

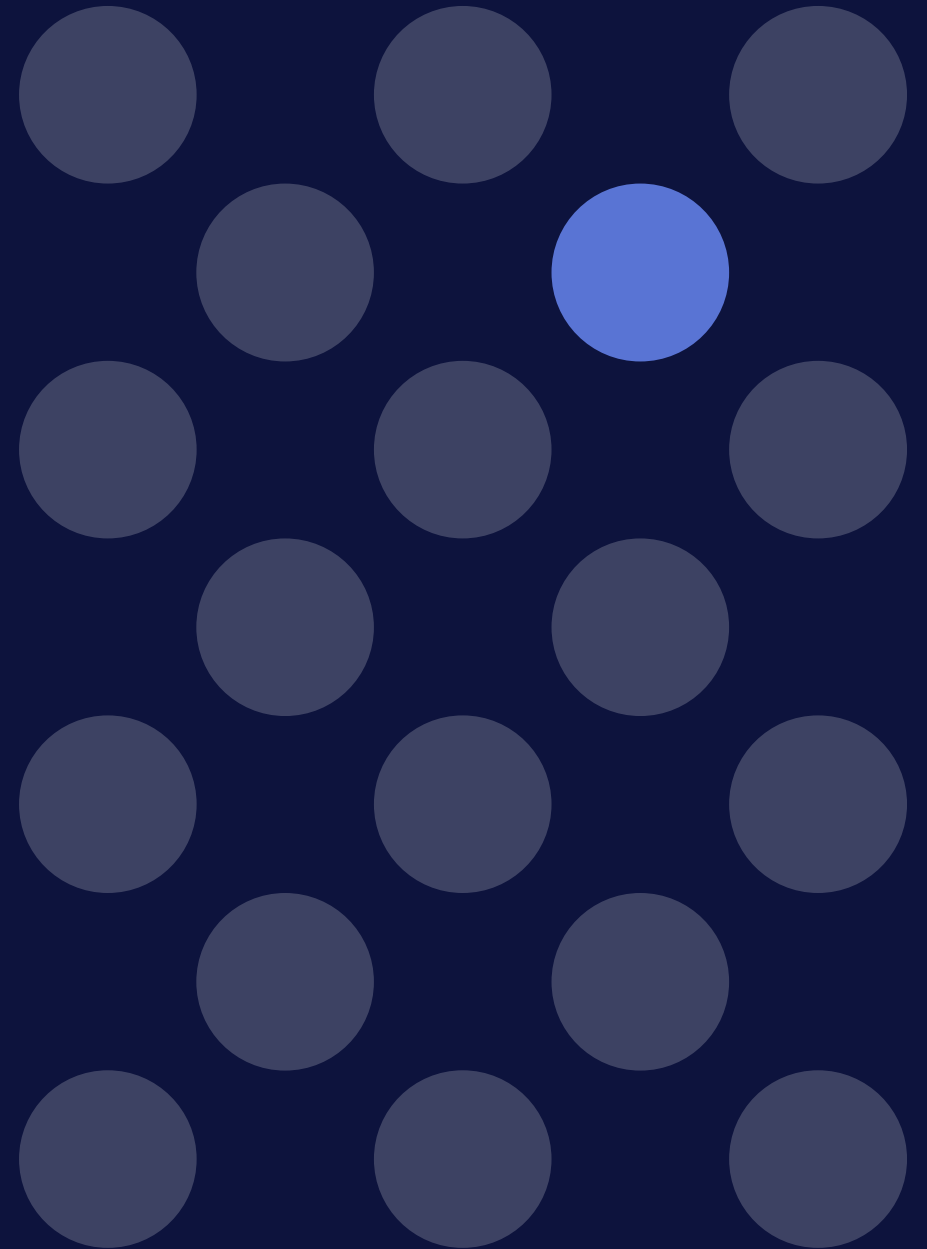


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# REC Drivers' sector roundtable

