ManpowerGroup

Modern Employment Review: consultation response

May 2017

1. General

1.1 This submission is made by ManpowerGroup UK – one of the largest employment services companies in the UK delivering workforce solutions for over 6,000 clients across the country and employing over 25,000 people at any time. We have been operating in the UK since 1956 and are part of the wider ManpowerGroup business with headquarters in Milwaukee, USA.

1.2 We recognise that the world of work has changed and continues to evolve. We therefore welcome the Review and look forward to seeing the findings. We are keen to contribute to the work of the Review both through this submission and ongoing.

1.3 We also recognise that as employment models continue to evolve there is a need for government and society to review what is happening to ensure that there is the right support for these ways of working and that policy and legislation stays relevant. We share the view that work should be decent and fair and that it is wrong if there is exploitation of workers.

1.4 If as a result of this Review changes to employment models are proposed, this should be developed with the support of employers.

2. Background to ManpowerGroup UK

2.1 ManpowerGroup UK has over 6,000 clients representing the private and public sector - from household names such as BT, Jaguar LandRover, the MOD, the NHS, Royal Mail and Unilever to numerous SMEs - serviced from over 80 offices around the UK.

2.2 The services we provide our clients will depend on their need – from placing individuals in work on a temporary (contingent) basis, as permanent employees, as full-time or part-time, managing fully outsourced recruitment solutions (RPO), to providing consultancy services or outplacement advice.

2.3 ManpowerGroup UK is at the forefront of the UK's employment services industry. We have worked closely with the government and industry to shape many of the approaches taken today. In particular, we were the first to employ our contingent (temporary) workforce on a 'Contract of Employment'. This gives those individual workers the rights of an employee and makes us responsible for meeting the various legislative and regulatory requirements as their employer. This provided us with a USP – and we are pleased to see that some of our competitors have since adopted this approach.

2.4 As the employer, we offer our employees enhanced employment benefits over and above statutory requirements. This includes a contract of employment, paid holiday, sick pay, maternity

and paternity leave as well as a range of other benefits such as free access to over 1,000 courses on our online training platform PowerYou. This allows individuals to continue to upskill themselves in a wide range of subjects from IT, project management, management skills and others.

2.5 We place people into roles at every level – from people starting off their careers in entry level roles to director level positions of major organisations.

2.6 In 2015 we payrolled over 63,000 employees – individuals working at our client locations on a temporary basis. These individuals may work on assignments ranging from one day to over two years; on average, our employees are working between 32 and 40 hours every week depending on the business area.

2.7 In a typical day, we will have around 25,000 employees working at client locations. Whilst we have employees across different age groups, around 25% of our workforce is aged under 25 and 15% is aged over 50.

3. The benefits of flexible work

3.1 The UK labour market is well known for its flexibility. This flexibility has often been cited as helping the economy survive many of the worst impacts of the economic downturn since 2008. Today we have an unemployment rate of 4.6% and some of the highest employment rates in years. Our clients tell us that it is this flexibility that allows them to compete in an increasingly competitive global market. Employers today often blend a mix of permanent employees with a contingent workforce to deliver the right talent with the right skills at any one time.

3.2 Over one in three people *(REC: Flex Appeal report, 2014)* have worked as a temporary worker at some point. Many individuals want to work flexibly valuing the ability to balance work with other commitments – not everyone wants a permanent or full-time job - for example, young people who are studying or parents or carers wishing to balance the needs of work with other responsibilities. This flexible working can be an important way for a young person in particular to gain wider experience of different types of workplace.

3.3 The Review should support those who wish to work flexibly – by making an informed choice about their options and not prevent them from following this route if they wish. Individuals need to be informed themselves about work today and their rights and responsibilities. When this happens responsibly, this approach benefits the individual as well as the employer.

3.4 For many employers and individuals, zero hour contracts are a suitable model that meets the needs of both parties. Any changes to this model should be considered with care so as not to penalise the desired working arrangement of both parties – and in particular for those individuals who chose this way of working when they are not able to or chose not to commit to alternatives such as specified hours. Changes to this model of working could have the unintended consequence

of excluding those individuals from the workforce if changes are too prescriptive to meet their needs.

