

WEC report

Firms focus on flex future

lexible working was heralded as the 'new normal' before the pandemic accelerated awareness of it, and it is set to remain an integral part of our economy, according to a global survey.

The World Employment Confederation (WEC) and FT Longitude interviewed 715 senior executives around the world for their 'The Work We Want' project. They found that 83% of respondents believe employees now value flexibility over where and when they work as much as other factors such as compensation, while 92% said they will need a more flexible workforce in the next two years and 88% planned to increase their use of agency workers.

The survey results were published shortly before new legislation to support flexible working arrangements came into force in the UK in April. This includes a new right to unpaid carer's leave and changes to paternity leave and pay.

"The global survey shows senior executives understand that more and more workers and jobseekers want flexible work," commented Kate Shoesmith, REC Deputy Chief Executive. "For many individuals, it helps them to gain experience in a new area of work and earn money quickly. Flexible working also offers older workers and career returners a way back into employment and is welcomed by many others, including young people and parents," she said.

Recruiters are experts in all this, she added. "They explain different models of work and the associated workers' rights to their clients all the time, and the change in legislation in the UK is another opportunity to promote the benefits of flexible working in a tight labour market."

The REC examined the UK responses to the WEC survey and found about 90% of UK senior executives said they will have to create a more flexible workforce that can adapt to rapid changes to the labour market.

They said they were looking at the following strategies to create a more flexible workforce: 96% were setting up sectoral talent pools; 90% were hiring talent from abroad; 96% were offering more remote/hybrid roles; and 91% were increasing their employment of agency workers.

When UK senior executives were asked for their top initiatives to expand the talent pool, 40% said remote and hybrid working; 40% said sourcing talent from under-represented sectors;



36% said shortening the working week; 28% said increasing agency workers' employment; and 28% said offering specialist support to refugee and asylum seekers.

The three most popular reasons for UK respondents to hire agency workers were to increase the agility of their workforce, to access specific digital skills that they are struggling to gain via permanent recruits, and to bridge unexpected recruitment gaps.

"That so many respondents are looking to increase agency work shows the responsibility of our members to find solutions for clients in an uncertain economic period and with continuing labour shortages," Shoesmith said.



The view...



Be optimistic, but take time to plan for future growth, says **Neil Carberry,** REC Chief Executive

Il the vibrancy, entrepreneurialism and warmth that is the sector's calling card was on show at the Spring edition of Recruitment Agency Expo at Excel in March. Given the tough markets of the past year, that may be a surprise, but for those who know the industry well, it is less astonishing.

That said, there is no doubt that "long 2023" – as we have dubbed it at the REC – has taken its toll. Shrinking demand in permanent placement markets and cost pressures in temporary work created a difficult period that has extended well into this year.

But hope was in the air at the Expo (beyond our sector's normal optimism) – inflation is dropping, interest rates will come down and our political impasse will be unlocked. Clients are already far more optimistic about their prospects than those of the wider economy. They are waiting for a signal to invest.

When that growth arrives, the best in our sector are positioned to be key partners for clients and candidates. Overall labour shortages, fast-changing skills needs and developments in recruitment technology all play to the strengths of a skilled, specialist, professional service sector. Perhaps the only barrier that remains is client perception – but we can tackle that too.

As I identified in my presentation at Expo, we are the worst offenders when it comes to talking or bidding the sector down. That needs to stop. We must walk away from bad business that doesn't make us money and sell to clients on value. The REC's new *Aim Hire* guide will help you to do that.

The turning of the economic cycle will not raise us up automatically. There is plenty to do – from technology change, to Net Zero adaptation and the agenda of a prospective Labour government. Spending time thinking, with our support, will help your business in the long term.

With that in mind, our annual conference on 25 June is just around the corner. I hope to see you as we tackle the challenges for our industry together. For all my optimism about the future, there is still much to do!

If you want to keep up to speed with all things recruitment then follow me on Twitter @RECNeil



Tips for manifesto runners and riders

By Hamant Verma, REC Communications Manager at the REC

he Scout hall I can see from my home office window will soon form part of the biggest democratic exercise this country offers the public – a general election. But the second biggest exercise that political parties offer the public is already under way, as they take submissions for their respective manifestos.

A manifesto is a party's promise to the electorate about what they will do if they win. We have already sent our suggestions to the political parties in our 'Dynamic labour markets for growth' manifesto.