14 October 2021



# Agenda for today

- **Welcome**

**Mick Skerrett CMILT** – Driver Development Manager, Manpower Group and Chair of the REC Drivers Group

- **Department for Education – HGV drivers skills bootcamps**

**Tom Hewitt** - Policy Engagement Lead, Department for Education

- **REC: Legal update**

**Bunmi Adefuye** – Legal Advice Manager, REC

- **REC : Campaign update**

**Luiza Gomes** – Campaigns Advisor, REC

**Sam Beggs** – Campaigns and Government Relations Manager, REC

- **Key asks for the sector**

REC analysis with input from guests, plus your Q&As

- **Wrap Up and Close**



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# HGV Drivers Skills Bootcamps

Tom Hewitt - Policy Engagement Lead, Department for Education

# What are Skills Bootcamps?

Designed from extensive work to engage with, and listen to employers, the Skills Bootcamps program delivers flexible, 'in demand' skills training up to 16 weeks in length. Skills delivered may be regulated (i.e. qualification based) or non-regulated (i.e. based on alignment with apprenticeship or industry standards, or completely bespoke).

They will help close skills gaps and reduce skills shortages and give individuals a clear line of sight to a job.

The target participants are adults (19+), either currently employed, self employed or recently unemployed (less than 12 months) who wish to retrain, update or formalise their skills, or acquire specialist skills. For HGV Driving participants must hold a full UK driving licence as a prerequisite.

Employers can also use Skills Bootcamps to retrain or upskill existing employees but are expected to contribute 30% of the training cost for each employee.

Training providers must work with their employer network to secure interviews for their trainees – every participant is guaranteed an interview with a local employer who has a vacancy - this will hopefully lead to job offers (an apprenticeship is also a job outcome) in 75% of cases.

# Skills Bootcamps: Delivery so far....

- **Wave 1** of Skills Bootcamps were initially delivered in the second half of FY 20-21 in 6 areas: West Midlands, Greater Manchester with Lancashire, Liverpool City Region, Leeds City Region, Heart of the Southwest LEP area and Derbyshire/Nottinghamshire LEP area. We used £8m repurposed funding to deliver mainly digital skills to approximately 3000 participants.
- In FY 21-22 we have £43m to expand the programme for **Wave 2**. This year we expect to deliver digital, technical, construction and green skills to around 16,000 participants ensuring there will be some digital Skills Bootcamps in every region of England.
- **We have also responded to the current shortage of HGV drivers with Skills Bootcamps in HGV Driving**
- **Wave 3** is still in the planning stages and remains subject to Spending Review funding support, but we expect to expand delivery further.

# Skills Bootcamps in HGV Driving

- To help address the shortage of HGV drivers across the country, the new Skills Bootcamps in HGV Driving will provide opportunities for up to 5000 people to train as drivers, gain their licences and launch new careers in the sector.
- The training will cover all the testing, training and support required to take someone with experience of only driving a car right through to being a road ready HGV driver.
- The training would likely involve around 200 guided learning hours for those new to driving a HGV and will take up to 16 weeks – including all required tests and Category C and/or Category C+E licence (which will be achieved at or just after the terminus point of the Skills Bootcamp).
- If a learner fails their test, an individual they will be fully funded to resit once.

[Call for competition contract\(s\) to provide increased HGV driver training and licences to create a pipeline of 'road-ready' individuals to fill vacancies in the road haulage industry. - Contracts Finder](#)

# The nine different pathways

- Novice to Cat C
- Novice to Cat C then C+E
- Novice to CAT C or CAT C then CAT C+E Plus Additional Elements
- Existing CAT C upgrade to CAT C+E
- Existing HGV upgrade to ADR Packages
- Existing HGV upgrade to ADR Packages & Tankers
- Existing HGV upgrade to ADR Tankers plus PDP
- 'Back to Wheels' Refresher into Previous Existing Category
- 'Back to Wheels' Refresher with Upgrade to CAT C+E

# Anticipated Timeline

Invitation to tender opened	8 October 2021
<b>Tender closes</b>	<b>22 October</b>
Bids Assessed	28 October to 5 November 2021
Results Communicated to Bidders	5 November 2021
Mandatory Standstill Period	8 November to 18 November
Contract Mobilisation	25 November to 2 December 2021
First Learner Starts	6 December to 13 December 2021
First Learner Completions (assuming full 16 weeks taken)	28 March 2022*
<p>*Some pathways will not take 16 weeks to complete e.g. those returning to the industry who already hold Category C+E licence.</p> <p><b>We suggest you make early contact with local providers to collaborate and share vacancy information/requirements.</b></p>	



