



**Recruitment  
Matters**

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**THE VIEW AND THE INTELLIGENCE**

Build relationships and focus on training p2



**BIG TALKING POINT**

Tips on reducing recruitment staff churn p4



**LEGAL UPDATE**

What's new in the Employment Rights Bill? p6



**Q&A**

Reducing tax risk and financing growth p7

**Labour policy**

# REC calls on government to back flexibility

Accessibility to decent flexible work is unprecedented in recent memory, but this seems to go unnoticed in Whitehall. The REC's jobs data shows active job posts are comfortably above 1.4 million, hybrid working and flexible working arrangements are common and private and public organisations have embraced equality, diversity and inclusion (EDI) policies for many years.

Flexible working in the broadest sense is one of the successes of the past 20 years – and it is agencies that help make it work. Yet as we go into the summer, the government is putting this flexibility at risk with its steadfast commitment to curb flexible working in its Employment Rights Bill.

Meanwhile, the recent Spending Review lacked a workforce plan to deliver on its commitments. And although there is a mood for public-private partnership in Whitehall, this interest seems to end when it comes to using recruitment agencies, despite their proven value to the economy.

The Department for Health and Social Care is ramping up the anti-agency

language, while maintaining a system in which bank workers cost more than on-framework agency workers. Progress towards Apprenticeship Levy reform is also slowing just when we need to get more people working and earning.

However, Justin Madders, employment rights minister, sounded more conciliatory about the government's Plan to Make Work Pay when he spoke at RECLive25 in June, which suggests that opportunities still exist to influence government thinking. One example is the REC's early doors success with Skills England, helping to design a skills system fit for freelancers, temps and the self-employed in the modern labour market.

"A sizzling summer of talk about agencies will give way to an autumn of action as we fight back, calling on the government to make its policies work and get real on its rhetoric about today's labour market," said Kate Shoesmith, REC deputy chief executive (pictured above right). "Over the past 20 years, the rise of flexible work has been a quiet revolution, driving economic growth, boosting productivity,



and giving millions of people more control over how they live and work. If the government wants a labour market fit for the future, it must back flexibility now, or risk falling behind. If policymakers truly grasp the value of flexible work, they will unlock higher productivity, faster growth, and a more resilient economy. It is not simply good for workers; it is smart economics."

The REC hopes its autumn call to arms will be backed by other organisations that support agencies and agency work. At different times in the past, organisations including the Chartered Institute of Personnel and Development (CIPD), the World Employment Confederation, and the Confederation of British Industry (CBI) have all spoken out in favour of the benefits of flexible work.

## the view...



Now is the time to build on your relationships and become trusted advisers and shapers, says **Neil Carberry**, REC chief executive

I'm just catching my breath after RECLive 25, our fantastic annual conference at the beginning of June. I've always loved the buccaneering spirit of this sector. We can't pretend that the past few years have been easy and we all know how much is changing in the market every day. At a time like this – a long period of challenging markets, big tech change and a government with an agenda – you can view events like this in two ways. It's tempting to stay at our desks and keep fighting.

But sometimes we need to set our eyes on the horizon. The outlook for the industry gently improved in our data and anecdotally this spring. Soon, what makes the difference won't be the market, but what you do about it.

That's why we set up RECLive to orientate and inspire attendees with all the latest on adopting new tech, client insights, government regulation and handling clients effectively. Underlying all this is our core belief that our sector is part of the UK's world-leading professional services industry and it deserves to be seen in that light.

It's also why I have been so pleased to play a leading role in the Professional and Business Services Council, which has been working with the government on a plan to support the sector, positioning it as one of the crown jewels of the UK economy.

The benefits of this will flow to all of us only if we behave as a professional service and are seen as one by clients. I can help with the second of these – we've been building on the success of our Aim Hire campaign talking to hundreds of client businesses this year.

