



**Migration Advisory Committee Discussion and call for evidence.
Forthcoming analysis of Tier 1, Tier 2 and dependants under the Points Based
System for immigration
Response from the Recruitment and Employment Confederation – June 2009**

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 general approach to immigration and then addresses the questions posed in the document. It draws on a range of expertise from the REC External Relations team, feedback from our specialist sector groups, data from the REC/KPMG Report on Jobs, research from the REC Industry Research Unit and a survey of our members on this consultation, which had 121 responses. REC is happy for this consultation to be made available to the public.

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. 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.

2.2 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.

2.3 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.

2.4 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 Markit Economics) which tracks the demand for staff in a number of key sectors.

2.5 The REC already works closely with the Home Office and UK Border Agency and is represented on the Employers' Taskforce for the Points Based System and the Home Office Business Advisory Group.

3. REC'S APPROACH TO IMMIGRATION

3.1 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 having a greater knowledge of the UK business environment and language barriers are less likely to be an



issue. We support the Government's skills agenda to give local people the resources they need to succeed in the workplace. To ensure that the unemployed have maximum access to job vacancies within the recruitment industry, the REC and Jobcentre Plus signed a Memorandum of Understanding in November 2008 to promote engagement.

- 3.2 REC believes that because immigration is an extremely sensitive and politicised issue there is a need for a rational debate based on the real needs of the UK labour market. There are some cases where using skilled labour from abroad is the only available option. 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 call for the system to be adaptive and flexible to adjust to fluctuations in business demand.

4. REC'S RESPONSE TO THE MAC CONSULTATION

4.1 The labour market is beginning to show early signs of improvement

REC disagrees with the MAC's overall proposal to tighten the points based system. Our monthly *Report on Jobs* has shown that there has so far been a decline in vacancies and demand for both permanent and contract staff as a result of the recession. The number of people placed in permanent jobs by recruitment consultancies continued to decline in June. The current period of contraction now extends to fourteen months. However, although still sharp, the latest drop was the least marked since last September. The figures suggest that the decline in demand for staff is beginning to ease and it could be that by the end of the year, demand could pick up again. A survey of employers who use agencies found that there is confidence among just under a fifth (17%) of an increase in their staffing levels this year¹. At a time when the economy could develop, now is not the time to be restricting the number of highly skilled people who can contribute to the UK's recovery.

4.2 The recession means that some skills shortages have become more pronounced

The economic factors in a recession may seem to indicate that there will be a large increase in candidates on the market. However the situation is a lot more complex and varied than this picture suggests if the experience of previous recessions hold true. Experts in recruitment have found that in some cases rather than finding it easier to source the right candidate for a skilled position, the reverse is actually true. Many candidates have become less flexible in what they will accept, as anxiety drives them to be more cautious and risk adverse. Therefore it is harder to persuade those in employment to leave, so that head hunting can be more challenging. Candidates have also shown a preference for large, well established and stable employers. These indicators suggest that the recession means that shortages in rare and specialist skills continue and that these vacancies are not necessarily easier to fill². This is in spite of the rising UK unemployment rate. This seems to be backed up by our survey of members which found that 40% of respondents are still finding that some jobs can only be filled by non EAA migrants.

4.3 Tier 1 provides an opportunity for highly skilled people to enter the country

Their skills are of importance to the recovery and future growth of the UK economy. It is clear from our survey that many Tier 1 migrants are working through recruitment agencies. 67% of respondents said that they had encountered workers in the UK on a tier 1 visa. Crucially, 35% said that tightening the criteria for tier 1 would make it more difficult to

¹ REC tracking survey of employers March 2009

² Page 19 '*Riding the Recession*', Recruitment and Employment Confederation, 2009



source the right candidates. Restricting entry for tier 1 migrants will mean that talented people with a lot to offer the UK may choose to go elsewhere.

4.4 Tier 2 should continue to allow UK plc to source workers from outside of the EEA to fill specific skills shortages

However the labour market is incredibly complex and skills shortages cannot be simply relegated to a simple list. Due to the complexity of the labour market, a degree of flexibility is required which the labour market test currently provides. REC strongly believes the resident labour market test should therefore remain in place.

4.5 From our survey it seems that dependants do make an economic contribution once they arrive in the UK

16% of agencies said that very often or often employ those who are classified as 'dependants' of migrants. A further 25% said they occasionally employ dependants.

Contacts:

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

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

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

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