



REC

Recruitment
& Employment
Confederation

REC Manifesto

REC Manifesto for Growth: Northern Ireland

2024



“It’s only by driving growth that we can fund public services and bring the tax burden down.

But success in that mission – the prosperity of the UK – rests primarily on the talent of our people.”

Neil Carberry,
REC Chief Executive

Executive summary

What is the impact of Recruitment in Northern Ireland?

The Recruitment and Employment Confederation (REC) represents the UK's recruitment industry, a sector that is bigger in scale than either law or accountancy. **The industry contributed over £41 billion to UK GDP last year.** We reach far into the heart of the UK economy across all sectors and levels of employment. REC members are advisers, planners, and partners with businesses in every sector on recruitment, retention and productivity, with 31 of our members headquarters in Northern Ireland and 60 with branches within Northern Ireland.¹ **This contributes more than £5.2 Billion to the Northern Ireland Economy.**² Any plan for economic growth and how we make great work happen, should take note of what recruiters see on the front line of the labour market and when helping people into work.

What are the challenges facing Northern Ireland?

The long hiatus in the devolved Northern Ireland Assembly had a marked impact on the local economy. It is now time for the executive to focus on economic growth and investment. The Executive must work to attract and encourage investment in jobs, supported by a skilled and engaged workforce. It is important that the Executive collaborates with business to re-build employers and investors' confidence to help unlock Northern Ireland's currently untapped potential.

1 Recruitment and Employment Confederation (REC) Membership Data 2024

2 The total Gross Value Added (GVA) for the recruitment sector in Northern Ireland in 2023/24 was £5.2 Billion.
Source: Office for National Statistics

How can the Northern Ireland Government address challenges, to create jobs and bolster the economy?

Understand today's labour market challenge

- ▶ Develop an Industrial Strategy for Northern Ireland.
- ▶ Work with the UK Government to amend its immigration policy.
- ▶ Boost skills of the local work force.

Support our labour market transition by preparing for the future

- ▶ Include the recruitment industry in the Northern Ireland Skills Council.
- ▶ Address issues with the Apprenticeship Levy.
- ▶ Appreciate the role of public sector employment services.

Boost workforce productivity and drive down inactivity

- ▶ Increase Childcare provision.
- ▶ Improve road infrastructure and public transport.
- ▶ Improve the healthcare system in Northern Ireland.
- ▶ Review procurement processes for public sector staffing.

Regulate for a sustainable and dynamic labour market

- ▶ Ensure policy and regulations align with the modern Labour Market.
- ▶ Introduce a specialist enforcement agency.



REC Manifesto for Growth: Northern Ireland

The long hiatus in the devolved Northern Ireland Assembly had a marked impact on the local economy, with growth and investment both stifled during this time.

It's important now, as the Stormont administration continues the hard work to get back on track, that the Executive look at fresh paths to deliver stability and economic growth. Critical to building a better future will be two things: a political and economic environment which attracts and encourages investment in jobs, supported by a skilled and engaged workforce that is primed to power that growth.

The public consultations on the 'Good Jobs' Employment Rights Bill, the Safe and Effective Staffing Legislation in the healthcare sector, and the Draft Programme for Government, together with the Department of Economy's Delivering the Economic Vision strategy, are an excellent example of the proactivity that is much needed in ensuring that workers and businesses in Northern Ireland are placed at the heart of economy recovery. Continuing with this consultative approach with business will give employers and investors the confidence to help unlock Northern Ireland's currently untapped potential.

Northern Ireland has many things going for it - support from not one but two neighbouring governments, a well-respected education system which forms the foundation of a high potential workforce, and, hopefully, a new government that has the vision and stability to look towards long-term economic success. Belfast, a beacon of global leadership in cyber security, advanced manufacturing, and fintech, beckons for strategic investment. Derry/Londonderry is ripe for investment, if the infrastructure to support it can be put in place. More broadly, Northern Ireland plays a key role in agriculture and food production, with this sector generating total sales of £5.4 Billion in 2022, 49% of which was sold to Great Britain, demonstrating the value and potential of this industry in Northern Ireland. In short, the potential is huge, provided the commitment, such as set out in the City & Growth Deals, is there to engage all stakeholders in realising it.

It is welcome news that the in **the budget UK Government announced that the Northern Ireland Executive will be provided with a £18.2 billion settlement in 2025/26.** This is the largest in real

terms in the history of devolution. This covers a £1.5 billion top-up through the Barnett formula, with £1.2 billion for day-to-day spending and £270 million for capital investment.