The first of these things depends on all of us. Thank you for doing your bit by passing the REC Compliance Assessment. However, it is not enough. Value creation is key to the long-term success of the sector, and that comes from being trusted talent specialists – advisers and shapers, not just deliverers. Many firms are moving in this direction and the REC, together with technology, can help.

But the future of your business depends on building trusted relationships with clients and candidates. This is always true, but it matters more than ever now.



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



CAMPAIGNS

## Focus on training at work and for work

**Hamant Verma**, REC Communications Manager

As the England and Wales women's football teams compete in the UEFA Women's Euro 2025 finals, we'll be hearing a lot of the Three Lions anthem *It's Coming Home*. And, just as we rally behind our teams, we are at last seeing positive momentum from the government that could benefit our own home ground, the recruitment sector. You could argue that opportunity is coming home for our members.

The government is starting to play a slightly more upbeat tune over the skills reforms needed to alleviate labour and skills shortages. These include refocusing funding from Level 7 apprenticeships to lower levels of training that support movement in the labour market.

Skills England is also making more positive sounds about introducing shorter, modular courses and collaborating with employers and providers on digital upskilling. At the moment, hundreds of thousands of temporary workers, freelancers and contractors who are on assignment via a recruitment business on any given day are ineligible for Apprenticeship Levy funding.

But there is a broader benefit if the government nurtures learning and development. Many recruitment companies struggle with staff retention. We need to get more recruiters past their first year in our sector, because we know that after this milestone, many people stick with the profession and love it.

We are determined to make that happen. We need to drive a culture in our sector where being qualified in recruitment is expected, where development is ongoing and where our profession stands confidently alongside law, accountancy and consultancy.

This call for action is not commercially led, but is common sense, given the labour and skills shortages in the UK. More emphasis on learning and development will retain the best recruiters who help retain the best clients. And our reputation for professionalism will grow.

Recruitment should not be a career you fall into. It is important because it oils economies, shapes the future of work and improves lives.

## the intelligence...

## The ripple effect: how National Minimum Wage increases reshape low-paying but critical jobs

**Mukul Tiwari**, REC research manager

The UK government's decision to raise the National Minimum Wage (NMW) to £12.21 per hour from 1 April 2025 has sent ripples through the labour market, especially among people in low-paying but essential roles, such as sales assistants, healthcare assistants and teaching assistants, and their employers. While this 6.7% increase from the previous rate of £11.44 aims to alleviate cost-of-living rises and boost take-home pay, it also has complex effects on job design, recruitment dynamics, pay equity, and long-term sector sustainability.

Despite their critical importance, many frontline and support roles are near the lower end of the pay scale. According to TotalJobs' UK Salary Trends 2025 data, average salaries remain closely tethered to the wage floor. Teaching assistants earn between £22,500 and £25,000 (FTE), and sales assistants earn from £23,500 to £25,300, while, according to National Career Services, the average salary for care workers is between £20,000 and £25,000.

These figures place thousands of workers on, or near, the national minimum, compressing salary bands and making it difficult for employers to differentiate experience levels without restructuring their pay frameworks.



A recruiter earning **£23,000** may earn the same as someone on minimum wage

The effect on job attractiveness is mixed. Higher base pay boosts the appeal of roles once seen as low value, especially among younger or less experienced workers. It narrows pay gaps between sectors, so, for example, teaching assistants and retail operatives may now earn similar amounts.

However, this parity has unintended consequences. Sectors such as early years education and recruitment are struggling to retain staff. Many leave to go to retail or logistics roles offering comparable pay but fewer emotional demands. The care sector is struggling to compete with warehouse jobs offering stable shifts and bonuses.

Recruiters increasingly note a mismatch between effort and reward in entry-level roles. A recruiter on £23,000 may earn the same as someone on minimum wage, making it harder to attract motivated talent. REC research confirms that low pay is the top

reason for high turnover in the recruitment industry.

If the NMW continues to rise at this pace, several trends may accelerate. SMEs, especially in low-margin sectors, could face financial strain, leading to hiring freezes or reduced hours. Some may invest more in automation, such as self-checkouts or AI, to reduce reliance on low-paid labour. Others may overhaul their pay structures to ensure fairness and retain staff.