# How can you link up with Training Providers?

- Encourage you to approach training providers that you work with to submit bids to deliver a Skills Bootcamp in HGV driving.
- As providers sign their delivery contracts their details will be added to the published list of available Skills Bootcamps [List of Skills Bootcamps - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/skills-bootcamps)
- We are also working closely with Department for Transport and DVSA to minimise any test and licencing delays



# Enquiries from individuals

- We are aware that this has captured the attention of individuals across the country and is generating a lot of interest.
- If you are contacted by individuals who want to apply for the training please refer them to the National Careers Service who will register their interest and alert them when the courses start to open for applications.
- We suggest the following response:
- You can contact the National Careers Service for advice on the options open to you, stay up to date on course availability and register your interest in Skills Bootcamps: [nationalcareers.service.gov.uk/contact-us](https://nationalcareers.service.gov.uk/contact-us)
- [How can I train to become an HGV driver? Your questions answered - The Education Hub \(blog.gov.uk\)](https://www.blog.gov.uk/2022/07/20/how-can-i-train-to-become-an-hgv-driver-your-questions-answered/)



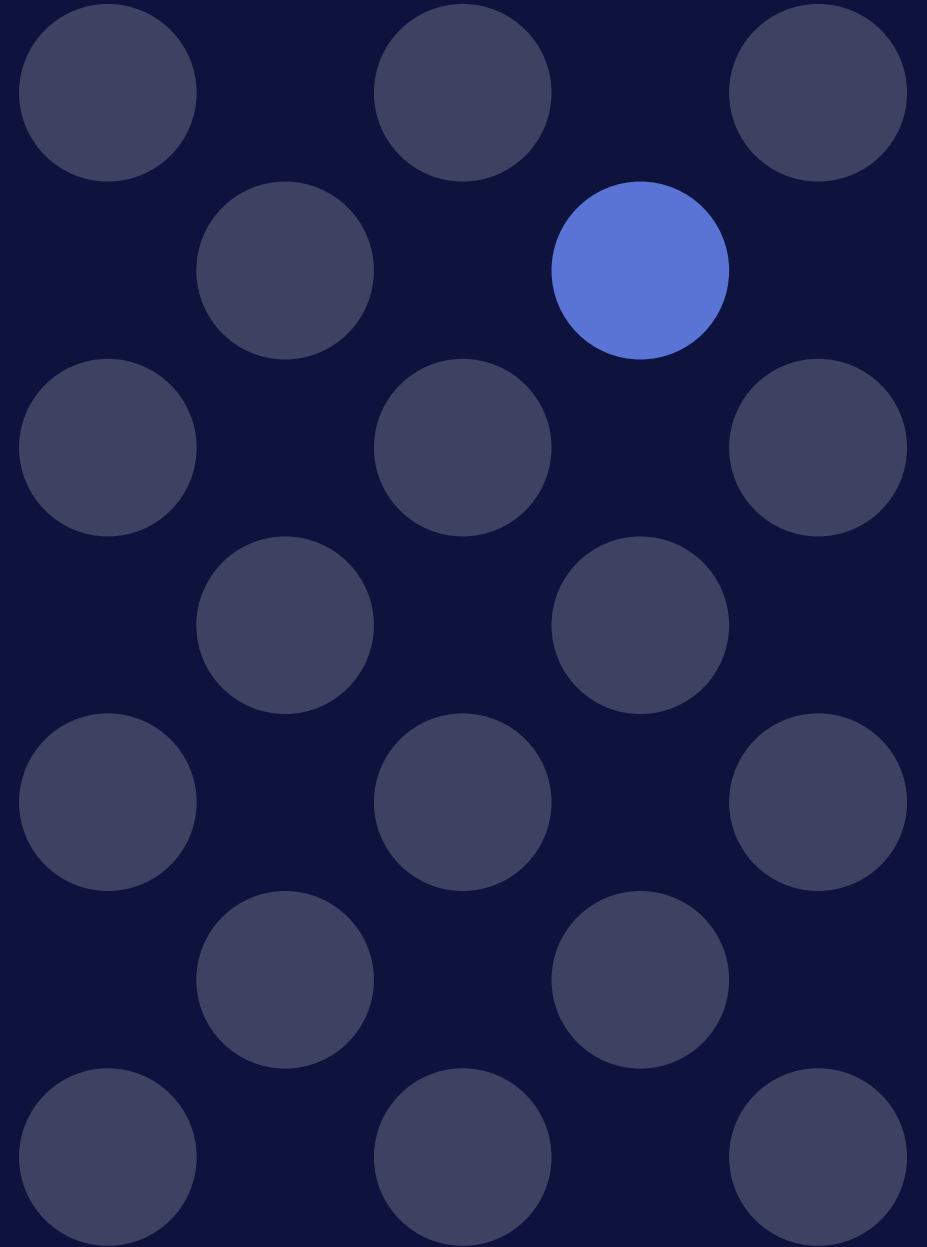
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# IR35 update

