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"The proposed changes should tackle some of the major barriers that those operating in the front line of the jobs market have been flagging up for years. Being able to see how much an individual has earned every week and pay benefits accordingly will speed up the process.

This will encourage jobseekers to take on the kind of temporary assignments that can often lead to further opportunities. Of course, we will need to make sure that people can taper their benefits up - if they get less work that week - as well as down."

Tom Hadley
External Relations Director, REC

As the latest unemployment figures are announced the Coalition unveils new welfare policies that will help shape the labour market for a generation

New 'Work Programme' Central to Welfare Reform

Government plans to shake-up the existing benefit system have been generally welcomed by employers. Under the plans announced by Work and Pensions secretary Iain Duncan Smith, people who take jobs will always be better off than remaining on benefits. Under the reforms the Back to Work Programme will be replaced by a single Work Programme, and people will be incentivised to work if they can. Duncan Smith said benefits for people able to work would be conditional on their willingness to work and payments would be cut if they did not do so.

The announcement of the shake-up follows the release of new ONS data that shows a small decrease in the unemployment rate to 7.8%. The number of people claiming Jobseeker's Allowance (the claimant count) fell by 20,800 between May and June 2010 to reach 1.46 million. However, the number of people unemployed for more than twelve months increased by 61,000 over the quarter to reach 787,000, the highest figure since the three months to March 1997.

Options for benefit system reform include combining elements of the current income-related benefits and tax credit systems, bringing out-of-work and in-work support together in a single system and supplementing monthly household earnings through credit payments reflecting circumstances such as children, housing and disability. Under a combined system, unemployed people would not see all their benefits stopped when they find work, hence ensuring they are better off overall.

The reforms also aims to simplify the existing system and reduce the level of bureaucracy and errors. Last year more than a million families were overpaid child or working tax credit but the Government eventually wrote off more than £2bn from the amount owed. Officials in the Work and Pensions department say that in total £9bn each year is wasted in error, fraud and bureaucracy. Although many commentators have welcomed the proposal the changes have met with some criticism. Labour claim the reforms would cost £7 billion to implement, and are a "sham" to cover the pernicious effects of this year's budget.

"After years of piecemeal reform the current welfare system is complex and unfair. For many people taking a job leaves them no better off than a life on benefits, and this has trapped significant parts of our society in inter-generational worklessness and entrenched poverty. The complexity of the system also creates risk and uncertainty for the people in society who most need stability. We want to simplify the system to make it clear that work will always pay. Our reforms should also ensure the system is easier for individuals to understand and will reduce the high costs of fraud and error."

Ian Duncan Smith
Work and Pensions Secretary

Scrapping of Default Retirement Age Prompts Mixed Reaction

Government plans to abolish the default retirement age (DRA) from October 2011 have prompted a mixed reaction from employer organisations. The CIPD has generally welcomed the change whilst the CBI remains concerned about unresolved legal issues and the proposed timeline for implementation.

At the moment, employers are allowed to force staff to retire at the age of 65 without having to give a reason but this is set to change as people are living longer with healthier lives. There will be a six month transition from the existing regulations, following the announcement in the Budget that the DRA would be phased out from April 2011.

- This measure is one of the steps government is taking to help and encourage people to work for longer against the backdrop of demographic change.
- The change may help employers by removing the administrative burden of statutory retirement procedures. With the DRA removed there is no reason to keep employees 'right to request' working beyond retirement or for employers to give them a minimum of six months notice of retirement.
- It will still be possible for individual employers to operate a compulsory retirement age, provided that they can objectively justify it. Examples could include air traffic controllers and police officers.
- Many companies such as B&Q, Nationwide, JD Wetherspoon, BT, The Co-Operative and M&S have already removed their mandatory retirement age.
- Others measures to encourage people to work for longer include reviewing when the state pension age should increase to 66 and re-establishing the link between earnings and the basic state pension.

Commentators have pointed out that age is not a proxy for ability and that the move can help companies redress skills shortages.

"Scrapping the DRA will leave a vacuum, and raise a large number of complex legal and employment questions, which the government has not yet addressed. This will create uncertainty among employers and staff, who do not know where they stand. There will need to be more than a code of practice to address these practical issues; we will need changes in the law to deal more effectively with difficult employment situations.

For employers, these proposals could make workforce planning and providing some employment benefits, such as critical illness cover, next to impossible."