There are also opportunities. Roles once viewed as 'dead-end' jobs could gain status, especially if better pay comes with career pathways, job security and flexibility. Employers who embrace this change can strengthen their brand, reduce churn and attract more committed employees.

Ultimately, while the rise in the NMW is a welcome step towards improving the livelihood of the UK's lowest paid workers, it reveals longstanding tensions in how we structure, value and support essential work. Organisations must think strategically about reward frameworks, equity, and the attractiveness of what they offer to candidates. Benchmarking salaries has never been more important, not just to remain competitive, but to build a labour market that is inclusive, fair, and fit for the future.





## big talking point

# Churning point

Is your staff retention damaging your business? If so, what can you do to improve it?

Recruiting and training staff costs time and money for recruiters, just as it does for any other business. Estimates vary, but consultancy Gallup calculates that replacing a member of staff costs one-half to two times the employee's salary.

But recruiters don't need to know this, surely? They are the experts in staff placement and benefit from staff churn in other businesses. Churn brings fresh energy and experience into teams and demonstrates that successful people can gain promotion elsewhere.

However, high churn rates add to costs and create business risks associated with inexperienced staff, lost contacts and damaged client relationships. They may also increase pressure on remaining staff and create a vicious circle.

How high is too high? The Chartered Institute of Personnel and Development (CIPD) says that the average churn for UK workers is 34%, but the REC believes that in many recruitment agencies the figure is higher. Given recruiters' expertise in staff placement, why do some appear to be losing so many staff and what can they do about it?

One simple reason is that salespeople tend to be incentivised by financial rewards and opportunities for sales. If they are successful, but don't feel they



**Danny Brooks, CEO and founder at recruiter VHR on a panel at RECLive 25.**

are recognised or getting the best bonus, they will look for a better deal. If they think they could be more successful, they will look for an environment with broader opportunities.

"Poaching" is always an issue in recruitment. Many remuneration packages rely on performance bonuses, which may tempt people to move for a higher base rate when the market is slow. Staff may resent demanding and inflexible targets if they feel that poor performance stems from a difficult marketplace, rather than their actions.

"There is a correlation between how

well the company is doing and staff happiness," admits Danny Brooks, CEO and founder at recruiter VHR, who spoke on this subject at RECLive 25. "We run the Gallup employment engagement survey twice a year and find it mirrors how the company is doing – if business is slower people are not so happy." Despite this, VHR's churn rate is low at around 14%.

There's also no shortage of agencies for people to move to, adds Nabeel Ashraf, associate director at Morson Talent. "If people don't get recognition and progression opportunities it's easy to leave."

### Monitor happiness

Recruiters should therefore monitor churn and question why they are losing good performers. The headline churn rate may not tell the whole story. Junior staff often move jobs frequently early in their careers, but do you also have great people who stay and progress through the business? If the only people who stay are the ones who lack the motivation or capability to leave, you have a problem.

Experiences at VHR and Morson, among others, show that it is possible to buck the trend.

Brooks says that, in addition to tracking employee engagement, his firm uses

software that scores staff out of ten for every piece of work. "This indicates the quality of the service we provide, but it also correlates with staff happiness," he explains. "If the quality of their service is good, people tend to be happy."

"You need a complete employee value proposition," Ashraf adds. "It's not just about opportunities, the benefits you offer and your work culture, but also about your core values. We state that we value care, collaboration, curiosity and courage – these add up to teamwork, which can be hard in a sales environment."

In addition to surveying engagement and tracking retention, his firm conducts "stay interviews" – the idea is that exit interviews only show you what is wrong after people have decided to leave.

### Develop and progress

Quality of service and staff happiness both correlate with the opportunities for people to develop and progress. A clear route to gaining skills and a better job title are vital incentives.

