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# THE BEST INSIGHTS

## Quarterly Recruitment Summary



## Winter 2024/5

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# Welcome to Our Winter Recruitment Insights

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## Welcome to the Winter edition of The Best Insights.

We would like to wish all our readers a very Happy New Year and welcome you to our Winter edition of The Best Insights!

In this edition, we reflect on the key events and trends that shaped the end of last year and look ahead to the opportunities and challenges in the months to come. Whether it's market shifts, recruitment strategies, or industry developments, our goal is to keep you informed and prepared for what's next in the ever-evolving world of recruitment.



## Included This Quarter

This edition, we will:

- Recap on the key developments in the Political, Economic, Social and Technological environment.
- Highlight specific areas recruiters need to be aware of.
- Shine a spotlight on the UK's Hospitality sector.

Read on to find out what our experts have to say.

# Macro Environment

In the final quarter of 2024, the UK experienced significant developments across political, economic, social, and technological spheres, each influencing the recruitment industry.

## Political

**Government Policies:** In October 2024, the Labour government introduced substantial reforms to employment rights. These reforms included an increase in the National Minimum Wage to £12.21 per hour, immediate protection against unfair dismissal, and the right for employees to request flexible working arrangements, unless employers can demonstrate impracticality.

**Legislative Updates:** In the Autumn 2024 Budget, Chancellor Rachel Reeves outlined significant investments in healthcare, education, and housing. Notably, the Government allocated £22.6 billion to the health sector and £6.7 billion to education, aiming to enhance public services and infrastructure. The 'Get Britain Working White Paper' introduced a number of initiatives regarding work, skills and careers that recruiters will be watching closely.

## Economic

**Market Performance:** The UK's economy stagnated in the third quarter of 2024, with the Office for National Statistics revising GDP growth to 0.0%. This lack of growth presents challenges for the recruitment sector, with many businesses exercising caution in expanding their workforce amid economic uncertainty.

**Interest Rates:** In December it was announced that UK interest rates would be held at 4.75% after the Bank of England voted to keep borrowing costs unchanged, due to the economy seeing no growth between October and December. Rates are still expected to fall gradually next year, however, with the first cut possibly coming in February.

**Cost of Living:** The October 2024 Budget introduced measures affecting household finances, including the scrapping of certain winter fuel payments for around 10 million pensioners. This impacts the disposable income of many and may well influence wage expectations and negotiations with employees and agency workers.



# Macro Environment

## Social

**Workforce Demographics:** Revised figures released in November 2024 indicated that net migration reached a record 906,000 in the previous year. This demographic shift could impact labour supply and diversity within the workforce, presenting both opportunities and challenges for recruiters.

**Workplace Trends:** The government's employment reforms emphasise flexible working arrangements, reflecting a societal shift towards valuing work-life balance. Employers and recruiters may need to adapt to these expectations to attract and retain talent.



## Technological

**Digital Transformation:** The UK government continues to prioritise investment in science and technology, aiming to accelerate innovation and productivity. The establishment of the Department for Science, Innovation and Technology underscores this commitment.

**AI:** The REC's latest Recruitment Industry Status Report found that 90% of recruiters are using AI in job description creation - optimising their job posts to target the best candidates. However, the personal touch in the later stages of recruitment and onboarding remains the predominant choice.

**It is evident that the UK's political, economic, social, and technological landscape remains a dynamic one, reinforcing the need for recruiters and employers to remain vigilant and adaptable to future changes.**

# Industry Insights

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## Umbrella Companies

Aside from the headline grabbing changes to NMW and NICs, there was another Budget announcement of relevance for recruiters – the new **'Tackling Non-Compliance in the Umbrella Company Market'** policy.

