



Review of Consultation Responses

Review of the Employment Agencies Act 1975

March 2025



Introduction

In 2024 the Department for Enterprise conducted a number of consultations in relation to employment legislation. This consultation in particular sought views on the operation of the Employment Agencies Act 1975.

This work continues the Department's commitment to bring forward a number of employment rights changes during the administration as detailed in Our Island Plan which sets out a vision of a secure, vibrant and sustainable island.

Overview of responses

- This consultation ran from 13 August 2024 to 29 November 2024.
- 30 online responses
 - 8 responses from Employment Agencies and Businesses
 - 4 responses from employers with 100+ employees
- 2 additional responses from representative organisations including the Isle of Man Chamber of Commerce who collected views of between 92 to 94 individuals/organisations on these questions (referred to as offline responses).





Context

The Employment Agencies Act (EAA) 1975 and associated legislation is largely thought to be out of date and in need of modernisation.

The EAA requires all employment agencies and employment businesses to be licensed by the Department for Enterprise, whether or not they are carried on for profit or in conjunction with any other business with certain exemptions.

Anyone who conducts activities that fall under the definitions of an employment agency or employment business covered by the Act without a current licence issued by the Department is liable on conviction to a fine.

As per the EAA, an Employment Agency is defined as:

'the business (whether or not carried on with a view to profit and whether or not carried on in conjunction with any other business) of providing services (whether by the provision of information or otherwise) for the purpose of finding workers employment with employers or of supplying employers with workers for employment by them'.

An Employment Business is defined in the EAA as:

'the business (whether or not carried on with a view to profit and whether or not carried on in conjunction with any other business) of supplying persons in the employment of the person carrying on the business, to act for, and under the control of, other persons in any capacity'.

Exclusions to these definitions do apply.

In July 2024, the Department for Enterprise updated the Employment Agencies licencing policy that has strengthened the requirements which must be met, particularly around the suitability of applications to be licenced.

Do you think that employment agencies and businesses should have to be licenced to operate on the Island?

Option	Total	Percent
Yes	26	86.67%
No	3	10.00%
Unsure	1	3.33%
Not Answered	0	0.00%

- Responses evidenced strong support for the proposal including from both representative organisations that submitted offline responses.
- Those respondents that disagreed with licencing did not evidence their position by providing further comment.
- Reasons for support included:
 - Licencing being a responsible approach
 - Licencing ensures compliance, signals professionalism and provides worker protection
 - Perception that current standards across those operating in the industry at present do vary significantly and a licence provides credibility
 - Many other industries have licencing regimes
- Some responses highlighted the implications of not having a licencing regime that might cause issues in the industry that would negatively impact credible professionals and the Island's reputation.



If you have used the services of an employment agency and/or business, were you aware that they have to have a licence to operate on Island?

Option	Total	Percent
Yes	20	66.67%
No	9	30.00%
Unsure	0	0.00%
Not Answered	1	3.33%

- The number of respondents answering that they were unaware might highlight an awareness issue where the Department could increase communications of the current licencing system.
- Removing responses from employment agencies and businesses (being those that are aware due to their work), the responses were more equal between 'yes' and 'no'



Do you think that the fee for the licence application should increase, remain the same, or be removed?

Option	Total	Percent
Increase	13	43.33%
Stay the same	9	30.00%
Remove	2	6.67%
No opinion	5	16.67%
Not Answered	1	3.33%

- Both representative organisations and many employment agencies and businesses showed support for an increase to the fee but with a note that this should be coupled with supporting industry growth, education on the licencing regime and should reflect the cost of administration and enforcement.
- Some suggested that the fee could be linked to the size of an applicant agency/business and that any increase should not negatively impact on smaller businesses.



Do you have any thoughts on the potential to expand the definitions of employment agencies and businesses to include the provision of immigration advice to better protect workers and employers?

Option	Total	Percent
Yes	17	56.67%
No	5	16.67%
No opinion	7	23.33%
Not Answered	1	3.33%



- Responses from online submissions and those offline responses from representative organisations evidenced strong support for the proposal.
- Those who responded in opposition to the proposal did not provide substantial reasoning but did comment that it is the responsibility of someone seeking the services of an employment agency/business to observe requirements, and that immigration advice should only be given by qualified professionals.

- Responses included:
 - The advice is highly specialised and complex which is not commonly taught when gaining professional qualifications commonly required in the industry.
 - There are individuals providing unqualified advice at present and thus regulation is supported.
 - Any change must clearly separate the responsibilities of professionals within the sector and an immigration adviser.
- On an educational level, respondents supported greater access to simplified guidance.

Do you think licenced employment agencies and businesses having a recognised 'gold standard' of compliance would increase confidence in the sector?

Option	Total	Percent
Yes	22	73.33%
No	5	16.67%
Unsure	3	10.00%
Not Answered	0	0.00%

- Respondents showed strong support for the introduction of a 'Gold Standard' to increase confidence in the sector.
- Reasons in support included:
 - Current standards vary across the sector and perceived poor practices being undertaken by some.
 - The proposal could drive higher standards including ethics, compliance and trust in the sector by setting benchmarks.
 - The proposal could increase reliability of services, professionalism and legitimacy, contributing to positive reputations.
 - While the proposal might not stop actions of those who are not licenced, it may cause a service user to question if and why their contact is not affiliated with the standard.
- A suggestion was made that the Gold Standard should not be attached to one specific professional body such as the REC but it should be a more bespoke offering to the Island's agencies and businesses.
- Some respondents supported on the basis that there was clearly identified criteria and measurement of the compliance but that such a standard must balance professionalism without adding unnecessary burden on the sector.
- It was also suggested that this should be coupled with educational promotion of the standard to the public to clearly identify those who are associated with the standard.

Do you have any other comments?

- Support for strengthened enforcement and audit regime of current licencing system
- Calls for a clear and easy to navigate complaints procedure.
- Island based employers should have to use Island based employment agencies and businesses.
- The current 2 weeks advertisement on the job centre should be strictly adhered to.



Next Steps

The Department extends its gratitude to all participants who contributed to the recent consultation, with particular thanks to the key stakeholders, namely employment agencies and businesses, who provided invaluable input.

In light of this, the Department is committed to undertaking a comprehensive review of the existing fee structures and exploring potential enhancements to the licensing regime including the introduction of a 'gold standard'. This will involve continuous and transparent dialogue with those directly affected, ensuring that any proposed changes are both fair and effective.

The Department will also further investigate possibilities to improve the framework for immigration advice. However, this investigation will likely proceed independently of the amendments to the Employment Agencies Act 1975 and the Employment Act 2006 which is planned for later in 2025 .

Regarding the proposed introduction of a Gold Standard for employment agencies and businesses, there was a clear and positive consensus among respondents, indicating broad support for this initiative. The Department is keen to further explore this proposal, particularly examining whether the establishment of such a standard should fall within the purview of the Department itself or the standard set by an established professional body, such as the Recruitment & Employment Confederation (REC).



**Approach to assessing consultation responses*

While quantitative data is valuable in assessing consultation responses, it often does not convey the full narrative or the strength of specific arguments. Therefore, we have presented quantitative data to indicate general sentiment. To complement this, we have performed a thematic analysis, which involves grouping comments that raise similar themes, such as economic competitiveness and flexibility.

It is also important to note that not every respondent answers each question or provides additional comments. There is also the potential for discrepancies where the chosen answers and subsequent comments may not necessarily align. Consequently, while quantitative data can be indicative, it should not be wholly relied upon.