3.5 If it was decided that employers should move away from using zero hours contracts, consideration should be given to incentives to encourage employers to embrace this – such as more favourable tax treatments. An approach that penalises employers for not offering guaranteed hours may impact on both employment and business growth.

4. Rights of agency workers and regulation of employment agencies

4.1 It is important that employees are treated fairly and there is no exploitation of vulnerable workers. There are already processes and regulations in place to prevent this – from the ways in which employment agencies are regulated to protection in law for the rights of workers.

4.2 ManpowerGroup UK employees benefit from full employment rights including a contract of employment. Further rights are also covered in the Agency Workers Regulations (2010).

4.3 Employment agencies are subject to legislation and regulation through the Employment Agencies Act (1973) and through the Conduct of Employment Agency and Employment Business Regulations (2003). Regulations are already enforced by the Employment Agencies Standards Inspectorate (EAS). In addition, some sectors are also subject to the Gangmasters Licencing Act (2014).

4.4 As an agency worker, the individual is protected through legislation and is entitled to National Living Wage/Minimum Wage, statutory sick pay, maternity pay and paid holiday amongst others.

4.5 All workers on temporary assignments are entitled to written terms and conditions at the start of the assignment. This should be enforced so there is clarity for those individuals as to their rights and the role of work they are doing.

5. Regulation of employment agencies and intermediaries: what change is necessary?

5.1 It is our view that in a properly regulated market there is no need for further regulations or legislation – any changes should be through better enforcement of existing regulations. Increased regulation or licencing would increase the cost of doing business and threaten the competitiveness of those organisations and also the agility of their clients.

5.2 Where there may have been organisations that have operated outside of the relevant employment rules, it is wrong to expect a change in regulatory regime or new legislation to stop this. Instead, more effort should be focused on better applying the rules that currently exist.

5.3 The role of employment intermediaries is evolving – for example, we have seen an increase in the number of online employment platforms. These are largely unregulated and fall outside of

existing rules and regulations such as the current Conduct Regulations. How these organisations are treated should be reviewed – and the Conduct Regulations should apply to them.

6. Encouraging best practice: codes of conduct

6.1 We believe that many changes that will benefit workers and employers can be achieved through better communication and enforcement of existing rules. Codes of conduct can be a useful tool to highlight best practice. If it is felt that codes of conduct are necessary, a single code of conduct applied to all employers would be impractical due to the difference in businesses. It would make more sense for individual sector codes of conduct where they already exist to be embraced. Any code of conduct should also be subject to regular review.

7. Nature of the gig economy

7.1 Much has been made of the rise in the gig economy. However, there is a lack in understanding about how this is precisely defined and the real impact of this in the labour market. More needs to be done to understand the nature of the gig economy, its current state and possible trends. Whilst globally about four per cent of the working-age population use digital platforms to generate income and fewer than half derive their primary income from it, we recognise that this is a trend that is likely to continue. In the UK, the ONS – or other body – should be looking at this to provide robust data in the first instance.

8. Better alignment of employment and tax law relating to employment status

8.1 Evolving employment models and approaches to employment has created confusion for employers and individuals as relates to relevant employment and tax legislation. One example of this is how IR35 changes impact contractors in the public sector whereby these individuals are now classified as employees for tax purposes but for employment rights they are seen as self-employed. Clarification and better alignment with regard to this is to be encouraged.

9. Best practice from other countries

9.1 The issues the Review is addressing are not necessarily unique to the UK. Other countries – particularly in Europe and the United States – are looking at similar issues. We encourage the Review to look at these further – and are happy to put you in touch with our local operations as appropriate.

10. Upskilling of workers: a more flexible use for the Apprenticeship Levy

10.1 The Apprenticeship Levy is very limited in the ways it can be used. The nature of temporary work is such that it is hard for the levy to be used for the benefit of temporary workers due to the nature of assignments which are often less than the minimum 12 month duration required for an apprenticeship. The rules relating to the Levy should be relaxed to support alternative training models that can benefit temporary workers.

ENDS