Bunmi Adefuye Legal Advice Manager

14<sup>th</sup> October 2021



# What I will discuss

- IR35 – Basic principles
- What clients do the off payroll rules apply to?
- Status Determination Statements (SDS)
  - What are they?
  - What's reasonable care?
- Disagreeing with the client's decision
- Liability
- What changed in the rules in 2021?

- **April 2000** - IR35 introduced by Chapter 8 of the Income Tax (Earnings and Pensions) Act 2003 (ITEPA)
- **Purpose** - collection of personal income tax from individuals working through an intermediary, e.g. a personal services company or partnership. The individual must have a “material interest” in the intermediary i.e.
  - **Personal services company** - no legal definition of a PSC but individual must own or have a beneficial interest in more than 5% of shares
  - **Partnership** – individual must be entitled to 60% or more of the profits of the partnership or most of the profits derive from services provided through the partnership to a single client or its associates
  - NB – an individual will not have shares in a traditional umbrella therefore IR35 will not apply BUT other rules require the employing umbrella to deduct tax and NICs and pay employer NICs.

- **What do “inside IR35” and “outside IR35” mean?**
  - Inside IR35 status- if the intermediary did not exist and the individual works in a way that makes them look like an employee of the client, they’ll be deemed to be an employee for tax purposes and pay employee rates of income tax
  - Outside IR35 status – the individual does not work in a way that they look like an employee so they’re deemed to be self-employed for tax purposes and pay self-employed rates of income tax

# The off-payroll rules – basic principles

- Who makes the IR35 status decision?
  - Responsibility for making the IR35 status decision moves from the intermediary to the client
- Who deducts the tax?

‘Inside IR35’ - the fee-payer will:

- make appropriate tax and NICs deductions.
- Account to HMRC for employers’ NICs
- Report on deductions via Real Time Information.

‘Outside IR35’ :

- the intermediary is responsible for any deductions.
- The employment business reports payment to the intermediary via quarterly ITEPA reports.

# What clients will the off-payroll rules apply to

- All public authorities (as since 2017 – see guidance at [ESM 9000](#))
- Private sector 2021– [see guidance at ESM 10006 - 10009](#):
  - **Will apply** to medium and large end-user clients who will be required to issue a *status determination statement* to state if a role is inside or outside IR35;
  - **Will not apply** to small companies \*
    - Defined in sections 382 and 383 Companies Act 2006 i.e. a company which in a particular tax year meets two or more of the following conditions (current figures):
      1. Has as a turnover of not more than £10.2 million,
      2. Has a balance sheet total of not more than £5.1 million, or
      3. Has no more than 50 employees;
- Where a small company is exempt, the current IR35 rules apply i.e. responsibility for the status decision and relevant tax deductions stays with the intermediary (e.g. personal services company)

\* The **small companies exemption applies to clients only**, not employment businesses or employment intermediaries.



# The status determination statement – the client's responsibility

The client must make the IR35 status decision.