Earlier this year the REC published a manifesto, **Dynamic Labour Market for Growth**, addressing the UK labour market as a whole. This supplementary manifesto sets out four key themes specifically addressing policy issues related to Northern Ireland. It is designed to provide added context to the debate around the Good Jobs and Programme for Government consultations, and aid policy makers to make informed decisions on these key drivers towards economic recovery and a thriving local labour market. These themes are backed by focused recommendations that will underpin economic success. The recommendations clearly distinguish whether they are in the devolved remits in Stormont or whether there is work to do in helping Westminster understand the specific and different needs of Northern Ireland.

This document sets a path to creating a strong labour market that benefits the whole of Northern Ireland, strengthening the skills base, and helping more people not only access but maximise the benefits of the changing labour market in the North.

Our four themes are:



1 Understanding today's people and labour market challenges



2 Supporting our labour market transition by preparing for the future



3 Boosting workforce productivity and driving down inactivity



4 Regulating for a sustainable and dynamic labour market



1. Understanding today's people and labour market challenges

Every business knows the power of a well thought through strategy. It clarifies the goals and expectations we have and charts the path ahead, identifies the risks and potential mitigations, and provides staff and investors with confidence in the direction of travel.

In a world where we are constantly competing for international investment, and despite the economic success of Belfast, we need to answer the question, "Why Northern Ireland as opposed to elsewhere in the world?" Part of the answer to this must be that Northern Ireland has a dynamic, flexible, skilled and sustainable labour force, which operates to the benefit of workers and businesses alike.



To build a better understanding of today's labour market, the Executive should consider:

Develop an Industrial Strategy for Northern Ireland

Explore how to develop an industrial strategy that considers the workforce challenges faced by local employers. Contemporary issues from Brexit to high economic inactivity and low business investment, make this an imperative, especially in manufacturing, health and social care, and the food production sectors where the workforce is heavily reliant on non-UK citizens. 69% of local businesses report critical skills gaps today, making the need for a coherent workforce plan of vital importance to the nation's future growth potential. Northern Ireland's vibrant recruitment and staffing sector is ready to help shape a comprehensive strategy that is primed for success.

Work with the UK Government to amend its immigration policy

As a part of this, and due to the disproportionate impact it is having on the local workforce, we would encourage the Executive to apply pressure on the UK Government to amend its immigration policy to allow for the specific needs of NI. In April 2024, the required minimum salary for skilled overseas workers rose to £38,700, which is unsustainable given the average salary in NI is £30,000 and the shortages faced by businesses in the region. Additionally, policies restricting workers from bringing dependents may prompt key workers to seek employment in southern Ireland, where these restrictions do not apply. At a time of critical labour shortages, there needs to be an immigration policy that flexes to meet local demands, and an appreciation of the unique challenges that apply in Northern Ireland.

A fit for purpose immigration system needs to work hand in hand with supporting the development of the domestic talent pipeline, while also ensuring full compliance and protections for all workers.



To build a better understanding of today's labour market, the Executive should consider:

Boost skills of the local workforce

Post-covid, the increase in remote working has made the Northern Irish talent pool readily accessible to not just local businesses, but also to employers throughout the UK and beyond. This opens up a world of new job opportunities for workers that would otherwise have to leave 'home' or accept jobs that perhaps do not best utilise their skills or ambitions. Ensuring that local people have skills needed for international employers, and the technology infrastructure to enable remote working, is critical to preventing the 'brain drain' which NI suffered from for years. This aspiring local workforce in turn acts as ambassadors for the hard working, highly skilled, and often more cost-effective workforce that is available to employers who may not ordinarily think of Northern Ireland as a talent pool. And having workers with that broader experience available to then support local businesses too is all part of maintaining a vibrant labour market fit to deliver an ambitious growth strategy.

Among a highly mobile demographic, failure to meet the needs of the younger working population will only serve to increase the attractiveness of migrating to areas which cater to their preferences, potentially losing that talent from the Northern Ireland economy forever.

Careers guidance must ensure that students and work seekers are primed for jobs that may not be on their doorstep but could be delivered remotely in the UK and beyond. Similarly, support must be given to increase the range and value of roles which are 'near shored' to Northern Ireland, by helping employers understand the breadth and depth of the skills in the local labour market. The Careers Action Plan should be created in close collaboration with industry leaders in order to build for the skills needed both now and in the future.



2. Supporting our labour market transition by preparing for the future

Two key enablers of growth are better alignment in the skills system and working with businesses and labour market experts to understand how people work, what jobs they want, and how to help people give their best.

We welcome the Minister's actions earlier this year to recalibrate his department's skills agenda in line with a clear economic vision. Delivering against that will be critical for improving the prospects of workers in Northern Ireland and supporting a vibrant local economy.

The skills agenda should be operated in partnership with employers and business representatives to ensure that it remains alive to the shortages in the labour market and can address both short and long-term trends.