Morson found that they were losing too many people after seven years, so they created a leadership development programme which led to 20 promotions. The project was so successful that they launched a similar programme

for mid-level managers wanting to move into senior management. Ashraf believes this has the double benefit of incentivising those on the course, while also improving management across the business – which makes teams happier.

VHR introduced many more incremental promotions so people have more opportunities. They can see the next level clearly and know how to get there.

External training and development opportunities are also important – for example attending events or courses run by the REC. These boost skills and knowledge, and indicate that the firm values its staff.

### Make work interesting and positive

Every job has dull moments, but giving new recruits only boring routine tasks gives them few reasons to stay. Brooks says that VHR invests in technology to ensure that back-office and CRM work is as efficient as possible, allowing recruiters to focus on more interesting, value-adding work. Their latest innovation is an internal ChatGPT network.

"Tech is important to us, not to replace people, but to help them do their jobs better and make work more enjoyable," he says.

A positive, supportive culture is essential, adds Ashraf. "This isn't easy to achieve. Some top performers are not great team players and setting a highly productive employee to work with someone who is underperforming can be counterproductive." He believes that having a diverse team and fostering an inclusive culture is vital to help people do their best work.

### Celebrate and reward

People like recognition. "We celebrate everything from birthdays, to new starters, team of the month and customer service of the month, to good news about what's happening in the business," Brooks says. "We also have a director's choice award, which usually goes to someone in a smaller office who is less likely to work in a big team that gets more attention."

To give them more things to celebrate they regularly enter awards. This gives everyone a pat on the back, demonstrates that directors think highly



**Nabeel Ashraf, associate director at Morson Talent.**

of their work – and, of course, winning is great publicity.

Further celebrations and cash rewards are triggered by long service. Brooks notes that there have been several celebrations for staff who have been there for 20 years "so we must be doing something right".

Staff at VHR are rewarded with a choice between taking a £50 voucher or "spinning the wheel of fortune" – which can win them anything from a pair of socks to a larger cash sum or even a holiday. This came from one of the suggestions submitted to the staff suggestion box, so also indicates that directors listen to ideas.

Social events are important. VHR hosts 12 events a year, with the largest in the summer and at Christmas. Both VHR and Morson offer a range staff benefits including private medical cover and flexible working arrangements, plus less common benefits such as fresh fruit, opportunities to do charity events and office vending machines.

For Ashraf, the "golden nugget" of staff retention is the ability to bring these positive actions together – from setting company strategy down to team objectives, how individuals fit in and how they are rewarded.

"A large number of our staff have been here for 10, 15 and 20 years, which is a testament to our values and the fact it feels like a family here," he says. "Morson is not just a place where people build careers; they build a sense of belonging and are given the tools and support to leave a legacy. Which I believe is at the heart of improving retention."



# legal update

## New rules, new obligations

By **Matilda Boyce**, Legal and Compliance Adviser, REC

**T**he Employment Rights Bill brings significant reforms that will transform the current model of supplying temporary agency workers. Client education will be essential to navigate the changes and recruitment businesses should proactively engage with clients to demonstrate awareness of the changes, strengthen client relationships and support retention in a shifting regulatory landscape.

### The key changes:

**Clients will be required to offer a qualifying agency worker a contract of employment at the end of every reference period.**

The contract must be on terms that are no less favourable than those on which they were supplied as a temporary agency worker. This includes providing hours of work that reflect the average hours they worked during their supply as a temporary agency worker during the relevant reference period. In some circumstances the obligation to offer the contract of employment may pass to the agency or umbrella company, however it's

important to note that agency workers are not obliged to accept the offer.

**Recruitment businesses must provide prescribed information about the right to a contract of employment.**

Prescribed information should be provided within a specified period in circumstances where it would be reasonable to conclude that an agency worker could become eligible for the right – for example, because of the length of their assignment.

