

One week until the Budget: Trade body urges Chancellor to keep professional skills and SMEs front of mind

Submitted by: BlueSky Public Relations Ltd

Wednesday, 23 October 2024

The Association of Professional Staffing Companies (APSCo) and APSCo OutSource have urged the new Government to focus on bolstering professional skills and supporting SMEs and the flexible labour market as the Chancellor prepares for her first Budget next week.

With speculation growing around a possible increase to National Insurance contribution (NICs), APSCo has fed back to the Chancellor that this may lead both public and private sector employers to either hold off from hiring or look for shorter term solutions to fill their hiring gaps, trying to pass the risk of higher costs on to their supply chains.

Tania Bowers, Global Public Policy Director at APSCo explained:

"Our members – particularly those that fall into the SME category – are concerned about the potential increase to NICs. Many will struggle to bear the burden of higher employer costs in their payroll with engagers looking to offset higher costs of employment to others in the supply chain, meaning no rate increases when payroll costs increase. Our members appreciate that the Government must plug the gap in national finances, but a NICs increase seems inconsistent with building confidence in public and private sector employers to hire new permanent workers."

APSCo has also recommended several deliverable regulatory and labour market reforms ahead of the Budget, including:

Ensuring the Growth and Skills Levy is sufficiently flexible, aligns with skills needs and is accessible for all, not just those entering employment

Greater Government collaboration with business on regional skills hubs and training

More flexible visas for highly-skilled workers

Legislation to define self-employment status

Keeping Off-payroll (IR35) under constant review

Updating regulation for umbrella companies and greater work to tackle rogue umbrellas

Action to exclude highly skilled workers from the Agency Workers Regulations

Supporting reasonable payment terms to protect SMEs within the supply chain

Bowers added:

“The Starmer administration has already been vocal around the tough measures that we can expect in the upcoming Budget. However, it is critical that planned policy changes and public investment factor in impactful tactics to address the growing professional skills shortages in the UK. Our members continue to report widescale skills shortages across the technical sectors. In fact, our latest data shows that the number of people applying for roles in construction had fallen by almost a third between August and September this year, despite vacancies remaining relatively stable.

“Action to support skills growth needs to be swift, but it also has to be underpinned by interim solutions to allow for instant access to the talent required to support economic growth and allow the Government to deliver on its promises, including hiring more teachers and fixing the NHS. Starmer acknowledged in his election campaigning that the UK is at a crisis point in terms of professional skills access and we are already seeing promising signs.

“We are, however, concerned by some developments. The recent removal of Level 7 Apprenticeships from the Levy is one such example. This will be detrimental to the growth of professional skills in the UK – particularly for sectors such as financial services, legal and STEM related remits that are crucial to the green transition in the UK. We remain steadfast in our recommendation that the scope of the Levy needs to be extended. This would allow currently unused funds to be redirected to upskill the professional contractor and agency workforce, who will be crucial to the country’s economic strength in the year ahead.

“The recruitment sector is a UK success story – delivering innovation and opportunity to the UK workforce – and will be critical to delivering sustained economic growth. We hope that the Budget and future policy decisions acknowledge this.”

Press contact

Vickie Collinge

vickie@bluesky-pr.com

01582 790 705

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.

Find out more: www.apscouk.orgwww.apscouk.org