As labour market experts, we recommend that the Executive should:

Include the recruitment industry in the Northern Ireland Skills Council

Prioritise the inclusion of recruitment businesses in the Northern Ireland Skills Council, as these businesses have a holistic understanding of the labour market and are the best placed to support the creation of talent pipelines. Representative bodies and employers that can also bring fresh perspectives from experiences in Britain and the Republic of Ireland, ensure that Northern Ireland benefits from this additional insight.

Address issues with the Apprenticeship Levy

To encourage innovation that harnesses talent, Stormont must address skill imbalances in the training and education system. Because of the Apprenticeship Levy's inflexibility, businesses in Northern Ireland do not see an identifiable return on their contributions – paying tax but not directly benefitting from levy funding. The Executive should follow other devolved nations' examples and commit to spending the money on skills schemes that give firms flexibility to choose how they invest.

This is particularly relevant as the UK Government are introducing a new Growth & Skills Levy, this needs to work for employers across the 4 nations to ensure fair access to Levy funds, particularly where businesses operate across the borders and previously had to comply with two different sets of rules. Streamlining the rules around accessing the growth and skills levy can ensure the mistakes of the Apprenticeship Levy are not repeated.



As labour market experts, we recommend that the Executive should:

Appreciate the role of public sector employment services

These services play a significant role in driving down high levels of economic inactivity needs and they need to be improved further. The introduction of schemes like Restart have been successful in England & Wales in promoting skills training and transition to jobs like ones that help achieve our net-zero targets.

These include roles like retrofitting, and the electric vehicle sector. Well-designed schemes, in partnership with private sector and industry experts, will be significantly more effective than hoping individual businesses will solve the challenges of economic inactivity by themselves.

The plan to align an Enhanced Investment Zone with the Green Growth Strategy is promising, as is the proposed Net Zero Accelerator Fund, but these need to be accompanied by a sophisticated workforce plan which is informed by a broad range of stakeholders.





3. Boosting workforce productivity and drive down inactivity

The Good Jobs consultation is an excellent indication that the Executive has grasped the need for change and appears to have approached it in a consultative and open-minded manner. This provides optimism that change will be well-informed, and not jeopardise economic recovery in favour of short-term politics.

Economic inactivity within the workforce is a significant problem, with levels in Northern Ireland remaining higher than in comparable jurisdictions. It exacerbates the skills and labour shortages, impacting productivity, while at the same time increasing the burden on the state and reducing tax revenue. Temporary and flexible work, however, has a valuable role to play in solving these challenges, giving employers lower-risk investment opportunities as well as creating a route into work for many - especially for those who may struggle with the transition to work because of, for example, caring needs or sporadic work history.

Approximately 19% people within NI work flexibly or temporarily.⁴ Government needs to continue to support these working practices by embracing sustainable flexible forms of work, such as well-regulated agency work, seeing them as a vital part of Northern Ireland's economic and social success. Whatever the outcome of the Good Jobs consultation, the freedom to choose to work flexibly must be retained if we are to sustain a vibrant local workforce. Agency working has all the benefits of flexibility with over 50 years of strong regulation that benefits workers. Flexible working practices could reduce the high economic inactivity rate, which currently sits at 26.7% and help diversify the workforce across NI at a time of acute labour and skills shortages.⁵



The government should consider:

Increase Childcare provision

For 76% of mothers "it no longer makes financial sense for them to work".⁶ Parents in NI face a formidable barrier with just 12.5 hours of funded childcare per week, available only in inconvenient 2.5-hour slots during term time. This falls drastically short of the support needed for most working-age parents. Reliance on grandparents to pick up the slack in turn serves to remove those more experienced workers from the labour market. Meaningful investment in childcare can pay for itself as parents remain in work, often in higher paying roles that increase their quality of life and make a greater tax contribution over the long term, which would

support caregivers' participation in their local labour market. Consultation with childcare providers is also needed to ensure funding supports caregivers in providing a sufficient level of childcare to meet any increase in demand - funding the demand without addressing the labour shortages will mean a policy which lets down working parents as well as failing to equip workers with the skills needed to build a career in the care sector. This must be factored into the proposed Early Learning and Childcare Strategy. We welcome the Minister's announcement of additional investment to support pathways to improve the supply of workers into the childcare sector and recommend the proposed Skills Academy is reviewed regularly to ensure it is addressing the root of the problem.

⁴ ONS, temp workers [ONS temp workers numbers](#)

⁵ NISRA, [Economic Overview](#), April 2024

⁶ Pregnant then Screwed [Pregnant then Screwed Research 2023](#)



The government should consider:

Improve road infrastructure and public transport

Stormont must commit to improved local road, rail and bus links. These help people get to work, particularly in rural communities. They also encourage investment by shortening the gaps between economically vibrant areas and those needing growth most. We already know that physically getting to the workplace is a barrier for too many people.

