessity.
- Effective recruitment - ensuring that the right person is in the right place at the right time and has a central role to play in the on-going debate on enhancing UK productivity.
- For individual job-seekers, the recruitment industry provides a gateway into both temporary and permanent employment.
- The recruitment industry is committed to high standards through REC Codes of Practice and Audit schemes and to working with the Government to ensure that existing regulations are met.

Recognise the importance and facilitate the effective provision of temporary work

- Temporary work provides a valuable stepping stone into the labour market. It is a means of enhancing and developing skills, and is increasingly seen as a rewarding and viable career alternative. For example, 70% of temporary workers responding to an REC survey believed that temping improves employability.
- The contribution of agency work to European job creation is increasing on a yearly basis and could lead to up to 4.3 million new jobs between now and 2010² (10% of the growth targets of the Lisbon Strategy).
- An increasing number of individuals actually prefer the temporary work option because of the flexibility it affords. In a recent survey, 82% of temporary workers surveyed said that they intended to work as temps in the future.
- The benefits of temporary work for job-seekers are also lined to the fact that - despite what is commonly perceived - temporary workers do have rights and are covered by a number of protections under UK and European Law. For example, agency workers are covered by working time, national minimum wage and health and safety regulations as well as provisions for maternity and statutory sick pay. The new Employment Agency Act Regulations provide additional protection for temporary workers.
- The idea that temporary work is necessarily second rate, and that temporary workers are somehow disadvantaged and exploited, has been dispelled once and for all.

¹ REC Survey, July 02

² McKinsey report, 'Orchestrating the Evolution of Private Employment Agencies towards a Stronger Society' (2000)

Ensure that the right regulatory environment is in place and the existing legislation is effectively enforced

- It is crucial to take into account the cumulative impact of regulations on business. Effective impact assessments for all new legislation is a must and the impact of existing regulations should be reviewed.
- Better enforcement of existing regulations is an absolute priority. Law abiding businesses are counting the cost of compliance whilst the outlaws carry on regardless, gaining competitive advantage by cutting corners.
- For example, more resources are needed within the DTI Inspectorate Team if there is to be effective regulation of the UK recruitment industry's 14,000 agencies. Barring this, a different system of enforcement is necessary in order to identify and drive out outlaw providers.
- The REC supports the aims of the Gangmaster Licensing Act Regulations. Duplication with the existing EAA Regulations must be avoided and effective enforcement must be monitored.

Ensure that there is a level playing field between private and public sector labour suppliers

- Private recruitment agencies have to comply with specific regulations that do not at present apply to public sector providers. As well as creating an un-level playing field, this means that job-seekers and employers do not have the same guarantees that standards are being met.

Maintain labour market flexibility which is crucial to business success and employment creation

- Labour market flexibility means speed. It means having the ability to adapt quickly to changing circumstances and to create employment opportunities.
- One of the best examples of this is the effective provision of temporary work which enables organisations to re-act quickly to changing resource needs and enables individual job-seekers to access the labour market quickly.
- The key to the success of temporary work in the UK - and the reason a number of other EU countries are increasingly interested in the UK model - is the relative lack of bureaucracy involved. It is for this reason that the current draft of the EU Agency Workers Directive - which would require equal pay and conditions to be established for each temporary assignment - is seen as such a threat. Any Directive must enhance rather than limit the viability of temporary work in the UK and across the EU.

Address skills shortages and implement practical measures for enhancing labour market inclusion

- REC data confirms that there are increasing skills shortages and that demand for staff has now increased for eighteen consecutive months.
- In an increasingly tight labour market, an effective skills strategy is essential in order to expand the pool of available workers. An effective managed migration policy also has a role to play in ensuring that the resourcing challenges facing UK business are addressed.
- Enhancing labour market inclusion is also essential. The recruitment industry will play a major role in helping in-active people into work and to breaking down the barriers that prevent excluded or under-represented groups gain access to the labour market.

- The industry's desire to deliver tangible progress in this area is highlighted by the development of a specific Diversity Pledge which will be endorsed by the Department for Work and Pensions and by leading employers' bodies.

Review current trends in public sector procurement to ensure that small companies are not excluded

- 'Master/Vendor' arrangements are increasingly being used to manage the provision of recruitment services to Government departments and other areas of the public sector. Urgent action is required from the Government to ensure that smaller agencies in the second tier of suppliers are not frozen out and are able to compete.
- As regard general tendering procedures, the REC believes that e-auctions are a wholly inappropriate way of setting prices for temporary workers. People are not commodities and the sole focus on cost takes no account of the value that agencies can bring - for example, in terms of effective data checking and selection.

Key messages

- The recruitment industry has an annual turnover of over £24.5 billion and is responsible for placing over 2 million job-seekers into work each year. The contribution to the UK labour market and economy must be recognised and facilitated.
- The regulatory environment must reflect the increasing need for fast and flexible resourcing solutions. Maintaining labour market flexibility is crucial to business success and employment creation.
- The effective provision of temporary work is crucial and the proposed EU Agency Workers Directive must be re-drafted in such a way as to enhance rather than limit the viability of temporary work in the UK and across the EU.
- Temporary work provides a valuable stepping-stone into the labour market and is increasingly seen as a viable and rewarding career choice. The idea that temporary work is necessarily second rate must be dispelled once and for all.
- Practical measures addressing red tape are urgently needed. Priority must be given to the effective enforcement of existing regulations rather than the development of yet more employment legislation.
- In an increasingly tight labour market, an effective skills strategy is essential in order to expand the pool of available workers. An effective managed migration policy also has a role to play.
- The recruitment industry is committed to playing a leading role in helping excluded or under-represented groups gain access to the labour market.
- Public sector procurement procedures must be reviewed to ensure that small and medium sized recruitment providers are not excluded.

The REC (Recruitment & Employment Confederation) is the representative body for the UK recruitment industry, with over 6000 corporate members and 5000 individual members. The REC represents providers of both permanent and temporary recruitment services in all industrial sectors.

All members must commit to a Code of Good Recruitment Practice and the REC recently launched a specific audit scheme to highlight compliance with current regulations and professional standards.