



THE VIEW AND THE INTELLIGENCE

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Workforce planning

Temps can turn tide on tech anxiety among firms

Employers across the world will turn to temps to help them transition to new technology and green skills, according to a significant survey by The World Employment Confederation (WEC). The report shows how the UK can achieve global leadership in technology, including artificial intelligence (AI), and achieving 'net zero' by 2050 if policymakers focus on workforce matters and businesses target temps with the right incentives.

The WEC (of which the REC is a member) commissioned a global survey of senior executives in Forbes 2000 companies. Most respondents said that at least a fifth of their workforce were employed on flexible contracts – and 88% said it was important to them to increase employment of agency workers in the next two years. Eight in 10 of UK respondents planned to increase their use of agency workers in the next two years.

However, global employers said they were worried about keeping up with technology innovation – and technological change is speeding up. Among UK respondents, 84% said employing agency workers with up-to-date technology skills is an effective way to boost the knowledge of permanent employees.

This anticipated increase in demand



for temps coincides with nine in 10 UK respondents expressing concern that their organisation will be unable to train employees fast enough to keep up with technological developments in the next three years. Eight in ten UK respondents said that AI and other tech disruptions will require companies to come up with radical solutions to skills and resources needed by large parts of their workforce.

Meanwhile, 88% of UK respondents said they will increasingly look for employees with green skills in the next five years. The two trends are connected, because skills in new technology are vital to helping organisations transition to a greener economy.

“With better skills planning and laws from the next government that reflect modern ways of working, we can overcome continued labour shortages in the kinds of jobs needed to help realise the productivity benefits of new technology and keep the UK safe from the impact of climate change,” said Kate Shoemith, Deputy Chief Executive at the REC. “Businesses must play their part by pushing workforce planning up the agenda at leadership and board level to grow and deal with technology changes and commitments to reach ‘net zero.’”

See www.rec.uk.com/our-view/research/recruitment-insights/work-we-want

the view...



The new government must understand labour to create growth, says **Neil Carberry**, REC Chief Executive

The old playground taunt reversed – you know something I don't know (or will do very shortly)! I'm referring, of course, to the shape of the next government of the UK.

The new government's inbox is piled high. Making the sums add up is a challenge, and the only way to make them work is growth. That puts business at the heart of prosperity, yet we heard so little about it on the campaign trail.

After 20 years of lobbying for business, I have come to the conclusion that this is partly about the nature of retail politics – businesses don't vote, people do. But is also about politicians not understanding business and the market. This is a challenge. Growing the economy is the only way to cut taxes and fund public services. But we need to educate policy makers on how to do it well.

The REC set out four big themes to the parties before the election and, as you are reading this, we'll be putting pressure on the new government to drive them forward.

First, understand that the challenges workers and businesses face have changed. There is no 'typical' way of working now and both workers and businesses benefit from that. CEOs recently told the WEC that they'll lose out if they don't offer flexibility. A new government must work in this world, not an ideological one.

Second, acknowledge the need to prepare for the future – set out an industrial strategy that embraces AI and the march to 'net zero' as drivers of prosperity, and create incentives to help firms invest (including in our immigration system).

Third, support workers with skills reforms that liberate levy funding for the training businesses and workers really need. And focus on the things that boost the candidate pool, such as effective childcare and local transport.

Last, ensure regulation supports this dynamic, flexible labour market. Better enforcement, laws that treat agency work and contracting as valid options and are easy to comply with, and a review of IR35 can underpin growth.

Governments come to power full of vigour and plans. Their success depends on delivery. That starts with working with business, not against it. Let's see where we end up!

If you want to keep up to speed with all things recruitment then follow me on X @RECNeil



CAMPAIGNS

New government, new labour laws?

Shazia Ejaz, Director of Campaigns at the REC

Members may be excused for asking us 'Dude, where's my legislation gone?' The answer is that it was probably lost in the 'wash-up' in May before the general election was called.

The wash-up period describes the last few days of a Parliament before it is dissolved for the General Election. Any unfinished business is lost at dissolution, so the government tries to push through some of the legislation that was already in progress. Some bills are abandoned completely, while others are passed quickly, although sometimes in an abbreviated form.

Whether those that are dropped see the light of day again depends on the incoming government.

We suspect that the publication of statutory guidance on new rules in the agency child social work sector, involving new agency rules and price caps, falls into the category of paused, but probably not lost entirely. Also on hold is the implementation of The Predictable Terms and Conditions Bill. We look forward to having a second chance to tell politicians that this is a pretty shoddy bit of legislation.

