

Trade association responds to the Spring Budget

Submitted by: BlueSky Public Relations Ltd

Wednesday, 6 March 2024

Tania Bowers, Global Public Policy Director at APSCo comments on today's announcement:

"The Chancellor demonstrated clear intentions to win over voters with tax cuts to National Insurance and proof that his long-term growth and investment policies are bearing fruit. The Chancellor's approach remains consistent from the Autumn Statement with continued monetary boosts to specific sectors, such as renewables and life sciences and construction projects including Barking and Canary Wharf. He suggests two thirds of new jobs since 2019 are outside London, which is not necessarily borne out by APSCo's sector research.

"For the staffing sector, there were numerous elements missing that we had expected to see and very little on the workforce or skills. The Chancellor is continuing to rely on previously launched programmes to get the 10 million adults of working age back into work plus the cuts to employee National Insurance. We think this will offer greater encouragement to the lower paid and lower skilled to enter work. In the skilled sectors, continued shortages will dampen the effect with APSCo research showing applications per job across the Life Sciences sector down 54% month-on-month and 40% year-on-year in February 2024. In the IT sector, which is key to the success of the newly announced NHS Public Sector Productivity Plan, applications per job dropped 46% between January and February this year (jobs only fell by 7% in this time). They are also down 27% from the beginning of 2023.

"We welcome the launch of the NHS Public Sector Productivity Plan and the £3.4 billion to be invested in IT systems modernisation, which will create many permanent and flexible nonclinical roles. However, we hope there are the specialists in technology and AI in the labour market to deliver. We fear an overreliance on consultancies, which are generally far more expensive overall than the use of skilled flexible contractors through recruitment businesses.

"The highly skilled contract workforce requires less protection and more freedom than others employed under different contracts. That's why we believe highly skilled workers need to be excluded from the Agency Workers Regulations. It was also disappointing to see an anti-immigration approach from the Chancellor when we know that a flexible short-term visa scheme could deliver growth without affecting the plan to get people back into work.

"We have also repeatedly called for a broadening to the scope of the Apprenticeship Levy to align with

skills requirements, which does require greater government collaboration with businesses on regional skills hubs and training.

“It was disappointing to see no further clarity on plans announced in the Autumn Statement to reform the UK planning system and cut decision-making times for major infrastructure projects. Given that our latest construction employment analysis shows a worsening skills shortage, this is perhaps no surprise. The data shows a 43% month-on-month decline in applications across the sector in February, with annual comparisons reporting a 24% decrease. This indicates that before any details for success can be outlined, the severe dearth of resources needs to be addressed by Government.

“Cuts to National Insurance are welcome and it was encouraging to hear the OBR predictions of higher economic growth. In summary, you get the impression the Chancellor’s focus has moved away from skills to boosting investment; a strong policy approach, but one that will be weakened if there are simply not the workers to deliver.”

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About APSCo

The Association of Professional Staffing Companies (APSCo) is the trade association for the professional recruitment market. APSCo Global comprises APSCo Asia, APSCo Australia, APSCo Deutschland and APSCo United Kingdom as well as APSCo OutSource, the trade body for the RPO and MSP sectors.

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