Our key message is that the prosperity of the UK rests primarily on the talent of our people. If we don't get this right, exchequer receipts will be inhibited and the cost to the UK economy in lost wages and profits could be up to £39bn each year.

Picking winning suggestions requires all the canniness of predicting winners in The Derby Festival.

At this stage, we are pushing our suggestions to every party, which is akin to keeping all our horses in a race. We can bet at reasonable odds on the ideas at risk of falling as we get closer to the publication of the parties' manifestos. This will be because they do not quite match the parties' closely guarded 'sell' to the electorate this year.

Picking the winners from the also-rans is tougher. Ideas that don't quite make the manifesto are likely to be robustly debated within parties and may be left out of the final draft only to get a second airing and become policy once supportive MPs come to power.

Our political insight and relationships with politicians means some suggestions may make it into print and form part of the parties' pitches to the electorate (although these will be dressed up as their own ideas).

By acting as the voice of the recruitment industry and encouraging rigorous debate among members at our events, we can provide political parties with firstrate feedback on the labour market and workable policy solutions. This leads to better policies and better government, which is the whole point. What we say this year really matters in politics.

Leading the industry

the intelligence...

A government's first 100 days are as important as ever



Mukul Tiwari, REC Research Manager

The strength of the recruitment sector in the UK is, as we know, closely tied to the broader economic landscape and government policies. And, with a general election imminent, we know the first 100 days of a new government could have a huge impact.

The 100 days concept goes back to a period in 1815 between Napoleon's return to Paris from exile and his final defeat at the Battle of Waterloo, after which King Louis XVIII regained the French throne. More recently, Franklin D Roosevelt made the timeframe notable when he took office in 1933 and took swift action to calm the USA's crippling financial problems. Politicians and the media continue to scrutinise the first 100 days for indications of a new government's priorities and strategic direction of travel.

The REC has surveyed 167 UK employers this year about what they want from a new UK government in its first 100 days.

A total of 51.4% of respondents want the new government to tackle low economic growth and high borrowing in the first 100 days of government – 33.1% of the sample saw this as their top priority. Small employers (0-9 people) and medium-scale employers (10-49 people) believed it was particularly an issue for them with 55.3% and 46.2% respectively saying it was their top priority compared with 28.7% of respondents in large-scale (250+ people) organisations.



51.4%

the government to tackle low economic growth and high borrowing in the first 100 days of government. Large-scale organisations are more interested in reform of the apprenticeship levy – 49.3% cited this and 32% said it was their top priority. They said the key to success was to reform the levy system to make it more flexible and to include shorter and modular courses, as well as streamlining bureaucracy around accessing it.

In addition, 34.9% of respondents want the new government to work with businesses to develop a proper industrial strategy within the first 100 days. Such strategies are more important for private sector employers (38.2%) than for those in the public sector (19.4%). They are also a higher priority for small organisations (37.4%) and medium-sized (35.9%) organisations than for large employers (17.1%). Those surveyed want to see labour market reform, including umbrella company regulation and the creation of a Single Enforcement Body for employment rights (28.1%).

Immigration policies have a profound impact on workforce dynamics, particularly in sectors facing skill shortages. Around 29% of respondents emphasised the need for a flexible and balanced approach that ensures access to global talent while safeguarding job opportunities for domestic workers. Clear, transparent, and efficient immigration processes are essential for businesses to attract and retain international talent.

Employers want a new UK government to spend its first 100 days creating an enabling environment for economic growth, stability and job creation, while ensuring that the recruitment sector operates fairly and efficiently to match individuals with employment opportunities. This would require a combination of policy measures, targeted investments, and collaborative efforts with various stakeholders to address uncertainties in the economy and promote growth and labour market sustainability.



Solution State State

Why mid-sized recruitment companies are well-placed to support a booming tech sector.

ech-sector recruitment is booming – creating huge opportunities for specialist mid-sized tech recruitment firms. What is behind this trend and how is it likely to develop in the future?

Demand for tech skills is growing. According to the <u>CompTIA State of</u> <u>the Tech Workforce UK 2023 report</u>, 75,280 net-new positions were created in the UK workforce between 2017 and 2022. By 2022, there were an estimated 2,043,622 people working in the UK tech workforce.