**Legal obligation to provide notice of shifts**

Clients and recruitment businesses will have to provide agency workers with reasonable notice of shifts, shift cancellations, and changes to shifts that the agency worker was requested or required to work. Liability for failure to provide notice will lie with the party responsible. For example, clients will not be liable in circumstances where they have provided an agency with sufficient notice and the agency fails to pass this information on to an agency worker.

**Umbrella companies will be defined as employment business under the Employment Agencies Act 1973**

The Bill has little detail about how this will affect the umbrella company model. We know that umbrella companies will be subject to the same regulatory and compliance framework as employment agencies and businesses, which includes the Conduct Regulations. They will also come within the remit of the Employment Agencies Standards Inspectorate (EAS) and, later, the Fair Work Agency.

**Additional risk of litigation**

The Bill presents litigation risks from new claims that may be brought against both recruitment businesses and their clients. Additionally, Employment Tribunal time limits will be extended from three to six months for most claims. This allows claimants more time to seek advice and pursue legal action.

*For further guidance, REC members can get in touch with the REC Legal Team on 020 7009 2199.*

*Non-REC members can enquire about membership from [info@rec.uk.com](mailto:info@rec.uk.com)*

## Winning in a changing market: the outsourcing advantage

**Ross Thompson, executive manager, Infinity Staff Global**



The market is tough. UK recruiters face tight margins, rising client demands and pressure to find candidates quickly. Balancing productivity with long-term sustainability is not easy.

Outsourcing still carries a stigma, but, when done correctly, it can help businesses achieve goals and grow with confidence.

At Infinity Staff Global, we work with agencies that no longer see external support as separate. Instead, they treat our recruitment

professionals based in South Africa as an integral part of their delivery model. Whether in 180, 360 or business development roles, our people provide flexible capacity while maintaining the standards clients expect.

The key lies in integration. Our professionals operate in your systems, time zone and culture, becoming embedded in your team and contributing with consistency and care.

Firms often tell us it's not just about relieving

pressure, it is about gaining trusted colleagues who bring continuity, expertise and the freedom to focus on strategy, service and relationships.

In a market defined by change, resilience and adaptability matter most. Outsourcing is not a fallback or a compromise. With the right partner, it is a forward-thinking way to strengthen your business and stay competitive where it counts. That's how you win in today's recruitment market.

## Real-time tax auditing and finance for growth

What I know



**Sebastien Sauca** is co-founder and CEO of SafeRec

**Tax compliance is the biggest risk for recruitment agencies**

In 2017, I was a sales director at a recruitment agency when the Criminal Finances Act came in. Agencies became liable for failing to prevent the facilitation of tax evasion in their supply chain. We looked at umbrella companies and realised that accreditations were missing the mark. They reviewed a lot, but barely touched what mattered most: tax. That's where agencies' biggest risk lies.

**Agencies need tax compliance proof**

We built an umbrella certification model that goes further, combining everything traditional accreditations offer and adding real-time payslip auditing. SafeRec verifies each payslip against RTI

submissions, checks that income tax and NIC have been paid and sends proof directly to agencies. Agencies can access legal compliance reports written by a law firm free of charge at [saferec.co.uk](http://saferec.co.uk). SafeRec turns compliance into certainty – that's why over 7,000 agencies now work with Certified Umbrellas.

**It's time to act now.**

On 12 June, HMRC announced plans to introduce joint and several liability between umbrella companies and recruitment agencies. If an umbrella fails to pay tax, the agency will be liable. One-off audits or spot checks won't protect you. Agencies need continuous, independent evidence, which they get when they enforce SafeRec Certified Umbrella Companies across their PSL. Why take chances?

Q&A



**Calogero Mingoia** is head of sales at Bibby Financial Services

**What was the subject of your session at RECLive?**

The RECLive event in June was great. My panel session discussed the changing recruitment landscape, the need to be responsive and growth enablers for the sector.

**What are the key challenges businesses talk to you about?**

How to fund growth, how to finance day-to-day operations with long payment terms and late-paying clients, and how to ensure back-office efficiency around credit control.