Another piece of legislation on hold is the introduction of a statutory due diligence regime for umbrella companies. Again, we would relish another chance to tell policy makers that accountability and liability must sit with the companies that are non-compliant, rather than with other businesses in that supply chain that have no control over the actions of those umbrellas.

One big legal change that is still going ahead is the plan to ban off-framework agency staff in the NHS. This is coming in the context of significant budget challenges at the Department for Health and will have an impact on our sector. We are working hard to find out as much detail as possible for our members.

Whichever political party, or parties, form the new government, they will face serious workforce challenges and we stand ready to help.

the intelligence...



Employers highlight cost-of-work crisis

Hamant Verma, REC Communications Manager

Back in the relatively calm days before the grand mayhem of the General Election campaign, welfare-to-work reform was at the top of the government's agenda.

We had the Modernising Support Green Paper and the Back to Work Plan. The Secretary of State for Work and Pensions was a regular presence on the airwaves and in newspaper pages.

Two months' later, employers are still struggling to find workers in a period of entrenched labour and skills shortages. What welfare-to-work reforms do they want from today's ministers?

After all, businesses, including recruiters, will surely be invited to work with the incoming government if any welfare-to-work reforms are to be meaningful?

This is why we teamed up with the Institute for Employment Studies (IES) to ask 172 employers to prioritise a list of hypothetical changes to public-sector employment services.

The survey found that the first priority for employers was for a reformed employment service to

62%
A resounding 62% chose providing funding to recruits

provide funding for new recruits to help them overcome barriers to starting work, such as transport, childcare or work clothes. There was particularly strong support for this among small organisations (0-49 workers) and large ones (250+ workers). It was backed by employers across different regions and nations in the UK.

The joint-second most popular options were 'support to identify and access skills training', and 'a service that is open and accessible to all those who want to change job as well as those who are out of work'. After these, the next favourite choice was to provide a single point of contact for employers that acts as a gateway to a range of public schemes.

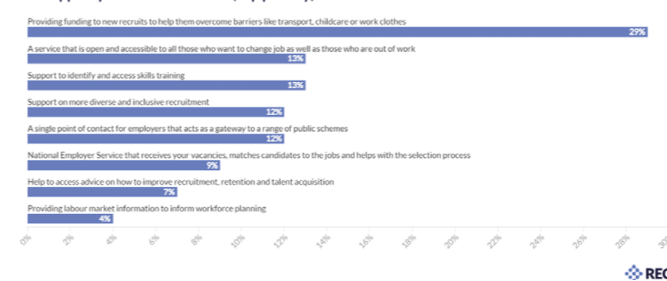
The pattern of results was similar when we asked employers for their three priorities for government reform. Nearly two-thirds (62%) chose providing funding to recruits, 36% chose support to identify and access skills training, and 30% selected having a service that is open and accessible to all those who want to change job as well as those who are out of work.

The results prompted the REC and IES to call for a trial to make the existing Flexible Support Fund an entitlement for those returning to work after caring, ill-health or having spent more than a year out of work, so that the costs of travel and workwear are reimbursed where necessary. This discretionary support with travel and workwear should also be available for anyone who is moving from benefits to work, and the fund should be publicised to employers so that they can promote it to potential candidates.

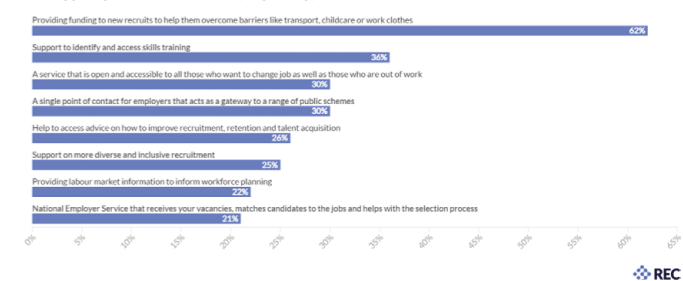
Interestingly, the responses we got to this survey suggest that many employers have specific, individual priorities for reforming JobCentres and related services. Given this, and the diverse answers we received to open questions, we believe our survey has opened up potential for a much wider discussion.

Therefore, we would be interested to hear the views of our members about what else would help to reform publicly funded employment services. Let us know what you think.