Evidence that tech sector recruitment is benefiting can be found in Recruiter's <u>Hot 100 list</u> of the most efficient and profitable recruitment businesses. People Source Consulting topped the list, with other tech recruiters also featuring strongly, including CD Recruitment (number 4), Durlston Partners (number 5), Next Ventures (number 6), The Bridge IT (number 8) and Trilogy International (number 9).

In January this year, the World Economic Forum ranked 'AI and machine-learning specialists' as the fastest growing role between 2023 and 2027 in its <u>Global Risks Report</u> <u>2024</u>. Other jobs in the top ten list included business intelligence analysts (3), information security analysts (4), Fintech engineers (5), data analysts and scientists (6), robotics engineers (7), electro technology engineers (8) and digital transformation specialists (10).

This growth has been accelerated by the rapid development of large language model AI programmes since early 2023. Businesses in every sector are now exploring how AI could help them to boost productivity. While AI may be a threat to many jobs, companies need people who understand and can implement the systems.

Further impetus has come from increasingly flexible workforces that use technology for meetings and communication.

The arms race with cyber criminals continues, meaning that skills in cybersecurity and tech investigation are still in great demand. Furthermore, jobs that were traditionally not seen as part of the tech sector are increasingly needing tech skills, either as a standard part of every employee's toolkit or as an extra resource within the team.

Last, but not least, new tech roles are developing in the Fintech and cryptocurrency sectors and in the green technology sector. Many potential solutions for reaching environmental targets depend on technological innovation, so this sector is likely to continue to grow.

In the longer term, the trajectory of tech jobs is less clear. AI, while creating new tech jobs now, may take them away when more AI systems programme new AI themselves. This will come, but whether it will lead to a decline in tech roles, or whether these will migrate to cybersecurity and further innovation, is debateable.

Tech-sector growth is good news for mid-sized recruitment firms that are in a strong position to capitalise on growth generated in emerging sectors and highly innovative firms. Such firms seek people with specialist skills and often begin as small start-ups. If things go well, they expand rapidly and will look for recruiters who understand their particular needs and have a strong overview of the market and a network of contacts within the current limited talent pool as well as an eye on emerging talent.

"We are looking to move our consultants more into the lucrative Fintech space and much of this



is centred in London," says Clive Hutchings, executive director and founder of STR Group. "Some of the so-called 'unicorns' [start-ups valued at \$1bn] are founded by ex-bankers who spotted a gap in the market and knew how to get funding, but they don't always have much tech experience."

He has been working as 'entrepreneurin-residence' at the University of Portsmouth and has been helping to connect highly skilled tech people who have marketable ideas with the people who can turn these into a business. Recruiters who understand the skills that are needed and know the people who need them can play an important role putting the right people in touch with each other. "It's about spotting the skills that these organisations need before they need it," Hutchings says.

And you need to move fast – which favours specialist firms. "Al projects may have only three years before they are outdated," Hutchings points out. "There's a lot of money chasing people with the right skills, and businesses may have a rapid growth trajectory – they can go from three people to 300 in a couple of years."

Job turnover is equally rapid. People with tech skills tend to move on quickly

as projects develop and to keep their skills up to date. A recruiter who can understand and further individual career ambitions is in a good position to gain repeat business when that person wants a new challenge.

"It's about being a really good middleman – and that means not being transactional, but thinking more deeply about the sector and wider opportunities," Hutchings advises. "This area is going to develop fast, so you need to stay ahead of market developments and keep contacts current if you want people coming back to you."

Flexibility and personal service are also the qualities cited by People Source Consultancy as a reason for mid-sized firms' success in tech recruitment. Specialist recruiters can stay ahead of rapidly evolving skills requirements and can offer tailored insights to clients and candidates.

"Technology companies offer specialised positions and it can be challenging to find candidates with these precise expertise via conventional job advertising channels. This is where mid-sized firms are valuable, as we have the resources to use targeted headhunting and maintain connections with top talent in the industry," says Izzy Babbage, Senior Sales Director at People Source Consultancy.

Her colleague Andrew Pryce Jones, Senior Managing Consultant at the firm, adds that, as the tech sector booms, mid-sized firms can "tap into various niches within the tech industry, offering a diverse range of opportunities."

"It's the adaptability, personalised service and diverse job opportunities mid-sized tech recruitment firms can offer that makes them so successful in this current market," he says.