**Do you have tips for accessing funding?**

Talk to me! Invoice Finance and the recruitment sector have grown together. Bibby Financial Services has been supporting SMEs for over 40 years and

businesses tell us that access to finance can be a challenge. That is because of two things; firstly, the right provider – when the economy is tough, some funders restrict lending (who they will finance and the amount they offer). Secondly, there is a lack of awareness about the finance options available. People often revert to what they know, which may not be best for their business goals. Research is key.

**What should agencies keen to grow do next?**

Don't go it alone – consider your funding options and what you need. Growth requires flexibility, as you don't know how far your growth will take you or how fast. Invoice Finance grows with turnover, which ensures that, once you start to grow, you don't need to put the brakes on.

# 'Talk to people the way you would like to be spoken to': true or false?

Former British Army intelligence officer Tim Bradshaw, keynote speaker at last month's RECLive 25, considers leadership, communication and decision-making.



**Y**ou have probably been told to talk to people the way you would like to be spoken to. This isn't true. If you want to influence people and create behavioural change, it's more effective to talk to someone the way they want to be spoken to!

Many of us view the current environment, which I describe as VUCA (Volatile, Uncertain, Complex and Ambiguous) as a threat. It promotes feelings of anxiety and insecurity. However if handled correctly, this can provide circumstances that can be used to your advantage.

In my former role as a human intelligence operator, I recruited and ran foreign assets. It's the ultimate level of influence and persuasion. How do you persuade a radicalised terrorist to see something from a different perspective? Change often provides opportunity.

The same is true in a commercial environment. When humans are exposed to VUCA environments they seek reassurance and direction. They seek out trusted advisers. Insecurity triggers FEAR (False Expectation Appearing Reassurance) and people enter a catastrophic thinking cycle. They worry about things that haven't happened yet and may never happen. This is especially true if people are changing employer or believe they are taking a risk or vulnerable.

Your mission at this moment is to help them focus on intelligence not

information. Help them to filter out background noise and concentrate only on what is real rather than their perception of what is real.

As a starting point, all communication should be accurate, timely and relevant. Now is the moment to lead. These feelings are triggered by the body's fight or flight mechanism, which tries to protect them from threats.

Imagine you are told to be in your boss's office in 20 minutes. You have no idea why, but your thoughts inevitably become negative. You ask what you've done wrong. This is a simple yet common example of the fight or flight mechanism and of careless communication by the boss. Neither is conducive to positively affecting your behaviour or the boss's desired outcomes.

Before we can deal with the matter at hand, we must first deal with biological and emotional reaction. Lead don't manage. There is a common perception that rapport comes from having something in common. This is not strictly true. It comes from shared motivations and beliefs. I don't agree with the ideology of a foreign terrorist, but we may share a belief that family is important. So this is to start building rapport.

Think about a chance, and probably brief, meeting with someone when you come away liking them without knowing why. The answer is that you almost certainly shared a personal motivation or belief. When we're seeking to lead

in a changing world, these emotional connections are critical to success, internally and externally.

When talking to colleagues and clients, listen for motivations and beliefs, and try to answer why. As physical human interactions become fewer, the importance of getting them right increases. Resist the urge to take the path of least resistance. This is tempting and easy in the world of electronic communication and AI. That's not to say you shouldn't utilise the latest technology, but see it as support to your finely honed interpersonal skills.

Whether you lead internal teams or clients, a changing world provides unique opportunities to build relationships. But to maximise these, focus on intelligence not information, respond to what is real rather than the perception of what is real and provide reassurance and direction. Remember, speak to people the way they want to be spoken to, not the way you want to be spoken to, and communicate, communicate, communicate!

I spend my time working with hugely diverse teams enhancing their communications tool kits in order to maximise performance both as leaders and negotiators.

If you would like to hear more and understand how together we could enhance your team's performance, you can book me via JLA and use this link: [www.jla.co.uk/conference-speakers/tim-bradshaw](http://www.jla.co.uk/conference-speakers/tim-bradshaw)