



**Migration Advisory Committee – call for evidence
Response from the Recruitment and Employment Confederation - April 2008**

1. Introduction

- 1.1 This paper outlines the role of the REC and the recruitment industry in the UK. It goes on to position our industry within the migration debate and answers the questions posed by the MAC. It draws on a range of expertise from the REC External Relations team, the REC Employment Policy Committee, feedback from our specialist sector groups, data from the REC/KPMG report on jobs and a survey of our members on immigration matters.
- 1.2 In summary the REC response to the MAC is as follows:
- Immigration is an extremely sensitive and politicised issue but the REC would like to see the MAC **take the real needs of the UK economy into account** when drawing up occupational shortage lists.
 - The REC is concerned that the **definition of a skilled worker may result in some skilled occupations missing the NVQ level 3 e.g. chefs and care workers.**
 - The REC encourages the MAC's 'bottom up' approach to evidence gathering and stresses that mediums such as the sector advisory panels are a good vehicle to do this.
 - However **there must be clear entry points for professional and trade associations to make representations to the MAC.** These bodies hold specialist knowledge of their sector which could be invaluable to the MAC. They also tend to be close to the market they represent and so would provide up to date information on potential shortages. It should not be assumed that the Sector Skills Councils can fulfil this role alone.
 - The REC will feed into stakeholder panel through the CBI.
 - We highlight the **construction, hospitality, social care and live-in care sectors** as those which should be considered by the MAC for the shortage occupation list.
 - When analysing skills shortages the MAC should also take into account **regional disparities** in pay rates and availability of staff.
 - The MAC should also consider **shortages of unskilled workers** under tier 3 in the future and the opening up of the labour market to Bulgaria and Romania.
 - REC supports the **Government's employment and skills strategy** and believes that with the right training some skills shortages could be filled within the UK. However recruiters note that skills training is not enough if the basics, such as getting into work on time and being committed to the job in hand, are not also in place.

2. The role of the REC and the recruitment industry in the UK

- 2.1 The REC represents around 8000 recruitment company branches, estimated to constitute half of all branches by number but a higher proportion by turnover. The vast majority of the industry is made up of small businesses. In 2006-7 the recruitment industry generated a turnover in excess of £26 billion and placed 1.3 million people into temporary jobs every week. In addition to this nearly 800 000 permanent placements were made by the recruitment industry.
- 2.2 REC members sign up to our Code of Professional Practice and we take complaints against the Code. In recognition of the need to cement REC as a brand of quality recruitment four enforcement officers have been recruited who inspect REC members at random to ensure that members abide by our Code.



- 2.3 REC is the route for information to the recruitment industry. We support our members through the provision of a free legal helpline, standard documents, training and professional qualifications for the industry. In addition to this REC holds regular regional and sector focussed meetings to update members on the latest legal developments so that they are abreast of new requirements. These face to face meetings are supplemented by comprehensive information which is mailed to members, including e-News bulletins and a magazine, which is posted to all members.
- 2.4 We offer our members the opportunity to join one of 14 sector groups who exist to spot issues relevant to their sector of expertise. These range from the medical sector supplying locum doctors through to construction, hospitality and childcare.
- 2.5 The REC has its own industry research unit which provides regular data on the UK labour market and the UK recruitment industry. The REC produces a monthly Report on Jobs (in conjunction with KPMG and NTC research) which tracks the demand for staff in a number of key sectors.
- 2.6 The REC already works closely with the Home Office and Border and Immigration Agency and is represented on the Illegal Working Stakeholder Group (IWSG) and the Employers' Taskforce for the Points Based System.

