

2<sup>nd</sup> April 2020  
The Rt Hon Alok Sharma MP  
Secretary of State  
Department for Business, Energy and Industrial Strategy  
1 Victoria Street  
London  
SW1H 0ET

Dear Secretary of State,

Thank you for your work to support businesses at this critical time – including the support package unveiled by the Chancellor, and the changes your Department has brought forward, such as digital identity checks.

The REC is one of the country's largest business organisations, representing 3,300 businesses involved in helping companies hire and workers find new jobs. As well as working with Government as a partner business organisation at this time, we are working closely with the Cabinet Office to ensure that key industries stay effectively staffed. Co-operation between the Employment Agency Standards team and the industry at this time has been exemplary. But time is now running short for too many good businesses – and failures over the next few weeks will damage the jobs market's ability to recover. In this letter, I want to share four key things that you might consider as they would help workers, companies and the Government alike.

**Short-term, repayable support to high cashflow businesses so they can bridge the gap to furlough**

Businesses in high cashflow, thin-margin sectors – like recruitment and staffing – have been damaged by the current situation much more quickly than other sectors. These firms need support now if they are to navigate this challenging time and look after their staff. This is especially true for temporary agency work providers, who cannot afford to furlough temps unless there is far greater speed and clarity about when Government support will be available – and access to those funds quickly. To furlough large numbers of temps without this certainty would simply cause hundreds of businesses to become insolvent waiting for Government repayment. It would damage the long-term employment prospects of temporary workers and the employment recovery we all want to see later in the year.

Allowing agencies to claim emergency grant support for temp wages now, which is then deducted from furlough payments in due course would be a huge benefit to flexible workers across the country. This solution would come at no net cost to Government – although we are open to other options to address this pressing need.

**Making sure the CBIL process works and other finance providers play fair**

To date, the CBIL process does not offer any kind of solution to firms' cashflow needs, due to the slow pace of its delivery by the banks, and some of the unwarranted requests firms are facing to access the

finance – including requests to switch other financial products to the lender as part of the deal. Many thanks for the clarity of your message at Wednesday's Government press conference on this point. We would also add insurance providers to this request – many firms have insurance that specifically mentions the effects of viral epidemics, yet it is still not being paid out.

**Freeing up the temporary labour market by ending the SSP stand-off between agencies and clients**

Avoiding even higher unemployment means keeping people in work. In the current environment, temporary work is a huge part of available new jobs, but placements are being slowed by caution from agencies and hirers over SSP costs. With both parties managing cash in a crisis, taking the risk of high SSP costs is a threat to businesses. If Government were to cover SSP costs for 2 weeks for all workers, this would ensure many more people can be placed, and would reduce the call on benefits over time, saving the Government money.

**Not forgetting the distress of Directors of owner-operated limited companies**

Finally, we should address the challenges faced by many SMEs in this time. Directors of owner-operated limited companies have largely been left unprotected by announcements made so far, despite their important role in local economies. It would be good for Government to find a pathway to supporting these local business leaders who drive the economy, all over the country.

We are ready to help on each of these challenges. Since the start of the crisis, we have seen widespread collaboration across the business community as well as with Trade Unions and other stakeholders. We are confident that this sense of solidarity and common cause will continue, and we look forward to working with you to ensure the best possible support to firms and workers at this difficult time.

I and my team are available to pick up on any of these points with your team at any time.

Yours Aye,



**Neil Carberry**  
Chief Executive