The client must take reasonable care when making their status decision, otherwise liability for unpaid tax and NICs will transfer to it, i.e. they'll become the fee-payer.

What is reasonable? Depends on client's resources

**Can a client just make a blanket decision?** This is not reasonable care.

Client is not obliged to use CEST but HMRC say they will stand by the decision given by the tool if the correct information is inputted with reasonable care.

Where there are subsequent material changes to contractual or working arrangements, the information originally provided may no longer be accurate and HMRC will not stand by the original outcome. HMRC recommends that a client completes CEST again to consider the new arrangements.

## Amended section 61T Income Tax (Earnings & Pensions) Act 2003

- The worker or deemed employer can challenge the client's status determination statement by directly contacting the client.
- The client must respond within 45 days of receipt, confirming that its status decision is correct or not.
  - ✓ If correct, the client must give reasons for its decision.
  - ✗ If the client changes its status decision, it must give a new status determination statement with reasons and confirm that previous statement is withdrawn.
- If the client fails to respond within 45 days it becomes the fee-payer.
- There isn't an independent appeals process if there is still disagreement after the client-led process.

**Note – agencies should not substitute their own or their contractors' assessments for those given by clients. If they do they will be liable for unpaid tax and NICs.**

[See ESM 10015](#)

# Transfer of liability across the labour supply chain

Liability will:

- move down the supply chain as each party passes the status decision down to the next.
- rest with a party that has failed to fulfil its obligation to either make the IR35 decision or pass the decision down to the next party in the chain.

