

APSCo raises concerns of NI rise to Sunak

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The Association of Professional Staffing Companies (APSCo) has written to the Chancellor of the Exchequer, Rishi Sunak, and Minister of State for Health, Edward Argar, to raise its concerns again around the recent rise in National Insurance Contributions (NICs) and introduction of the Health and Social Care Levy.

Tania Bowers, Global Public Policy Director at APSCo commented:

“While we understand and support the policy intentions of the NICs increase and pending Health and Social Care Levy, we were concerned following the initial announcement of the impact it would have on the UK’s employers. A combination of rising inflationary pressures, increasing wages and skills shortages, has led to employers facing rapidly rising costs in salaries and benefits for their permanent hires and temporary workforce. We felt that an increase in employer costs would exacerbate this situation. The reality four months later is in fact more acute given the cost-of-living crisis and the long-term impacts of the Ukraine war.

“Our members, most particularly in the Healthcare sector, are reporting to us that they are struggling to meet the costs of supply, following the increase, as we feared in January. The price caps set by NHS England and Improvement have not increased to meet the Employer NICs and frameworks including the Crown Commercial Service’s (CCS) Workforce Alliance, are requiring recruitment companies to fund the increased Employer NICs from the supply chain.

“Compliance and Vetting is extraordinarily complex in the healthcare sector. Most of our healthcare members are SMEs and can’t achieve economies of scale. Unlike most other sectors they must employ disproportionately large compliance support teams to meet onboarding requirements, ensure registrations and training requirements are up to date and manage internal and external audits. These labour costs must be met from the margin and are in addition to the costs of vetting, such as digital right to work checks, Fitness for Work checks, training, interview, and appraisal costs.

“Unlike the private sector, where there is a valid argument that it is a commercial negotiation as to who should bear the burden of increased supply costs, our members have minimal negotiating power with Trusts on framework. Given the inequality of bargaining power between the contractual parties, this makes the position taken by the frameworks at the very least unfair and arguably an abuse of their dominant position.

“We have urged the Government to investigate the issue of increased employer costs of supply and its treatment by the NHS Frameworks including Workforce Alliance.”

Ends

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Page 2

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