



REC Industrial

The REC Industrial Sector Group gives industrial and GLA licensed recruiters a space to discuss issues that impact their business. Members are provided with regular updates on the latest market insights as well as urgent policy or regulatory announcements. The group also acts as a forum for members to network, share knowledge and discuss industry-wide trends and challenges.

Sector developments

The industrial sector covers everything from manufacturing and warehousing, to horticulture and agriculture. With a similarly large number of sectors depending on its success, it is clearly an important driver of the UK economy. It, therefore, benefits the whole economy – output has risen by 2.1% according to the latest official data.⁴ However, the UK's productivity performance remains poor compared to other G7 nations and the manufacturing/industrial Sector is key to reversing it. The government has made this a priority, changing the business department to the Department for Business, Energy and Industrial Strategy (BEIS) and convening a Cabinet Taskforce to give it its full attention. The industrial sector must also contend with the reputational risk arising from damaging headlines and the prospect of further regulation.

Brexit

When the UK voted to leave the European Union in the referendum on 23rd June 2016, many in the business community were taken by surprise. The outcome now heralds a period of possible uncertainty for the economy as the government formulates its strategy before triggering Article 50 of the Lisbon Treaty, which initiates a formal exit process. Stress has been laid on the need to secure a deal which enables business to access the skills they need to succeed. REC sector group meetings and webinars will be used to capture feedback from members on what Brexit could mean for each sector and REC's monthly jobs market data will be used to assess the impact on hiring too.

"The REC Industrial Sector Group provides tailored support to agencies dealing with a range of roles and positions in a number of different areas. The group is committed to raising standards across the industry and will continue to act as a strong voice for the sector."

Marshall Evans, Director, Staffline Group

Key stats

There are **100,300 manufacturing businesses in the UK, employing 2.4 million people.**¹

'Blue Collar' is the **third most in-demand category for temporary workers.**²



Agriculture contributes **£8.5 billion to UK GDP.**³

¹ Employer Skills Survey 2015: Evidence Report 97, UK Commission for Employment and Skills, May 2016, p27. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/525444/UKCESS_2015_Report_for_web_May_.pdf ² Report on Jobs, REC, August 2016. <https://www.rec.uk.com/news-and-policy/press-releases/permanent-placements-fall-at-sharpest-rate-in-over-seven-years> ³ Total Income from Farming in the United Kingdom First estimate for 2015, DEFRA, April 2016. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/519745/agriaccounts-tiffstatsnotice-28apr16.pdf ⁴ UK Index of Production: June 2016, ONS, August 2016. <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/bulletins/indexofproduction/june2016>

THE REC GUIDE : INDUSTRIAL

Reputational Risk for the Industry

Theresa May has pledged to create an economy which works 'for all, not just the few', with worker conditions at its heart. As such, the industrial sector is likely to come into sharp focus. Employment businesses and clients need to work together to change the perception of the industry. The REC has been working extensively to promote compliance, including working with parliament, government and trade unions on inquiries and investigations and last year convened a roundtable of members in the sector to explore how to address some of the key challenges. The REC's robust compliance standards require members to complete a test every two years to examine their legal and ethical knowledge of recruitment and the REC's Good Recruitment Campaign promotes good practice to employers, pushing good resourcing further up the corporate agenda.



The REC's robust compliance standards require members to complete a test every two years to examine their legal and ethical knowledge of recruitment

Legislative changes

In the 2015-16 parliamentary session, businesses had to grapple with legislative changes in employment, tax and immigration law, affecting the way that employers hire staff. In April 2016, a National Living Wage was introduced for workers aged 25 and above, meanwhile changes to travel and subsistence expenses means that temporary workers can no longer claim tax relief on their expenses unless they meet specific criteria. It also became more difficult for employers to hire non-EEA workers under the Immigration Act, and the Modern Day Slavery Act places reporting requirements on large businesses to ensure their supply chain is slavery free. The measures reinforce the need for strong compliance standards, however, businesses may feel unnerved by the additional costs and bureaucracy this creates, especially at a time of uncertainty about the future of UK trade and with an Apprenticeship Levy due to be introduced in April 2017. The REC has produced a range of materials to assist members with these changes including, infographics on the [National Living Wage](#) and the [travel and subsistence changes](#), updates and advice on the immigration changes⁵ and guidance on the slavery reporting requirements.⁶

Expansion of regulation

The 2016 Immigration Act makes provisions for the introduction of a Director of Labour Market Enforcement to tackle exploitation covering both labour providers and direct employment. The role aims to coordinate the relevant functions of HMRC, the Gangmasters Licensing Authority (GLA) and the Employment Agencies Standards (EAS) Inspectorate. Further, the nature of the GLA is changing, both in name and in deed: it will be renamed the Gangmasters and Labour Abuse Authority (GLAA) and will have police-style enforcement powers to stamp out exploitation across all sectors. The REC maintains a strong working relationship with the regulators and has partnerships with others such as, Stronger Together, to ensure that the recruitment industry is at the front and centre of the drive to tackle labour market exploitation and abolish modern day slavery.

Get involved

To find out more about joining REC Industrial, visit [here](#). The best way to get involved is to come to the next meeting or join our next event or webinar – ask your REC account manager for more details.

www.rec.uk.com/industrial

⁵ <https://www.rec.uk.com/news-and-policy/policy-update/policy-update-immigration-act-2016> and <https://www.rec.uk.com/news-and-policy/policy-update/Tier-2-changes2>

⁶ *Transparency in supply chains Reporting Requirements: REC Policy Briefing*, REC, October 2015. https://www.rec.uk.com/rec-document-library/policy-and-campaigns/REC-Policy-Briefing_Transparency-in-Supply-Chains-Reporting_01-10-15.pdf?SQ_ACTION=login& and *Chain reaction: making recruitment supply chains work*, REC, CIPS & CIPD, November 2014. https://www.rec.uk.com/rec-document-library/press-and-research/Chain-reaction-report-2014.pdf?SQ_ACTION=login&