3. REC's approach to immigration

- 3.1 The REC submitted a response to the Home Office in January 2007 on the establishment of the Migration Advisory Committee (MAC). We stated that we support the MAC but that because immigration is an extremely sensitive and politicised issue there is a real need for a rational debate based on the real needs of the UK labour market.
- 3.2 Recruiters find it easier and more cost effective to recruit locally rather than sourcing labour from outside of the UK. Local candidates bring advantages such as they have a greater knowledge of the UK business environment and language barriers are less likely to be an issue.
- 3.3 The REC is actively involved in supporting and assisting recruiters in finding labour from within the local area. We are in regular dialogue with Jobcentre Plus and have completed a substantial project to give recruiters the tools to recruit from more diverse groups. We are also encouraging members to participate in the local employment partnerships initiative. We support the Government's skills agenda to give local people the resources they need to succeed in the workplace.
- 3.4 However there are some cases where using skilled labour from abroad is a necessity. Some of our members have told us that without skilled labour from overseas several of the clients they work for would not exist anymore, would have relocated overseas or would not have shown any growth. Access to labour must be responsive to the needs of the British economy. We are strongly opposed to any suggestion of capping immigration and call for the system to be adaptive and flexible to adjust to fluctuations in business demand.

4. REC's approach to occupational labour shortage lists

- 4.1 The REC wishes to see a flexible labour market. Many of our members, particularly those working in the health care, social care, agricultural and construction sectors rely on labour from outside of the European Economic Area (EEA). An occupational labour shortage list



must be able to recognise and quickly adapt to changes in the availability of labour. Recruiters have a valuable role to play in flagging labour shortages to Government.

- 4.2 Being on the front line for seeking suitable candidates, the recruitment industry is very attuned to labour shortages. In the event of a labour shortage many companies most immediate response will be to call a recruitment agency. Recruitment consultants come into frequent contact with a range of clients from across an individual sector and wider sectors. Some of our members operate over a wide geographical area and so will be in a good position to flag regional shortages to the MAC. In addition specialised recruiters, operating in particular sectors, will have invaluable information about sectoral shortages.
- 4.3 The REC already has an effective structure in place to gather this type of information. REC divides its membership into sectors which have quarterly meetings throughout the year. From these meetings, problems and difficulties in the sectors are voiced and aired. The REC, being in a good position to spot labour shortages and having a structure in place to relay those views could have an important role in the “bottom up” evidence gathering outlined in the consultation paper.

5. REC’s response to the MAC call for evidence

Q1 Do you currently agree with our proposed indicators of whether an occupation is skilled to NVQ level 3 or above?

We are in broad agreement with this proposal. However we are concerned that some skilled migrants may not be included in the proposed indicators in certain sectors. This applies particularly to the hospitality, social care, live-in care and construction industries.

For example it was noted in the consultation that there are some occupations e.g. cooks and chefs where the MAC’s criteria for scoring qualifications would be too low for them so be considered ‘skilled’ and would therefore disqualify them from ‘tier 2’. Only 26% of cooks and chefs are considered skilled. We are concerned that other skilled workers providing live-in care or work in care homes and construction sites may not qualify under the MAC’s indicators as they currently exist. In these cases on the job experience as well as qualifications should be considered.

Q2 Do you agree with our proposed indicators of whether skilled occupations are experiencing a labour shortage?

The indicators are sensible ways to recognise a labour shortage. However we would stress that recognising an industry using temporary workers does not constitute as an indicator of a labour shortage in itself. Employers use agency workers for a variety of reasons for example because of the flexibility it allows them to operate within i.e. the job they have will only last for a set period of time. This is particularly true for work like construction.

However we are concerned about the ‘top down’ data analysis method and fear that some migrants may be barred from entry at a time when labour cannot be found within the UK or the EEA. That is why we broadly welcome the MAC’s recognition that ‘bottom up’ evidence will also be important in recognising labour shortages.

We work closely with the CBI who would feed our views into the formal stakeholder panel. However we are concerned that the current sector panels are being disbanded. It is vital that the MAC looks beyond the Sector Skills Councils to employers themselves for information about labour shortages. The labour market is always going to move more quickly than statistics and consultation with employers and recruitment agencies directly will offer an opportunity to respond



to future challenges quickly. Currently our IT Sector Groups sits on the IT sector panel.

Another opportunity would be to draw on information from professional and trade associations. These bodies hold specialist knowledge of their sector which could be invaluable to the MAC. They also tend to be close to the market they represent and so would provide up to date information on potential shortages.

