

The Association of Professional Staffing Companies (Global) Ltd (APSCo) Autumn Statement submission

Introduction to APSCo Global

The Association of Professional Staffing Companies (Global) Ltd (APSCo) is an international trade body offering global services with local delivery to the international professional recruitment sector through its presence in Australia, Germany, Southeast Asia, and the UK.

APSCo helps differentiate the professional recruitment market by raising standards and delivering expert support and market intelligence to members of APSCo around the world.

APSCo Global comprises APSCo Asia, APSCo Australia, APSCo Deutschland and APSCo United Kingdom as well as APSCo OutSource, the trade body for recruitment outsourcing providers.

APSCo members range from SMEs to the largest global, recruitment and outsource providers. Members recruit professionals into permanent and contract roles across STEM, accountancy, legal, finance, marketing, and media in addition to highly regulated sectors such as qualified social work, teaching, and clinical healthcare.

Should you require any further information about this submission, please contact APSCo's Global Public Policy Director, Tania Bowers - tania.bowers@apsco.org

Overview

According to APSCo's latest research, there is evidence that, after the frantic hiring activity of 2021 through the first half of 2022, the professional labour market in 2023 has settled with tough conditions for our members given client tightening and continued candidate shortage. Somewhat surprisingly however, our trends research suggests average permanent placement numbers across the year and across all professional sectors has remained higher than across the entire period 2017-2019.

Our life sciences and tech sectors have both felt the impact of quantitative tightening as funding by large multi-nationals stalled and hiring stopped as a result. Niche sectors such as cyber security and AI remain more active. Applications per vacancy increased in the first half of the year suggesting specialist talent availability but is now on the decline. Members tell us that clients are simply managing without key hires as vacancies are not filled.

As the trade body for the professional recruitment sector, APSCo has been continuing to champion the need for a policy environment which ensures the country has the skilled workers it needs for the economy to grow.

We were pleased therefore to see the Government's focus on the four key pillars 'Enterprise, Employment, Education and Everywhere' at the Spring Budget earlier this year. We were particularly pleased to see a focus on supporting over 50s back into the workplace through returnerships, as well as the new migration package with further sectors added to the Shortage Occupation List and changes to apprenticeships to help make them more accessible for employers.

However, the focus on helping people into employment must continue to be a priority, as does focusing on ways to up-skill and re-skill the labour force. We cannot continue to develop a productive green economy without maximizing the value of the workforce.

Whilst the labour market is showing areas of improvement, we continue to hear from members on the skills shortages they are witnessing in the economy and the difficulties which remain in recruiting highly skilled workers into roles.

Just as importantly is the need for employment legislation to keep up with the pace of change we have witnessed since the pandemic.

APSCo are therefore calling for the Government to:

- Expedite the Government's plans for Investment Zones and Local Skills Improvement Plans with extra funding to boost implementation of a skills plan, focused at delivering measurable outputs in the right geographies across the country
- Create the right regulatory environment to support businesses and workers
- Reform the Apprenticeship Levy, expanding scope to include more modular training
- Enhance global business mobility by reviewing business visitor and visa routes

Employment

A dynamic, modern, and flexible labour market with enough skilled workers to help the country grow is key to a prosperous recruitment industry, which in turn, will boost the labour market in a cyclical fashion.

Greater investment in a national overarching skills plan

APSCo has been championing the need for regionalised investment in urban hubs and regions with existing strengths in particular skills and industry. We highlighted Newcastle and Sheffield as being key areas for tech growth. We were pleased therefore to see the Government announce that South Yorkshire would be the first investment zone focused on Advanced Manufacturing.

It is positive that Local Skills Improvement Plans (LSIPs) are approved by the Government, but local groups must be supported to implement these plans quickly. It remains key however that these investment zones and LSIPs are not viewed in isolation but part of a wider national plan to boost skills and employment. Whilst investment in our key regional hubs is fundamental, this shouldn't come at a cost to areas outside of our main towns and cities.

We want to see **the Government prioritise funding for a wider overarching national targeted skills plan** by building on the plans for investment zones and LSIP delivery.

Adequate funding to create the right regulatory environment

APSCo are keen to ensure that we have a regulatory business environment which benefits the UK economy, protects workers, and incentivises innovation. We believe more could be done to improve protections for workers, the self-employed and businesses as well as greater transparency for workers and contractors on pay and working conditions. APSCo would like to see changes to regulations to ensure that self-employed status is defined in legislation.

The umbrella employed market continues to be a source of concern for our members. Most umbrella companies in the UK operate compliantly. However, without robust regulation workers continue to be at greater risk from entering into employment with rogue umbrella companies which undermines workers' rights and protections. This places them at risk of unintended tax avoidance, as demonstrated by damage caused by loan schemes.

Following the Government's consultation on non-compliant umbrella companies, **we want to see investment prioritised to help tackle this issue to protect workers and business alike and help reduce tax avoidance in the economy.**

Education

To promote economic growth in the UK, it is essential that everyone has access to the skills they need to secure the careers they want, from now and into the future.

Funding made available for the reform of Apprenticeship Levy scope

APSCo have been calling for the Apprenticeship Levy to be reformed in order to allow the Levy to be used for shorter, more flexible modular training for 18-24 year olds, "lane changers" and older workers.

We also believe there is scope to tailor the Levy for a more regional and sector approach to Levy support. This would allow the Levy to be spent on targeting hard to reach workers and technical sectors suffering from labour shortages.

In reforming the Levy APSCo hope that the Government will consider these points as well as **enable the Levy to be used by recruiters and outsource providers** to fund the costs and bench salary costs of running flexi-apprenticeships for agency workers.

Everywhere

Enhance global business mobility by improving the visa system for high skilled workers

APSCo's members continue to report high costs and delays due to the procedural elements of the visa system. APSCo would welcome a more streamlined system as seen in other countries.

APSCo believe that a more flexible, non-sponsored visa route for highly skilled self-employed workers which can be targeted at shortage occupations will help to promote growth across the UK. This is why we have continued to champion the need for funding to help speed up the visa process, as well as new business visa routes including a service supplier route.

We have previously welcomed the introduction of the Skilled Worker Visa and the new migration package announced at the last Budget, but more must be done to ensure adequate investment and funding for distinct skills shortages across high skilled areas of work, such as teaching, clinical healthcare, engineering, life sciences, digital and fintech to be filled.

APSCo recommends continued investment in a 'highly skilled' workforce by ensuring that accessible, simple to obtain visas for independent non-employed contractors are readily available to support UK businesses in need. This could take the shape of a rescoping of permitted business within scope of the Standard Visitor visa or by reform of Global Business Mobility routes. Options include a flexible, non-sponsored, short term visa route for highly skilled foreign employed and self-employed workers or an extension of a sponsored route to encompass on-hiring of a directly engaged specialist, both potentially targeted at shortage occupations.

As well as reforming the visa system, **APSCo believe that existing programmes like the Global Talent Scheme run by the Home Office and UKVI should also be expanded.** Currently this scheme only covers academia, arts and culture and digital technology. This scheme should be expanded to cover further sectors such as healthcare and teaching to attract a high-skilled workforce that will positively contribute to the UK's economic growth.