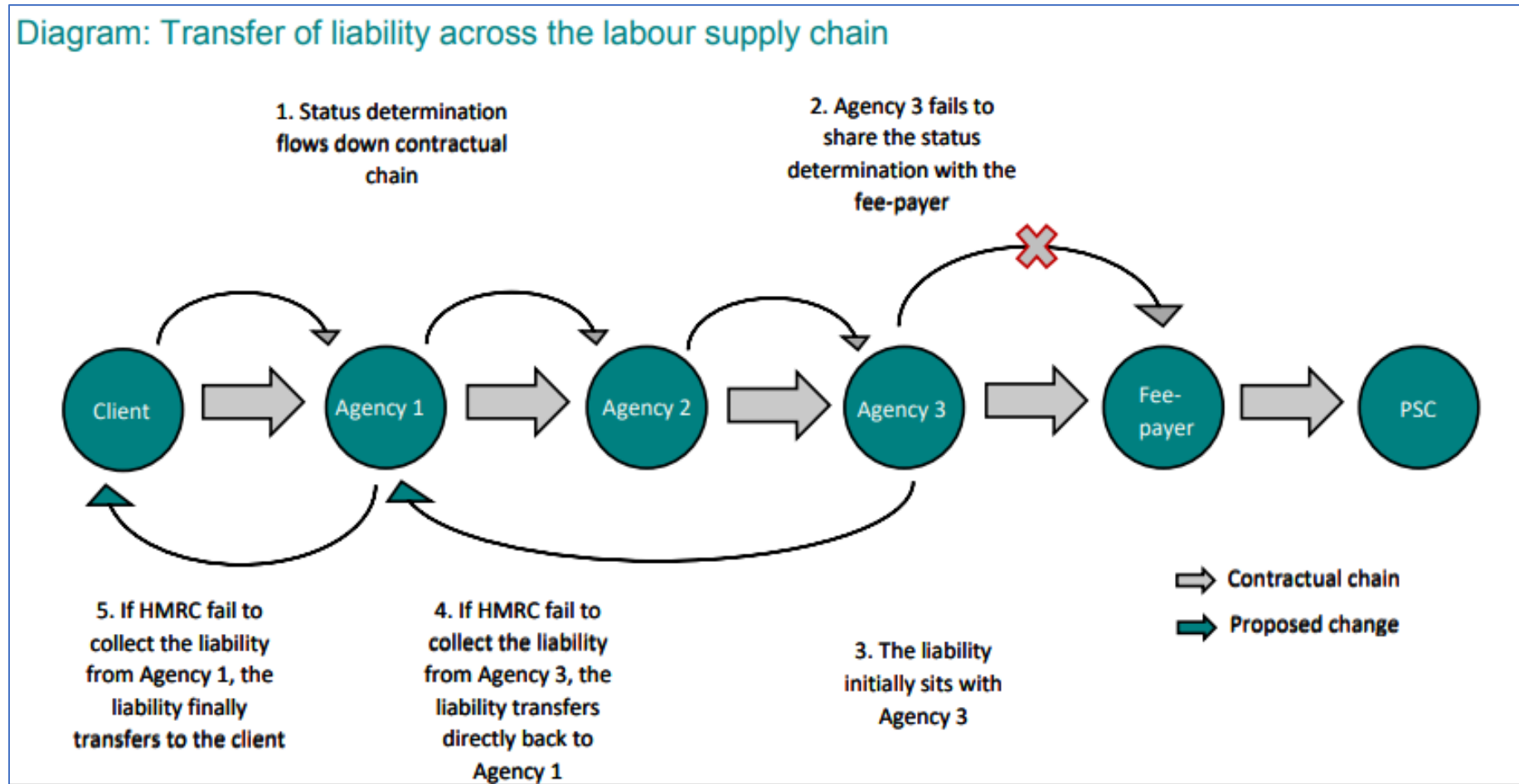


Diagram from [Government's Summary of Responses](#)

# Further changes to OPW

- After the publication of the 2021 Finance Bill, government introduced some technical changes to the off-payroll rules for workers who provide services through intermediaries where the clients are public authorities or medium or large companies in the private sector. These changes ensure that the off-payroll rules operate as intended by HMRC.
- The REC has amended our template contracts, accompanying forms and infographics to reflect these changes.

# What are the technical changes?

The technical changes are:

- correcting the wider definition of an intermediary so that umbrella company workers are not within the scope of the rules
- the rules apply to contractors, who must have a material interest in the intermediary they work through. Material interest means owning more than 5% of the company shares; or being entitled to 60% or more of the profits in a partnership. But material interest will change only for companies to include non-material interest and the rules will apply if the contractor receives payment that is not deemed employment income
- a targeted, anti-avoidance rule will be applied to arrangements where the primary purpose is to gain a tax advantage by circumventing the rules
- to make sharing information easier the intermediaries will be obliged to confirm to other parties in the supply chain whether the IR35 qualifying conditions are met
- where fraudulent information is provided, the liability will be moved to the party in the UK supply chain that provided the fraudulent information.

# REC work following the changes

- As a member of the IR35 forum hosted by HMRC, we will continue to represent our members' views and relay their concerns and challenges to HMRC.
- For more details on the work that we are doing please visit our [IR35 Hub](#).



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# REC Campaigns update

Luiza Gomes – Campaigns Advisor, REC

Sam Beggs – Campaigns and Government Relations Manager, REC

# Big picture view

- The recruitment industry's insight from the front line of the jobs market has never been more invaluable (we even shared the news headlines with ABBA last month!)
- Demand for labour is still rising at unprecedented rates, even in sectors where we have a tradition of high demand and low supply (see [REC & KPMG Report on Jobs, 8 Oct 2021, below](#))
- The public narrative is a good few weeks behind the reality...
- There are some reasons to believe this is a short term crisis
- BUT as we will explore today, there are longer term issues exacerbating today's crisis and it will remain a tight labour market going forward.

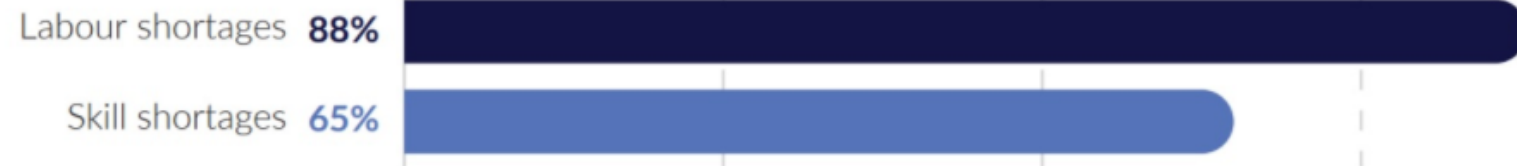




# Labour and Skills shortages

The REC published findings of its most recent survey on 15 September, which emphasised the scale of the challenge regarding the supply and demand for labour:

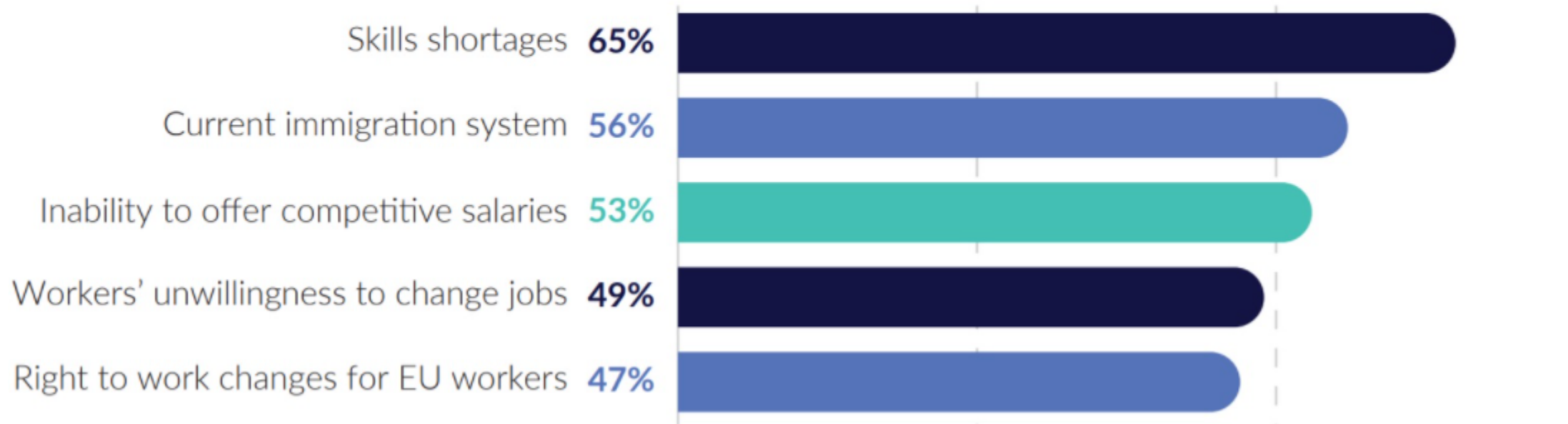
**Nine in ten recruiters (88%) say that labour shortages are their biggest concern for the remainder of 2021, while skill shortages are a major concern for two in three (65%).**



**58%** of recruiters (3 in 5) say they now have over 30% more vacancies to fill than they did pre-pandemic and **97%** report it is taking longer to fill those vacancies.

- The full analysis and more on our campaign activity can be found on [our labour and skills shortages webpage](#).

## Factors affecting recruiters' ability to place suitable candidates



# Labour and skills shortages – Drivers and logistics breakdown

For more than nine in ten recruiters (94%) sourcing in logistics and drivers labour shortages were the main concern for the remainder of the year. While skills shortages were a concern for three in five (62%), followed by retaining staff (51%).

Almost all (97%) say they spend more time working on vacancies since before the pandemic:

- 49% - It takes longer to find suitable candidates (up to a month),
- 48% - It takes a lot longer to find suitable candidates (more than a month).

The main factors, recruiters cited as barriers to them finding suitable candidates were the ongoing skills shortage crisis (72%), followed by current immigration system (66%), and the inability of their clients to offer competitive salaries (62%).

Other notable mentions include:

- 58% - Right to works checks for EU workers,
- 49% - The end of the EU settlement scheme.

69% of respondents are currently working on at least 30% more vacancies than before the pandemic and 45% reported increasing salaries to attract more candidates.

