

How to create jobs

The REC's six step plan for a jobs recovery

As the jobs experts, recruiters call on policy makers to work with us on six measures for job creation.

The same swift and decisive action we saw in the Spring, including the furlough scheme and other cashflow support, is needed now. We can't pull up the drawbridge. And we shouldn't ignore businesses in the supply chain of sectors that have to close. This is a unique economic shock - we'll recover more effectively by keeping businesses going.

Six steps for business recovery

- | | | | |
|----------|--|----------|--|
| 1 | Reduce employer national insurance contributions to incentivise job creation | 4 | Remove unnecessary red tape when finding work with the appropriate use of technology |
| 2 | Fund SSP for every worker so no one is left behind by this crisis | 5 | Ensure key sectors to our economy can access the people they need |
| 3 | Open up the apprenticeship levy to support the retraining of people looking for work | 6 | Make recruitment experts central to all job finding support services |
-

1 Reduce employer national insurance contributions to incentivise job creation

Government can do more to incentivise job creation and self-employment in this market, and it needs to start with a review of the tax system, including IR35. But it's time to think bigger - businesses should be taxed on the profit they make, not the investments they put in. Such an approach has worked well in previous recessions. NICs is the biggest business tax, and a reduction would have a dual benefit of slowing redundancies for those businesses struggling to maintain their wage bill, while also encouraging those businesses requiring more capacity to meet market demand to take on more people into new jobs.

Business rate grants have been a lifeline - and these schemes also need to remain open as long as possible.

2 Fund SSP for every worker so no one is disadvantaged or left behind by this crisis

Flexible work opportunities will help speed up the recovery. For the employer, flexibility helps them navigate through - by creating temporary work to fill fluctuating demand when permanent positions would not be possible. Temporary work also helps individuals find earning opportunities quickly and to gain new skills that will help them with future job searches. The definition of which businesses are currently eligible for Statutory Sick Pay (SSP) rebates excludes the vast majority of businesses supplying temporary workers. Creating opportunities for temporary workers in a pandemic is a big financial risk for small recruiters who could face a huge SSP bill if their temps are required to self-isolate. This means potentially fewer work opportunities being created for temps just as businesses need them. Our key workers in logistics, education and care sectors are at risk of disadvantage if there is concern about SSP cover.

3 Open up the apprenticeship levy to support the retraining of people, especially those looking for work

The pandemic has had a disproportionate impact on some sectors - hospitality, the arts, events, to name a few. For some, the only way to find a new job will be to retrain. At the start of this year, there was a £2 billion differential in terms of what businesses had paid into the levy, versus what had been paid out. The only way to make the levy work is to broaden it out so that employers can offer new starters and temps short courses of high-quality training. The money could be specifically ringfenced for employers to train the people hit hardest by recession - young people leaving full-time education and those who have been made redundant.

4 Remove unnecessary red tape when finding work with the use of technology

From the outset of the crisis it was clear that face-to-face measures, such as checking right to work documents, were no longer viable. We welcomed the temporary provisions, which helped recruiters get people into work quickly and safely. Months on and we still cannot go back to business as usual. Re-doing, in person, a years' worth of checks does not make sense. It would be costly in time and resources. Technology has the potential to enhance compliance, as well as reduce the cost and increase productivity.

5 Ensure key sectors to our economy can access the people they need

The UK's immigration and skills strategy must go hand-in-hand. We need a skills system that supports people who are currently unemployed to transition into growth industries. But we also need the new immigration system to be flexible, while our skills system is gearing up to meet the needs of a changing economy. Businesses need time to plan and must be consulted by government on their labour needs. We already know that the skills points system envisaged will mean key sectors to the economy, such as construction, social care, hospitality and horticulture, will struggle to recruit - and we don't yet have the UK workers available to fill these roles. We need a fit for purpose immigration system built through business and government working in partnership.

6 Make recruitment experts central to all job finding support services

The shadow of Covid19 in our jobs market will be a long one. Jobcentres and employability services will be stretched - but the recruitment industry has the capability and desire to help. The return on investment of public-private partnerships in job finding services has been proven. The REC will be a gateway organisation under Kickstart but that's just one measure. Given the scale of this crisis, we need a more systematic way of bringing private recruitment experts, particularly the niche local specialists, into jobcentres today.

About us

The Recruitment & Employment Confederation (REC) is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy - placing over a million people into permanent roles a year and a further million workers in temporary, contract and interim assignment on any given day.

For more information, please contact

Kate Shoesmith
Deputy CEO

kate.shoesmith@rec.uk.com

Sophie Wingfield
Head of Policy & Public Affairs

sophie.wingfield@rec.uk.com

