

Darren Jones MP
Shadow Chief Secretary to the Treasury
House of Commons
London
SW1A 0AA

11 September 2023

Dear Darren,

Congratulations on your recent promotion to Shadow Chief Secretary to the Treasury. 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. You may recall us giving oral evidence on *Post-pandemic economic growth surrounding UK labour markets* to you as [chair of the Department for Business and Trade Select Committee](#), and are keen to continue discussions with you in your new 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, boosting growth and providing value for taxpayer money. We welcomed your statement earlier this year that the Government should better coordinate workforce training and skills provision with private sector leaders to tackle productivity issues. Meeting these aims are essential - as our own research found that the UK economy could potentially lose up to £39bn a year from 2024 if we don't resolve labour and skills shortages now. 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. This is the clearest path to sustainable economic growth.

Skills, immigration, devolution and labour market activation policies all matter if we are to create the right environment for enhancing productivity and build up the UK's edge in the face of growing international competition. 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, but also good retraining options and modular interventions that help people move careers quickly. The Apprenticeship Levy is firmly a Treasury policy for a reason. We would advocate that Labour's *Skills England* should collaborate with businesses as part of this process, to ensure that our skills system, workforce planning and economic growth agendas are well aligned.
- Work with staffing experts and frontline public sector workers, in both permanent and contingent roles, to design public sector frameworks that provide value for taxpayers' money. Recruiters are subject experts in their sectors and local areas, and valuable assets to their clients who are employers across public, private and third sectors. With their latest data and knowledge in the labour market and expertise in recruitment and retention, workforce frameworks are more likely to be successful and deliver public value if recruiters and workers are consulted at the design stage.

- Where employer demand for skills and training is evident (e.g. if an occupation is added to the Shortage Occupation List), this should serve as an incentive for the government to focus parts of Apprenticeship Levy funding towards those sectors. An example would be across Health and Social Care. This synchronised approach between fiscal, skills and immigration policies helps us attract international workers in the short term, but more crucially, enables the UK sufficient time to build our domestic talent pool pipeline in the medium to long term. Having sufficient labour supply to address chronic shortages enables us to boost productivity, maximise growth and ensure that we can achieve Labour's mission of securing *'the highest sustained growth in the G7'*.
- To ensure the Migration Advisory Committee (MAC) operates as an effective institution, it must give a greater voice to those stakeholders who have in-depth expertise on the problem. This can be achieved by turning the MAC into a tripartite body to give social partners a say on labour market policy.
- Create a tax credit scheme for employers who invest in training, and specifically, a 'green tax credit' for businesses that invest in green skills, green jobs and reduce their carbon footprint - recognising the importance these sectors will have if the UK is to be a world-leader.

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 your plans for the department. Ellie (ellie.goddard@rec.uk.com) in my office would be happy to arrange a meeting at your convenience.

Yours sincerely,



Kate Shoesmith
Deputy Chief Executive