TQ. In a reformed publicly-funded employment service, which, if any, of the following types of support would be most useful to your organisation? Please choose up to three types of support, with first being the support you find most useful. (Top priority)



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big talking point

Ditch outdated employment laws for the sake of the UK's economy

The REC's 'Labour laws fit for the future' report sets out the legal ambiguities that the new government must resolve to boost the economy and protect workers.

Our labour laws are outdated and holding back the UK economy – and the burden of making these inadequate rules work effectively falls largely on the recruitment sector. This is the stark message from the REC's 'Labour laws fit for the future' report. What should the incoming government do about it?

There are around a million workers in the UK on an agency assignment on any given day. Yet labour laws impacting agency workers date back to 1973 (The Employment Agencies Act) and 2003 (Conduct of Employment Agencies and Employment Businesses Regulations 2003 (Conduct Regulations)). The world has turned many times since these were brought in and advances in technology and working patterns have changed the way people work and the skills required. Umbrella companies, for example, did

not exist when the 2003 regulations were drawn up, but have become common since the introduction of the IR35 rules.

As the report points out, we have had five innovations in the Playstation since 1993, but it took 26 years for any meaningful change to be made to the Working Time Regulations, first introduced in 1998. The first-ever video arcade game ('Pong' for those keen on pub quizzes) was created the year before the Employment Agencies Act was passed. Now, we have video games with virtual reality. It is time for similar innovation and progress to happen for our labour regulations.

This matters because it is damaging national productivity and hampering the recruitment sector, the REC argues. Key priorities for any incoming government should therefore be to:

- Remove confusing admin and legal complexities to boost UK productivity.
- Enable agency workers to work more effectively, safe in the knowledge that their rights are clear and reflect their status.
- Free employers to focus on what matters, without having to navigate complicated and unnecessary confusion around legislation, amendment regulations and case law.

Outdated laws put agency workers in a particularly difficult space because many don't fit specified categories. Current legislation often refers to 'employees' or 'self-employed'. Neither description fits many agency workers and the more flexible arrangements in non-standard

contracts. This leads to inefficiency and confusion and, ultimately, can expose some workers to unfair practices.

"To ensure agency workers, as well as anyone on any flexible work contract, are treated fairly compared to other staff, changes need to be made to the employment law framework," the report says. So what needs to change?

"We need to ensure that any legislative changes are properly thought through, because although the current legislation is a patchwork of overly complicated regulation, shiny new sticking plasters over the top to make some quick headlines will ultimately be a step backwards for our industry," says John Mayes, Director of Governance & Public

Affairs at Randstad UK&I. "The key has to be to consolidate that patchwork, and replace it with a whole new set of clear and simple regulations. Making things more complicated will serve only to give an advantage to unscrupulous businesses that like to exploit legal grey areas, increase the compliance burden for reputable operators, and make it harder for workers to understand and secure their legal rights."

Fundamentally, any legislative framework should consider the entire recruitment supply chain, and should explicitly cover all of those, such as umbrella organisations, that employ, contract and/or pay workers. Then they must be held accountable for meeting legislative employment standards.

The report highlights specific legal areas that require updates and clarification to recognise modern working practices. Current ambiguities in these areas mean that it is unclear what protections some workers are entitled to, and this causes confusion and extra work for employers, undermines enforcement and leaves workers disadvantaged.

Key examples include the Health and Safety at Work Act 1974. This has been supplemented with a host of secondary legislation aimed at employees and self-employed people. Agency workers are treated as self-employed, even when the work they do is the same as that performed by employed workers. There is a clear need for these rules to be adapted to apply fairly to agency workers and ensure they have the same level of protection as other workers.

Similarly, Statutory Sick Pay is regulated by an Act dating from 1992, when it was a state benefit. While responsibility for paying sick pay has transferred to employers, complex rules have been further complicated by case law relating to when an agency worker should be deemed an employee. Clarifying and simplifying the rules for agency workers would make the process far more efficient for organisations and workers.

Furthermore, the relevance of TUPE (the Transfer of Undertakings (Protection of Employment) Regulations 2006), which historically applied only to employees, has been broadened by a recent tribunal case to include agency workers. This has made the scope of the regulations ambiguous. A new law



explicitly stating that TUPE relates only to employees would resolve this.

There are some examples of where legislation has been successfully updated to cover agency workers, and these demonstrate an approach that could work elsewhere. The Working Time Regulations 1998, for instance, have been changed to take account of case law decisions. Changes included allowing rolled-up holiday pay and accounting for the accrual of holiday pay for workers with non-standard hours.