John Cridland
Deputy Director-General, CBI

"The abolition of the DRA will help to encourage better management, which should bring a productivity boost for many employers. While we understand the transitional change issues surrounding the removal of the DRA for employers, we feel that a compulsory retirement age risks undermining this great stride forward.

We would encourage all employers to look at the potential cost saving benefits of continued good practice and management of their older workforce."

Dianah Worman
Diversity Adviser, CIPD

Golden Prospects for Asian Recruiters

It is over 20 years since UK recruitment agencies first entered Asia and now the likes of Robert Walters, Hays, Michael Page and STThree all say that not only is Asia leading the recruitment industry out of recession, it is the next big frontier – an untapped market with almost unlimited potential.

China, the world's third biggest economy, is expected to expand 11% by the end of 2010. This is likely to mean big business for recruitment firms. British white-collar hiring agencies are now acting successfully as go-betweens in countries where recruitment is traditionally handled in-house and candidates find jobs through newspaper advertisements and informal networks.

Robert Walters, one of the largest professional agencies in Asia, with net fees of £20m at the end of 2009 has seen net fees soar in the three months to the end of June 2010. Gross profits in the Asia-Pacific area almost doubled to £19.5m compared with the same period last year. Robert Walters has just opened its third office in China and is considering establishing a presence in Korea and Indonesia. Hays opened in Mumbai in 2009 and is now expanding in Beijing.

"Asia is a growth market. Companies are not going out all guns blazing again, but there is an appetite to hire in certain areas and we're determined to take advantage of it."

Robert Walters

Interim Prospects and Social Media

The Public Sector retained the highest level of interim managers at 21% according to the latest Boyden interim management survey of over 700 interim managers in nearly 100 organisations.

The Boyden interim management survey queried managers on the leadership qualities most often needed to reorganise and grow businesses. Most interim professionals believed that organisations have too often been working at a strategic level to address changing economic circumstances rather than focusing on better procurement, lean production, enhanced marketing/business development or improved communication with customers.

More than half of the interim managers surveyed suggested companies' responses had been defensive rather than strategic and often unnecessarily put business initiatives on hold, rather than investing for the upturn.

Boyden believe that demand for UK interim managers in the second half of 2010 will remain strong as companies seek operational turnarounds and growth solutions, without committing to permanent hires.

A separate survey by Interim Partners revealed that nearly half (49%) of all interim managers say that social networking supports their role as an interim. According to the research, almost all interim managers (92%) now use LinkedIn and nearly a quarter (23%) use Twitter.

"We expect the demand for interim executives will remain robust for the rest of the year, though the high utilisation of public sector interims may reduce with the change of government and recent public sector spending cuts.

Business cycles have shortened so much that permanent recruitment at the most senior levels often cannot cope with the speed of change. As companies react to global macro-economic shifts, there is a tremendous advantage for organisations to turn to 'over qualified' experts to help transform their business, bring fresh perspective and extra executive horsepower. Companies are still cautious about the economic recovery and hiring permanent executives."

Patrique Habboo

Managing Partner at Boyden UK Interim Management

"Interim managers are increasingly turning to new social media to develop their business network, communicate their specialist expertise, share knowledge and discover new interim assignments. Except when they are on assignment, interims work on their own, but they depend on an extensive business network and social media can help them to bridge the gap. There is huge potential for interims who use social networking to reach a wider network of business contacts who might be interested in using their services."

Doug Baird

Managing Director, Interim Partners



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available on Social
Media and Technology
at [http://www.rec.
uk.com/about-recruit-
ment/research](http://www.rec.uk.com/about-recruitment/research)**



Retail Jobs Driving UK Recovery

- New statistics reveal that UK retailers have increased their recruitment by 22,000 in the past year.
- In the second quarter of 2010, retail full-time equivalent (FTE) employment was up by 3.6% compared with the same quarter a year earlier. This is equivalent to a net increase of 22,055 retail jobs. The increase in employment was driven by a 3.0% net annual increase in the number of stores in the second quarter – 486 additional retail outlets.
- The first quarterly BRC-Bond Pearce Retail Employment Monitor (REM) shows 58% of retailers intend to maintain staffing levels in the coming three months, while one in three intends to increase employment. Only 8% of the sample intend to cut staffing levels in the next three months.
- Compared with intentions this time last year, the Monitor suggests retailers feel slightly more confident about maintaining and increasing levels of employment.

