

Seema Malhotra MP  
Shadow Minister for Skills  
House of Commons  
London  
SW1A 0AA

11 September 2023

Dear Seema,

Congratulations on your recent promotion to Shadow Minister for Skills. On behalf of everyone at the [Recruitment and Employment Confederation \(REC\)](#), we wish you every success in this role and are keen to ensure that any future government is equipped and prepared to tackle the pressing labour market issues facing the UK. We had a strong collaborative relationship with your predecessor, Toby Perkins MP, and are keen to work closely with you also in your role.

As the body representing the UK recruitment and staffing industry, we drive standards and empower recruitment businesses to build better futures for jobseekers and our economy. Across the UK, the industry places a million people into new permanent roles every year, and one million people into temporary assignments every day. This gives us clear insight into what is happening on the frontline of the labour market, and the issues of the labour market are intertwined with economic resilience and the potential for growth like never before.

We share a goal of a labour market that delivers for the UK – raising wages and boosting growth. Yet recent research by the REC has found that the UK economy could potentially lose up to £39bn a year from 2024 if we don't resolve labour and skills shortages. Our report, [Overcoming Shortages: How to create a sustainable labour market](#), calls for a comprehensive **future workforce strategy** to build the skilled workforce the UK will need for the years to come. Fundamental to the work on the labour market is tackling the labour and skills shortages that our country faces – and the productivity puzzle we face.

One solution we have to this is simple: we believe that government should, in collaboration with business and industry experts, establish the right type of environment for skills-based policies to flourish and support the needs of employers. It has been promising to see Labour's commitment to reforming the failed Apprenticeship Levy into a '[Growth and Skills Levy](#)', which is responsive to labour market dynamics, and a much needed boost across the skills system, not just focused on supporting skills attainment at Levels 3 and above. In our [December 2022 survey](#), more than four in ten employers (42.5%) believed that a change to the Apprenticeship Levy system is needed to enable the UK labour market to prosper and boost productivity.

The right skills, immigration, devolution and labour market activation policies all matter if we're going to create a truly sustainable labour market. While much of the responsibility for this lies with business, government also has a role to play and there are some practical steps Labour policy could take, including:

- Applying Labour's Growth and Skills Levy to encourage high-quality early-career apprenticeships, good retraining options and modular interventions that help move careers on quickly by addressing shortages and helping to level up. We want Labour's *Skills England* to

collaborate with businesses as part of this process to ensure that our skills system and workforce planning are well aligned.

- Ensure that Labour's Growth and Skills Levy is applied to Level 2 and entry-level courses, not just intermediate and advanced level Apprenticeships (Levels 3-7). This is to ensure a consistent and stable talent pipeline right the way through our skills system from the entry level upwards. A number of the roles noted as "in demand" in our regular Report on Jobs require Level 2 and below training.
- Mandate labour market expert representation, such as that provided by quality-assured recruitment professionals, across Local Skills Improvement Plans (LSIPs) models in England, in its crucial delivery phase. This is an important way of enabling local businesses, education and training providers, and local labour market experts - recruiters - to share the latest labour market intelligence, ensuring that every LSIP has a cohesive strategy for responding to the changing needs and demands of local labour markets.

We look forward to working with you and your team to continue this vital work. It would be great to have the opportunity to meet with you, to discuss how we can further support you in your plans for the department. Ellie ([ellie.goddard@rec.uk.com](mailto:ellie.goddard@rec.uk.com)) in my office would happily arrange a meeting at your convenience.

Yours sincerely,



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**Kate Shoesmith**  
**Deputy Chief Executive**