That's why we need public transport that takes people to where the jobs are. Those with mobility difficulties are 42% less likely to access public transport, further driving the economic inactivity rate in Northern Ireland.⁷ Supporting people in getting back to work requires significant investment in bus services, the primary public transport service in NI, especially for commuters. Lack of investment in the rail link between Derry/Londonderry and Belfast has contributed to the former's economic underperformance, and improving the connection between these two major hubs of Northern Ireland will pay huge dividends for revitalising the economy in Northern Ireland.

The same is true of making improvements to the Enterprise service – especially its speed. The long-overdue upgrade of the A5, which will improve connectivity between the Northwest and Dublin, must proceed without further delay. Continued support for air travel to and from the City of Derry will be an important part of a coordinated strategy to bring jobs to the region.



⁷ Department for Infrastructure 2021 [Transport Statistics](#)



The government should consider:

Review procurement processes for public sector staffing

At the heart of improving healthcare access and strengthening public services is creating a more efficient workforce. Public sector staffing procurement in Northern Ireland needs to be urgently reviewed to help address this issue. During the pandemic, changes to public sector procurement were made that need to be urgently reversed. The ban on agency social workers providing care services has had a negative impact on the productivity of the sector and has seen talent leave Northern Ireland for the other UK regions and the Republic. Reversing this decision would encourage workers back to Northern Ireland and provide a boost to the overall economy and labour market. Agency workers play a vital role in the maintenance of public sector services, including social care, and banning them completely was an economic and political misstep that needs to be rectified.

All tendering routes within Northern Ireland require extensive evidence, which blocks healthy competition, particularly market entry by local SMEs. The tendering process is also specific to each vacancy, enabling local authorities to do "mini-tenders". The volume of bureaucratic checks can dissuade agencies from supplying. Blocking out new entrants and SMEs from providing services to the public sector adds to the problem of chronically understaffed public services. When designing public sector procurement processes, the government must ensure that NHS and other public bodies pay within 30-day limits and agreed timeframes. Agencies pay costs upfront throughout the recruitment process and can end up with significant cash flow problems if payments from their clients are late. The costs for businesses have also been exacerbated because the 'cost of living' remains high. There needs to be greater accountability around this process to ensure that agencies are not disadvantaged by late payments through public sector procurement frameworks.



4. Regulating for a sustainable and dynamic labour market

Ulster University found that 58% of 18-25-year-old workers and 64% of 25-35-year-olds within Northern Ireland want more flexibility and choices regarding how and when they work.

Too often, agency workers are forced to work within rules designed for employees in permanent roles, which can be confusing and sometimes result in a lack of clarity about their rights. The consultations on Good Jobs and on Safe & Effective Staffing Legislation presents a balanced analysis of the need for, and possible impacts of, change in the labour market.



Of particular note, we recommend:

Ensure policy and regulations align with the modern Labour Market

Government policies, and accompanying regulation, should align with the evolving demands of the modern labour market, emphasising flexibility and acknowledging the complexities inherent in different forms of employment, including temporary placements. Better regulation will help improve compliance and enhance worker rights and protections. It will also reduce the additional burden and costs associated with regular amendments to legislation.

The Good Jobs consultation (which closed on 30th October 2024) appears to recognise this, but it is important that the detail of any resulting legislation is carefully considered so that we avoid unintended consequences of sweeping reforms which could damage the complex regulatory framework which underpins the labour market.

Ensure that changes are introduced in partnership with representative bodies for both workers and relevant business sectors

Change reached by collaboration, and supported by data, will be more likely to meet the policy objectives. The REC is ready and willing to participate to support with this. Policymakers should consider the impact of policy on SME businesses. SMEs are the backbone of the NI economy, with 73% operating outside of Belfast, showing the opportunity for economic growth throughout NI.

Introduce a specialist enforcement agency

Recruitment agency legislation in Northern Ireland is currently enforced through the Department for the Economy. Introducing a specialist enforcement body, akin to the Employment Agency Standards Inspectorate that operates in England, Wales and Scotland would improve enforcement of the recruitment sector in Northern Ireland. A properly resourced, specialist enforcement body would be able to clamp down on non-compliance in the sector, minimising the risks of worker exploitation in Northern Ireland.



This document has addressed some of the key challenges faced by the Northern Ireland Executive and has set out a call for action with a series of policy recommendations, which the REC believe would promote economic growth and strengthen the Northern Ireland Labour Market.

If you'd like to discuss our recommendations in more detail, get in touch with

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Recruitment
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The Recruitment & Employment Confederation is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower UK recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy.

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