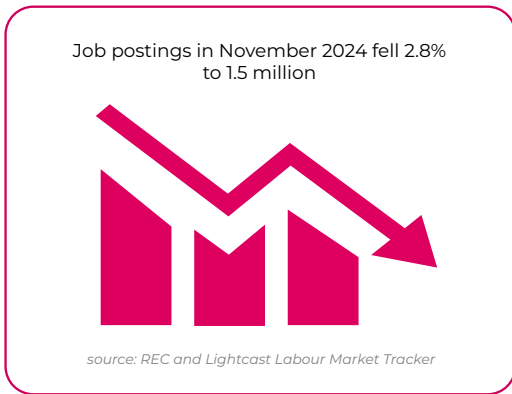
Aimed at eradicating non-compliant companies, the policy legislates that from April 2026 agencies that outsource payroll operations to Umbrella companies will bear full responsibility for any unpaid PAYE tax liabilities if they are found to be working with rogue providers.

It is estimated that half a million workers are engaged by Umbrella companies, and non-compliance has significant revenue losses for the Government. We will examine this practice in more detail later in the year.



# Employment Updates

The **REC and Lightcast Labour Market Tracker** showed that there were more than 1.5 million active job postings in November 2024. This was down 2.8% on the previous month but still reflects a positive undercurrent.



The report reflects the trend of lower and longer uplifts in festive hirings as businesses become more adept at managing their staffing requirements. However, once again, the UK's temporary workforce remains critical with the REC finding that on any given day in 2023, over **1 million temps** were on assignment.

REC Chief Executive Neil Carberry reflected on the UK's temporary workers' contribution to peak productivity:

"It is temporary workers who will be delivering Christmas this year ...We want to thank them for their work and remind policymakers that the temporary work they value is hugely important to both our economy and people's ability to manage their lives."





# Sector Spotlight

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As we emerge from the festive period, we shine this quarter's Sector Spotlight on the Hospitality industry. A broad and diverse industry, it encompasses a wide variety of businesses and services providing leisure, accommodation, events, corporate activities and food and beverage services to customers. The UK hospitality industry is a significant contributor to the national economy.

- In 2022, the sector directly contributed **£93 billion annually** to the economy, generated **£54 billion in tax receipts**, and **£20 billion in exports**.
- Employing approximately **3.5 million people**, it is the 3rd largest employer behind retail and health and social care.

The sector was hit especially hard during the pandemic, but businesses have demonstrated resilience, with many adapting to new consumer habits to cater for shared activities and experiences.

However, during Q3 of 2024 (Jul to Sep) the area saw zero economic growth, and there is increasing pessimism about the future in the light of recent budget changes to the National Minimum Wage and National Insurance Contributions.

Kate Nicholls, Chief Executive of UK Hospitality said:

“Hospitality is hit disproportionately hard by the changes ... and the £3.4 billion in costs hitting the sector in April will impact jobs, investment and business viability.... Delaying these changes to allow for proper consultation and engagement with businesses is much needed to protect hard-working venues and team members.”

Here's hoping the sector is robust enough to cope with these challenges and see further growth throughout the year ahead.

*If you are a business seeking advice on how to manage your flexible staffing requirements, call one of our consultants today for expert advice.*

# In Summary

In conclusion, this has been an eventful end to 2024, and we eagerly await the challenges and opportunities that lie ahead in the new year. Stay connected by following The Best Connection's social media accounts for all your latest industry updates as we strive to thrive in 2025!

## Looking Ahead

Key dates for your diary this coming quarter include:

- 31st January – **Self-Assessment Tax Deadlines**
- 26th March – **Spring Forecast** (Office for Budget Responsibility)
- 1st April - **National Minimum Wage increases**
- 5th April - **End of the 2024-25 tax year**



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# About The Best Connection

The Best Connection is one of the UK's leading providers of temporary workforce solutions. For over three decades we have proudly served and supported our clients and candidates across multiple industries, delivering our best-in-class customer service.

With a network of branches across the UK, The Best Connection provides temporary staffing services to a wide range of sectors, including industrial, commercial, driving, warehouse and distribution, retail, automotive, aviation and care.



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