# Skills and Labour Shortages

## – our campaign asks & how to get involved

1. **Set up a new cross-government and industry forum** - there is a government group chaired by Rt Hon Michael Gove MP but to be really effective, this group should include industry & labour market experts, like recruiters.
2. **Broaden the apprenticeship levy and increase funding for training at lower skill levels** - to improve progression and transition opportunities for lower-skilled and temporary workers who need them most and encourage business to do more here in the UK, not less.
3. **Allow flexibility in the points-based immigration system and a low-skilled visa route** - allowing firms in the worst-affected sectors, like health, care & logistics, to access staff when there is urgent need.
4. **Increase focus from businesses on workforce planning, staff engagement, attraction and retention policies** - Firms need to raise workforce planning up to the senior leadership level, and work with key professional partners like recruiters to boost performance, productivity and staff wellbeing.

[rec.uk.com  
/shortages](https://rec.uk.com/shortages)

# Skills and Labour Shortages – logistics sector asks

## 1. Key issues for drivers and logistics

- Covid – Many drivers returned to their country of origin and have not returned to the UK.
- Brexit – As above, owing to uncertainty about rights to live and work in the UK.
- Retirement age – Average age of an HGV driver is 55, less than 1 per cent are under 25.
- Test shortage – The closure of vocational driving tests in 2020 resulted in the loss of over 30,000 test slots. Only 15,000 completed training successful, down by 25,000 from 2019.

## 2. Key asks for drivers and logistics

- Access to levy funding for accelerated licence acquisition without out the need for an apprenticeship
- Apprenticeships to be structured flexibly to account for non-regular working patterns
- Support in accelerate HGV testing, including more focus to bring new drivers in evenings and weekends testing
- DWP and DfT to work with an industry taskforce to design realistic policies around training, reskilling, and funding of those
- Funding for upskill existing drivers - particularly at levels 1 and 2
- Increase capacity of driving training schools
- An effective plan to improve roadside facilities to with a focus on drivers' wellbeing and retention
- Fit for purpose immigration system with a review of the current skill threshold: sector-specific rules-based or shortage occupation list
- Bring back retired drivers - use some sort of refresher for their CPC, instead of a whole week of licencing that's often too costly (requires legislative change).

# Labour and skills shortages – Our Public Affairs activities to represent you

The REC's engagement with Parliamentarians on this campaign started just before the summer recess, resulting in meetings and parliamentary questions in July. The REC campaigns team has launched a thorough public affairs engagement plan in September.

A summary of progress to date include:

- 8 meetings with a range of parliamentarians secured across the government and oppositions from ministers to peers.
- 1 ministerial meeting secured
- 2 meetings with members of the shadow frontbench team
- [Social media engagement](#) and written parliamentary question tabled by Alex Cunningham MP (LAB, Stockton North)
- Rt Hon Ben Bradshaw MP (Labour, Exeter) has written to BEIS with our 4 key campaigns asks
- 6 written parliamentary questions tabled
- Invitation to give oral evidence to BEIS Select Committee (19th October) which is looking into supply chain disruption, and the Welsh Select Committee (17<sup>th</sup> November) on labour shortages

Thanks to all members who participated in the survey and please do use [our guide to engaging your MP](#) to further help our campaign.

# Other campaigns in progress by the REC

## Diversity & Inclusion Ambassadors

We have appointed two diversity and inclusion ambassadors as part of our campaign to champion and improve D&I in the industry:

- **Scarlett Allen-Horton**, director of global energy and engineering executive search firm, Harper Fox Partners, and finalist in the 2019 series of The Apprentice
- **Ugo Monye**, former England and Harlequins rugby union star and sports presenter.
- Scarlett and Ugo will use their experience and knowledge to help raise awareness of how recruitment businesses can achieve best practice, plus champion the sector's successes and advocate for good recruitment.

## Right to Work checks

The Government has announced a further delay to the end of the digital RTW checks. Digital adjusted checks were first introduced in March 2020 as a response to the pandemic. The digital checks will now remain in place until 5 April 2022, with agencies able to use the adjusted checks for all candidates.

This delay comes after a concerted campaign by the REC to retain the adjusted checks while a long-term digital solution is developed. This review into a permanent solution is ongoing by the Home Office, and the REC has been feeding in. As part of this review, the REC facilitated a roundtable between our members and Home Office officials to discuss the benefits of digital RTW in the recruitment process and how this could work on a permanent basis.



Thank you for listening

