

Increased costs for the provision and use of labour due to the coronavirus pandemic – August 2020

ALP

Association of Labour Providers

INTRODUCTION

The coronavirus pandemic has meant that recruitment, supply and use of agency workers and labour and staffing costs in general have increased, in some cases significantly. The tables below outline these additional costs, with columns for labour providers to indicate whether they have been impacted by these cost increases and to what extent.

HOW WILL ADDITIONAL COSTS BE FUNDED?

Labour providers have only one source of income, the charges levied to their clients, the labour users, and so those charges must cover the costs of any increases. This will be either by an increase in the hourly rate, a direct re-charge of additional costs, or in some cases the labour user providing goods and services directly to the labour provider e.g. transport to work, PPE, training, technology solutions.

Labour providers and labour users will work together to find the appropriate solutions for their respective businesses and will understand that increased cost throughout the supply chain is inevitable. Without increased charges, labour providers will not be able sustain the supply of labour. Unscrupulous labour providers may hide these costs in ways which exploit their workers.

ALP has launched [Fair's Fair](#), an awareness and education programme to support the commercially sustainable procurement of agency labour so that workers never pay the price of poor purchasing practice.

Fair's Fair aims to:

- Explain and build understanding among procurement teams about how unscrupulous labour providers create additional income to bolster their earnings
- Supply tools and training to help labour providers achieve sustainable commercial agreements that support them to source and retain agency workers fairly
- Provide examples and statistics and engage with stakeholders to agree good practice guidelines and work towards a Fair's Fair Charter

Explore the resources available on our [Fair's Fair webpage](#) including 'How unfair procurement practice is driving agency labour exploitation.'

ADDITIONAL COSTS FOR THE LABOUR PROVIDER

Additional Cost	Reason	Has this impacted your business? Y/N	What is the additional cost?
1. Labour Sourcing and Recruitment			
Increased advertising and marketing costs.	To attract and retain new workers from different sources, such as those who have lost their jobs or been furloughed as a result of coronavirus.		
Increased basic pay or introduction of bonuses or other financial incentives.			
Investment in new technology and the necessary training to equip recruiters to use the technology.	Social distancing means remote recruitment, and the need for online applications, remote interviewing and training, online document		



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	management and e-signatures.		
Significant increase in the time required to recruit and train workers	Social distancing means no more group interviews, inductions and training sessions. Such activity will take place either one on one, or in small cohorts.		
Increased transportation costs to bring migrant workers to and from the UK.	Commercial options are very limited.		
Higher turnover and therefore increased recruitment costs to replace.	Employment of more inexperienced workers.		
2. Transport to work			
More journeys and/or bigger vehicles leading to a higher cost per head.	Social distancing requires the number of passengers to be minimised.		
	Local workers who will not live on site may require transport from different places.		
3. At Work			
Additional training	New policies and procedures, including training for supervisors in how to oversee new processes.		
Increased SSP costs	Workers who are sick or self-isolating in accordance with Test and Trace or because they live with someone with coronavirus symptoms.		
	The requirement to pay SSP from day one of the claim.		
Quarantined workers	Cover for staff and/or workers quarantined after travel abroad.		
Direct cost of adaptations to the workplace.	Provision of signage, dividers, walkways, handwash stations and other necessary tools and equipment to adapt the workplace and common areas		



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	to comply with social distancing measures and general guidance.		
Extended working hours and the need for additional supervision	Adapting working practices to comply with social distancing requirements such as staggered start and finish times, fewer people on shift or fewer people working in the same area.		
Increased PPE	Provision, cleaning and disposal of recommended or required PPE.		
Furlough costs	The direct cost of holiday pay and Apprenticeship Levy payments, and the indirect cost of administration and management, which are more complex in respect of flexible workers.		
	From August, the cost of Employers National Insurance contributions and statutory pension.		
	From September, the contribution towards furlough pay.		

2. Accommodation provision

Higher cost per head	Social distancing requires fewer people sharing accommodation. Ideally accommodation should all be in single units.		
Reduced flexibility	Those newly arrived will have to be segregated into 'cohorts' to minimise contact with others.		
Cost of self-isolation	Single occupancy units will need to be available for workers with symptoms of coronavirus to allow them to isolate.		
	Those living in units with workers with symptoms of coronavirus will need to self-		



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	isolate, meaning more workers off work at once.		
	New arrivals may be required to self-isolate for two weeks before work commences. Accommodation will need to be funded during all periods of sickness or isolation.		
Provision of goods and services	Shopping trips, food deliveries or on-site shops to meet the basic needs of workers.		