Recruiters in this field should be aware that the sector has diversity challenges, according to a recent report by the Royal Academy of Engineering. <u>The State of UK Deep Tech</u> report found that 77.1% of founding teams of deep tech firms are all male, while 15% are mixed gender. Government statistics suggest that only 17% of senior Fintech roles are held by women.

Furthermore, most deep-tech and Fintech firms are based in the London area. Of the 3,500 active deep-tech firms in the UK, over 87% are in England.

However, recruiters should look further afield than London to benefit from this sector's rapid growth. According to Deloitte, there are over 2,500 Fintech firms in the UK and, although London is a Fintech superhub, there are also significant Fintech clusters in other regions including Manchester, Birmingham and Scotland, with potential clusters emerging around Bristol, Cambridge, Newcastle and Durham, Northern Ireland, Reading and Wales.

Around 76,500 people currently work in the Fintech sector, according to the UK's <u>Department for Business and Trade</u>, which expects this to grow to 105,500 by 2030. However, 2023 proved a difficult year for Fintech funding globally. KPMG found that "total UK Fintech investment dropped to £4.6bn in the first half of 2023, down 57% from £10.8bn in the same period in 2022".

Despite this downturn, Karim Haji, Global Head of Financial Services at KPMG International, is confident about the future of the sector. "While the investment numbers are soft now - due to broader market conditions - 2024 could be a very exciting year for innovation in the Fintech space," he writes in KPMG's latest <u>Pulse of</u> Fintech report.

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✤ legal update

Employment Appeal Tribunal judgment provides guidance on the legal status of agency workers between assignments

By Emma Anglade-Ravez, REC Legal and Compliance Advisor

Recent case should help agencies and hirers facing claims relating to agency worker entitlements after assignments are stopped. In *Donkor-Baah v University Hospitals Birmingham NHS Trust* the Employment Appeal Tribunal (EAT) dismissed an appeal by an agency worker after a Tribunal dismissed her claim for suspension pay.

The claimant (DB) was a staff nurse engaged as a temporary agency worker. She was supplied to the hirer hospital trust on a shift-by-shift basis. After an alleged incident during her shift on 10 February 2019, DB was instructed to end her shift early. She believed that she was suspended from then until 6 November 2019, when she was told she could resume booking shifts.

DB argued she was entitled to suspension pay under the Agency Workers Regulations 2010 (AWR). Under AWR, after 12 weeks on an assignment an agency worker is entitled to the same treatment as the employees engaged directly by a hirer to carry out the same work. DB argued that the hirer's employees would have received suspension pay in the same circumstances.

An Employment Tribunal found that DB's assignment was terminated when she was sent home on 10 February 2019. As a result, her relationship with the hirer was not suspended, and her claim under the AWR lacked reasonable prospects of success. On appeal, the EAT confirmed that no overarching 'agency relationship' existed between the hirer and DB between the date of the termination of her assignment and the date she was allowed to resume booking shifts. The EAT confirmed that the equal treatment entitlements provided to agency workers under AWR relate to the period of an assignment when the agency worker is actually working for the hirer and do not create an ongoing obligation if the assignment is terminated. The Tribunal's original decision was affirmed.

Despite the judgment, the REC warns that similar situations should be considered on their own merits, because there could be nuanced regulatory provisions and agreements that mean workers in certain sectors are entitled to be paid when assignments are stopped. There may be cases where the agency worker can establish that assignments are stopped for discriminatory reasons, or because they have blown the whistle, in which case they may still be able to seek a remedy for losses.

Agencies supplying temporary workers should check their standard terms to ensure that there are appropriate protections to minimise the risk of a Tribunal finding an overarching contract between assignments.

Agencies should avoid open-ended assignments and should have an end date on the assignment details form – an openended assignment may be seen as an ongoing relationship between agency worker, hirer and agency between assignments. Employment businesses should ensure that all relevant entitlements, such as holiday pay and wages, are paid at the end of an assignment.

Right to Work checks: trends and insights

By Tony Machin



Two years since the post-Covid Right to Work (RtW) updates, implementing a robust RtW process remains as important as ever. As a leading Identity Service Provider (IDSP), we've observed three key trends in the RtW market.

1. Fraudulent Documents. TrustID processes 500,000 identity checks a year for recruitment agencies and we continue to find fraudulent applicants. In 2023, 68% of the fake documents seen by our customers were a British passport or an Irish ID card. This mirrors the eligible documents processed in a Digital RtW check.