"This is the first time retail employment data this up-to-date has been available and it shows retailers driving the recovery. It's a remarkable achievement that, in the face of economic uncertainty, retailers in our Monitor have created 22,000 jobs and added nearly 500 stores since this time last year. Economic conditions and consumer confidence have certainly improved in the last 12 months but from a weak starting point."

Stephen Robertson
Director, British Retail Consortium

Company Results

- **RANDSTAD:** On the back of improving global staffing markets revenues at international staffing firm Randstad increased by 16% in Q2 of 2010 compared to Q2 2009. There was continued growth in finance, HR and media and UK revenue increased by 1% compared to -6% in the previous quarter. The firm expects to pay dividend in 2010.

Data shows revenue up 16% to €3,468m (£2,886m) with organic growth per working day amounting to 13%, improving from 11% in April to 15% in June. Underlying gross profit reached €649m (+9%) with the gross margin coming down from 20.0% to 18.7%. Underlying EBITA (earnings before interest, taxation and amortisation) amounted to €119.7m (+79%). The EBITA margin reached 3.5% (compared to 2.2% in Q2 2009).

"Growth has continued to accelerate through the quarter it is great to see that by the end of this quarter we employed around 70,000 candidates more than in the same week a year ago."

Ben Noteboom
Chief Executive, Randstad Holding

- **OUTSOURCE UK:** IT recruitment specialist Outsource UK has reported a 6% increase in turnover at its year-end in May, with turnover rising from £18.2m to £19.3m. According to the Swindon-based company, the results of the previous three years combined showed a compound growth rate of 52%. Growth is attributed to the companies relocation to larger premises earlier this year.

"Outsource UK has more than doubled in size over the past four years, and with ambitious plans for continued growth it is the perfect time to look at expansion. We have achieved a 52% growth every year for the last three years and these new offices are an intrinsic part of our future plans."

Paul Jameson
Managing Director, Outsource UK

- **CAPITA:** Capita has made good progress as it has seen turnover rise in its half year results for the six months to 30 June. Group turnover was up 4% on that of H1 last year at £1.3bn. Underlying operating profit increased 12% to £178m and underlying profit before tax was up 15% at £163m.

"Capita is well placed to continue its growth and is now enjoying a very healthy flow of new business opportunities. There is buoyant demand for outsourcing across both the private and public sectors, with the most active markets in our strong bid pipeline remaining local government and life and pensions."

Paul Pinder
Chief Executive, The Capita Group

- **INTERQUEST GROUP:** IT staffing specialist InterQuest has seen "strong" trading, according to a trading update for the half year ended 30 June 2010.

Results reveal group net fee income in the first half of 2010 was 14% higher than the first half of 2009. Group net fee income in Q2 of 2010 was 25% higher than Q2 of 2009 and 7% higher than Q1 of 2010. The number of contractor runners working onsite at clients in the final week of Q2 was 14% higher than in the final week of Q2 of 2009 and 10% up on the final week of Q1 2010.

"Trading in the first six months of the year has been strong, showing increased levels of demand in both permanent and contract recruitment. While there has been some weakness in the public sector, this has been more than offset by growth in the private sector."

Gary Ashworth
Executive Chairman, InterQuest Group

Other News

- REC urges government to support budding entrepreneurs as employers of the future: <http://www.hrmagazine.co.uk/news/1018190/REC-urges-Government-support-mentor-budding-entrepreneurs-become-tomorrows-employers/>
- UK market for IT recruitment remains steady: <http://www.recruiter.co.uk/uk's-it-job-market-remains-steady/1006397.article>
- Concerns expressed over immigration cap: <http://www.peoplemanagement.co.uk/pm/articles/2010/07/businesses-unhappy-over-immigration-cap.htm>
- REC pushes for IR35 review: <http://www.recruiter.co.uk/rec-pushes-for-ir35-review/1006369.article>
- London Olympics seeking 70,000 volunteers: <http://www.hrmagazine.co.uk/channel/recruitment/article/1018863/London-2012-Olympic-Games-launches-recruitment-drive-70000-volunteer-games-makers/>
- Court hears Hays £30m fine was based on pure assumption: <http://www.recruiter.co.uk/hays-£30m-fine-was-based-on-'pure-assumption'-court-hears/1006414.article>