However, the Workers (Predictable Terms and Conditions) Act 2023 is a recent example of new legislation that has included agency workers, but has not resolved ambiguity. The Act enables all workers, including agency workers, to request a stable working pattern after they have been in a role for a certain period of time. This makes sense in the context of employers with no set employment hours, however, if agency workers can request set hours from the end hirer, not the agency, it confuses the contractual relationship with the agency and undermines the flexibility of agency work. This needs to be clarified to ensure that agency workers must make their requests to the agency.

Modern, effective working regulations are essential to a modern, effective – and productive – employment sector. "Although perfection cannot get in the way of progress, we cannot let the opportunity pass to have a proper and competent reform of our employment and taxation laws," Mayes says.

The new government must think seriously about all these issues if it wishes to boost the economy and increase business efficiency, while also protecting workers equally in all sectors.

legal update

Key changes to skilled worker rules

By **Nithin Fransis**, Legal Advisor at the REC

On 4 April this year, the Migration Advisory Committee (MAC) replaced the Shortage Occupation List (SOL) with a new Immigration Salary List. MAC is an independent, non-statutory, non-time-limited, non-departmental public body that advises the government on migration issues. It is sponsored by the Home Office.

This list highlights roles that qualify for a discounted salary threshold, rather than listing all occupations experiencing labour shortages. Consequently, the new list is shorter, and fewer roles will benefit from these discounts.

Skilled workers are allowed to undertake supplementary work provided they continue working for their sponsor in their sponsored role and any supplementary work is outside of their contracted hours for no more than 20 hours a week.

Previously, supplementary work had to be either in the same occupation and at the same professional level as the sponsored role, or in an occupation listed on the SOL.

But with the introduction of the new Immigration Salary List, supplementary work for skilled workers can now be in any occupation eligible for the Skilled Worker route. Eligible roles are listed in tables 1, 2, and 3 of the Appendix Skilled Occupations, on the Immigration Rules webpage on Gov.uk.

It is important to note that ongoing changes are being made to the standard occupational classification system to align with the new Immigration Salary List. Many occupation codes will be updated, and codes that are no longer eligible for sponsorship will be removed. Employment agencies should verify that a role remains eligible for sponsorship when instructed to recruit candidates for a role that was previously eligible.

A lot of information is available on the Gov.uk website.

Following a right-to-work check using a share code, some candidate profiles are still showing information based on the

outdated SOL, instead of the new Immigration Salary List. Those continuing to see right-to-work information referring to the SOL, should contact the Home Office for clarification. On Gov.uk, Annex B of the updated Right-to-Work Guidance provides detailed instructions on these checks. Additional information is available in the recently updated Workers and Temporary Workers: Guidance for Sponsors on Gov.uk.

Employers wanting to know if a job is included in each area of the UK, and how much workers need to be paid, can view the immigration salary list on Gov.uk. *REC corporate members wanting general guidance on the immigration salary list or right-to-work checks can contact the REC legal team on +44(0)2070092199 or via email at legal.services@rec.uk.com*

Seven ways that AI will revolutionise recruiting

By **Lia Taniguchi**, Senior Research Manager, Bullhorn



AI is the buzzword of the day in many industries, including recruitment. Although everyone is talking about it, it turns out that most companies are still in the exploratory stages, experimenting in limited ways and investigating how they might use AI in future. In the process, recruiters have begun to create a wishlist of AI applications that they believe could revolutionise the industry.

Seven of the novel ways that recruiters hope AI will change the industry for the better in the next two-to-three years are: create candidate shortlists; take over Boolean search; pitch candidates on jobs; generate interview questions; rework job descriptions; generate candidate communications; and generate marketing content.

When considering the benefits of generative AI, recruiters give consistent responses. They believe that using AI in these ways will speed up identifying and communicating with high-quality

candidates, improve accuracy of sourcing, build on existing automation tools to take more rote, repetitive tasks off recruiters' plates and improve recruiter productivity and free up time for other important tasks

Everyone we talk to gives the same caveats when it comes to relying on AI. For the moment, they want human eyes on any AI-generated communications. This is not only to ensure accuracy, but also to make sure that communications aren't too generic. The most successful recruitment firms are differentiated by their specialist expertise, which should be reflected in any public-facing materials.

And recruiters are equally clear that AI should never be about replacing human beings, but about freeing recruiters to focus on the personal relationships that are at the heart of the recruitment industry.