The 'imposter' trend has accelerated with fraudsters using genuine share codes that do not belong to them. This reinforces the importance of matching the person presenting the evidence with the owner of the identity document, either face to face, via video link or using a biometric face match through an IDSP.

2. Increased integration. Recruiters look to remove complexity, avoid duplicate data and ensure compliance and accurate reporting in their onboarding process. This is driving demand for integration between RtW services and ATS and / or HRIS systems to help reduce the administrative burden for both recruiters and candidates.
3. Tripling fines. In February this year, the maximum fines for 'knowingly employing' an illegal worker tripled from £20,000 to £60,000 per worker. This civil penalty increase, coupled with the risk of brand damage and business disruption, has seen organisations of all sizes and across all industries turn to technology to support their onboarding processes and drive compliance.



Growing by removing barriers to employment

30



Katy Wright is programme director at Big Issue Recruit (BIR)

What is Big Issue Recruit?

We are the newest business launched by Big Issue Group in 2022 to support people who face barriers to employment to find work and thrive.

During the pandemic, *Big Issue* magazine vendors had to stop selling, losing a key income stream just when more people needed support. We also had to consider new revenue streams, so we built a recruitment business based on our 30-year legacy of supporting marginalised people to remove their barriers to employment and generate an income. We worked with experienced job coaches to develop a comprehensive, person-centred workreadiness programme incorporating one-to-one coaching, confidence and skills building and employability support.

How are you doing?

We have now helped more than 100 people into jobs and have had a 96% retention rate. Our end-to-end service supports both candidates and employers pre-, during and postplacement to ensure success. We step up support for successful candidates, recognising that returning (or starting) to work is a huge life change that can present unique challenges.

We seek to build partnerships with employers who require multiple candidates over time and this long-term relationship enables us to maintain links with past candidates. We can also advise employers on all aspects of inclusive employment and we offer bespoke solutions, such as buddy or transport schemes.

What next?

Now we have proved that the service works, with every £1 we spend generating £2.80 of social value, we are growing. We are seeking more employers to work with us to fill their vacancies and bring new candidates into the labour market.

Anyone who wants to know more about out our work can <u>email jobs@bigissue.</u> <u>com</u> or can read our Impact Report at bigissue. com/big-issue-recruit





Refugee Action



Work is a win-win fix for the asylum system

Asli Tatliadim, Head of Campaigns at Refugee Action

any of us ask ourselves where we would like to be in five years' time. We ask it in the knowlege that we have a large degree of control over our personal journeys.

People seeking asylum do not have this agency. They can ask themselves, "where will I be in five years' time?", but they can only guess. The asylum system? Detention? Banned from work? Rwanda? Status?

Asylum seekers live in a system of chaos created by a tranche of bills and rules which, over the past 25 years, have eroded their rights and their agency. We've seen that once a government starts to remove people's rights, it is unlikely to stop. In 2002 the right to work was taken away. In 2023 the Home Secretary wants to detain and deport refugees who have reached the UK by boat.

The Illegal Migration Act (IMA) barred anyone who entered the UK "without permission" from claiming asylum. It has created an "inadmissible" group of people, predicted to reach 250,000 by 2026, who are held in permanent limbo. They cannot get asylum, cannot be returned to their country, and – at the time of writing – can't be deported to a third country, such as Rwanda.

To operationalise the IMA, the government must reach deals with countries to which they aim to send "inadmissible" people. It has such a deal with Rwanda and a bill to legalise this is ping-ponging its way through Parliament.

The Lift the Ban coalition, which campaigns to give people seeking asylum



to work after six

months of waiting

for a decision on their claim, is keeping a close eye on when and how this law is enacted and how it will affect our work.

The coalition consists of more than 300 businesses, recruiters (including the REC), economists, trade unions, faith groups and asylum charities.

Campaign challenges keep coming. In April, the government further restricted people's right to work when it scrapped the Shortage Occupation List (SOL) and replaced it with the Immigration Salary List, which includes fewer roles.

Until then, people who had waited for

longer than a year were allowed to work in jobs on the SOL. The government rejected the Migration Advisory Committee's follow-up recommendation to let people seek asylum work in any profession after six months.

Despite this, we must maintain a positive vision for the asylum system. The right to work is one of many common-sense fixes, because it will give people more agency, more control of their lives and their futures and better help them answer the question "what would I like to be doing in five years' time?"

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