Additionally the REC has access to statistical sources of information from surveys of recruitment agencies, employers and agency workers. This includes the REC/KPMG monthly Report on Jobs which assesses vacancies and staff availability and a separate tracking survey, conducted by BMG research, which month on month tracks demand for staff across sectors and regions. These sources could feed into this 'bottom-up' evidence gathering.

Q3 Do you agree with our proposed indicators of whether it would be sensible to fill a shortage of skilled labour by non-EEA migrants?

REC supports the proposed indicators. However there are some jobs which involve living on the site of employment for example – live-in nannies, care workers etc where some of the proposed indicators like increasing wages are unlikely to make the job more attractive to local people since they often already have or prefer to have their own accommodation. Other indicators for example changing methods of production to less labour intensive methods and off shoring labour functions are simply not possible in some sectors such as construction, hospitality and care work.

Regional disparities should also be taken into account. Pay rates and availability of staff varies significantly across the UK.

We would like to see the MAC use the formal stakeholder panel and the sector advisory panels to recognise occupational labour shortages from our members. Moving forward the MAC should also consider potential shortages of unskilled workers under tier 3 and the opening up of the labour market to Bulgaria and Romania. It should not be assumed that it is always possible to fill these positions from within the EEA, particularly now that the economics of central and Eastern Europe are growing fast and changes to exchanges rates make working in the UK a less attractive option. REC works closely with the British-Polish Chamber of Commerce and they have noticed an increased interest in Polish companies wanting to recruit in the UK for jobs in Poland.

Q4 Do you wish to nominate specific occupations or job titles as suffering from a shortage of skilled labour that might sensibly be filled by non-EAA migrants? Please specify occupations according to the SOC2000 classification.

We are concerned that the SOC2000 codes do not necessarily reflect some newer jobs and need to be updated. As regards specific skills shortages our members have highlighted that the hospitality sector is one of particular concern since some chefs require specific skills some of which can only be found from abroad.

5434 Chefs and cooks

We would also like to put forward sectors involving workers who are employed in the environment in which they may live such as those listed below:

6231 Housekeepers and related occupations
6115 Care assistants and home carers



As well as the social care sector we are concerned that there may be labour shortages in similar roles for example in the child care sector.

6121 Nursery nurses
6122 Childminders and related occupations

With regard to the construction sector there are shortages being experienced however we are concerned that the traditional categories in the SOC 2000 codes are no longer reflective of the changes which have occurred in the industry over the past eight years. Our sector groups have highlighted that there will be a shortage of workers who don't fit into the categories e.g. workers in steel construction, glaziers, cladding and those involved in offsite manufacturing. It will also be necessary for the MAC to continue to monitor the construction sector closely as there are a large number of infra-structure projects coming on stream which will require resourcing.

Q5 Government policies and other influencing factors. Which specific Government policies or other factors do you think influence the availability of skilled labour in occupations where non-EEA migrants might otherwise sensibly fill shortages in the labour market?

The renewed effort on employment and skills, particularly those plans highlighted in the Freud and Leitch reports may well result in more workers skilled in the right jobs. This could result in a reduction in the need for migrant labour. However recruiters note that skills training is not enough if the basics, such as getting into work on time and being committed to the job in hand, are not also in place.

The impact of these policies should be monitored alongside consideration of skills shortages as in the longer term, if education, skills and employment policy is targeted correctly, the need for recruitment from outside the EEA should lessen.

Information about REC

REC is a not-for profit company that represents the recruitment agency industry.

Contacts

Anne Fairweather
Head of Public Policy
REC
15 Welbeck Street
London W1G 9XT

Tel: 020 7009 2107
Fax: 020 7935 4112
Email: anne.fairweather@rec.uk.com

Philip Curry
External Relations Advisor
REC
15 Welbeck Street
London W1G 9XT

Tel: 020 7009 2153
Fax: 020 7935 4112
Email: philip.curry@rec.uk.com