Visa challenges and EDI ambitions

What I know



Laura Collings is Director at Vetted Recruitment

Clinical vets and nurses are scarce. My business partner Debbie and I set up Vetted Recruitment in 2021 to focus purely on helping clinical veterinary staff do the job they want to do. We met in-house on the management team of Europe's largest veterinary group, so we knew the shortage of qualified people.

Vets must go back on the Shortage Occupation List. Around 30% of the clinical vet workforce in the UK qualified elsewhere or do not have UK citizenship, and vets have been on the Shortage Occupation List (SOL) for years. I am a registered immigration adviser, so we offer an extra service that most agencies can't. We were shocked when vets were taken off the SOL in April. This

will leave a massive shortfall. The UK doesn't train enough vets and people in the UK bought three million pets in lockdown. We have talked to 24 vets training in Europe who now cannot work here, yet they would have generated over £3m in business and paid tax.

Shortages will affect vet categories differently. The biggest group affected are specialists in specific disciplines—oncologists, cardiologists, etc. We are also likely to see a shortage of official vets who check import requirements. Each type of vet has specific skills and commands a different salary, so applying a single 'average' salary lacks insight. Many vets will now look to Europe instead, which will be a loss for the UK.

Q&A



Gemma Downing is Co-owner and Director of Mixxos Group (formerly Somnium Recruitment)

Why a new name? We've rebranded and renamed ourselves Mixxos Group to reflect our work championing equity, diversity and inclusion (EDI). We believe everyone deserves a fair chance to get the job they want. The 'Mix' in our name represents getting the right 'mix' of people.

What are your EDI ambitions? We want to be EDI thought-leaders and share what we know to drive higher standards. We host events to get people talking about best practice, participate in podcasts, sponsor local community events and partner with the REC. We've upskilled our team to help clients and ensure candidates have the best interview and working experiences. My business partner Chris and I set up the company to focus on

service and values. Our rigorous processes mean everyone gets the same premium treatment.

What next? We have 12 staff and we're growing. We're happy to train the right person from scratch – it's about culture, not experience. Our work changes people's lives. We've doubled our business three years running and recently launched a temp division for office and warehouse staff in the M1 corridor. Our processes are no less for temporary hires than for perm hires – this is what differentiates us. Each client gets a dedicated account manager and we offer temps the same benefits as permanent employees. Recruitment should never be a race to the bottom. We're ambitious to grow and open more offices.

'AI you need is love'

Pellegrino Riccardi gives *Recruitment Matters* a flavour of the keynote speech he made on technology at last month's RECLive24.

I am a big tech fan. In fact, as I prepared for my keynote speech in London in June, I repeatedly turned to ChatGPT as my main sparring partner for ideas. This marvel of artificial intelligence (AI) had me exclaiming in wonderment. It also had me shaking in my boots.

What if ChatGPT does to casual conversations with a colleague or an expert what Google Maps has done to asking for directions and finding one's way around a town?

What if expressions such as 'following one's nose' become obsolete. Goodness! What if my skills as a communicator and speaker end up considered of less value than the bot that everyone is telling me will one day take my place?

For recruiters, it's easy to panic about the value of one's services. After all, today's tech can do the donkeywork of 'headhunting' much faster than any human being, right?

Just look at the legal profession, where the important task of discovering information, once handled by junior lawyers sifting through reams of laws, byelaws and byelaws of byelaws, is now being accomplished in milliseconds by AI. Who would want to put themselves through years of law school and burden themselves with decades of student debt just to be ousted by some software programme? Where is the point, or the value, in that?



As I said, I am a huge tech fan. However, I am also a massive fan of humans. And I am, furthermore, a tech optimist, in the sense that I believe that, while we will certainly witness seismic shifts in the way labour tasks are organised, there are certain human elements and characteristics that tech simply cannot replicate. Intuition is one of these.

Another part of being human is the ability to give and receive love. According to researchers at Harvard Business School, employees who feel love perform better.

Love in the workplace, which one can understand as a sense of camaraderie, mutual respect and genuine care

for colleagues, plays a crucial role in creating a positive work environment and enhancing overall productivity.

As yet, I have not heard of any form of tech or AI that can produce this in a workplace. Perhaps it's time to let tech take over the donkeywork, and thereby focus on being the donkey, while we carry on focusing on the work that makes us human. Although the human work may not appear to save costs at first glance, it does have the potential to create real value in the long term.

Pellegrino Riccardi is a global keynote speaker, moderator/programme host and communication skills trainer.
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