

Survey shows hiring falling off a cliff: Clarity on rescue package critical

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The Association of Professional Staffing Companies (APSCo) has broadly welcomed the Chancellor's unprecedented package of support for business but warns that fast access will be vital. Their comments reflect the results of a snapshot survey of their membership which recruits within professional sectors such as education, engineering, IT, finance and life sciences. The data paints a picture of a complete stall on hiring with job offers being rescinded and contractors being told that their assignments have been terminated.

- Two thirds (67%) of recruitment firms said that permanent hiring within their sector was on hold
- Almost 90% of recruitment firms said that up to 50% of their contractors had already been terminated
- Three quarters (76%) expect up to 50% to be terminated by 29th March
- 83% of recruitment firms were considering redundancy for their own staff
- Three quarters (76%) said that help with salaries was the most important measure that the Government could implement

"Permanent starters in April and May are now being told that their role is no longer available and so candidates have resigned from other jobs and are now out of work. Consequently, no invoices are being raised and so cashflow is a nightmare," said one respondent.

Commenting on the survey results and on the Chancellor's measures, Ann Swain, Chief Executive of APSCo said:

"Recruitment is a service industry and so the biggest business cost is the salary bill – the Government pledge to fund 80% of furloughed staff salaries up to a maximum of £2500 is obviously very welcome but the key will be how quickly that can be accessed. The clarity and simplicity of the rescue package whether that be loans, tax payment deferral or salary grants will be critical. It is also likely that HMRC and other financial services organisations will have a critical need for staff to process applications and APSCo members have ideal candidates ready and waiting.

"The VAT deferment will help cashflow, one of the key issues for recruitment firms, and the fact that the Business Interruption Fund will be interest free for 12 months and available from today will also be good news for our members. However, we are also concerned about the thousands of self-employed and freelance contractors who have had their assignments terminated and who will not be protected and who, it seems, will have to rely on the benefits system."

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