



THE ADECCO GROUP

Labour Market Outlook: The public sector viewpoint

Based on research from the Labour Market Outlook,
Spring 2017, produced in partnership with the CIPD



The public sector viewpoint

The Winter 2016/17 version of the CIPD Labour Market Outlook in partnership with The Adecco Group (LMO) heralded good news for the public sector – for the first time in the LMO’s history it was reporting positive recruitment intentions for this sector. In other words, more public employers were expecting to increase the size of their workforce than were expecting to reduce it.

This was the culmination of a general upward trend from the low point in the LMO Spring 2011 when nearly 70% more expected to reduce headcount than expected to increase it.

Unfortunately, in the recently released Spring 2017 LMO, the public sector is back in the negative at -6. This means that 27% of employers expect headcount to fall in the next three months compared to 21% who expect it to rise.

Despite the disappointing figure it should be noted that this fall comes after six consecutive quarters of growth in expected employment balance and is only the second fall in the last 10 quarters.

That said, confidence does not abound within the sector. Nearly two-thirds (62%) believe that their organisation’s financial situation has worsened in the last 12 months.

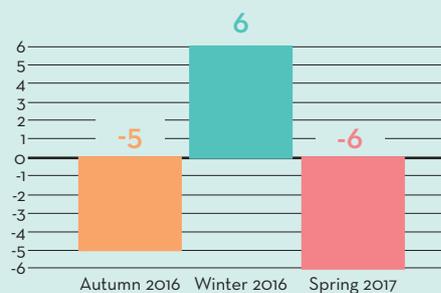
In comparison, the private sector registered an employment balance of +29, a figure it held for the second consecutive quarter and only one in five (21%) thought their organisation’s financial situation had worsened in the last 12 months (twice that amount of private sector firms thought it had improved).

The outlook for the coming year is very similar in the public and private sectors, although the private sector appears slightly more confident.

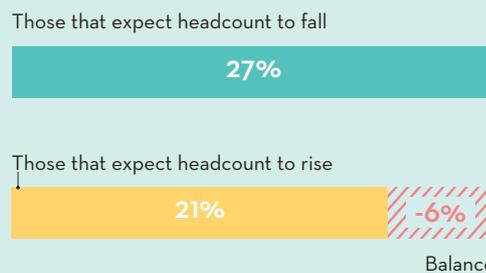
Candidate Attraction

Public sector employers do report higher numbers of current vacancies than the

Overall effect of recruiting staff in the public sector



Overall effect of recruiting in the public sector





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private sector, 25 on average, however this can be put down to larger average sizes of public organisations. The comparison is more favourable when placed against the 20 roles respondents from businesses with more than 250 employees say they have. (79% of public sector respondents were from organisations employing more than 250 employees, compared to just 54% of those from the private sector).

Unfortunately, the vast majority of public sector vacancies (97%) are replacing skill sets whilst only 3% are newly created. This compares to 85% of private sector roles that are replacements.

In general though, public sector employers report that 50% of their roles are 'hard-to-fill', a similar level to the private sector. Both sectors report that a lack of skills is the key element in this, rather than a lack of individuals, but this is more acute in the public sector where it accounts for three quarters of hard-to-fill vacancies.

Public sector employers were more likely to advertise roles on their own website (77%) than private sector employers (58%); this could well be related to size – larger companies with their own internal recruitment teams are more likely to advertise on their own websites. This said, the public sector is also half as likely to use a referral scheme when looking for candidates (25% vs 47% in the private sector).

The public sector does demonstrate more interest in recruiting young talent and developing it, being more likely to utilise both apprenticeships and links with educational institutions. This may be in response to the problems they endure with relation to lack of skills to fill available roles, but this seems slightly counter-intuitive when four in ten public organisations have reduced their training budget in the last two years. Only one in ten has increased it and a third expect further cuts in the coming 12 months.

Pay Growth

Public sector pay growth remains restrained at an average (median) of 1%; this has not changed since the Winter 2012 LMO edition of the report when it rose from 0. This compares to an average of 2% in the private sector which has been the same throughout the history of this report.

Around one in seven public sector respondents (14%) expect a pay freeze, and although more than half expect pay to increase the vast majority (92%) of those expect it to be 1% or less. Restraint on public sector pay is the overwhelming reason reported for this.

EU Nationals and the Brexit Effect

Overall the public sector appears slightly more likely to employ non-UK nationals, although again this could be a comment on the size of the organisations involved – larger ones are more likely to be more diverse.

However, where non-UK nationals are employed, the private sector is slightly more likely to rely on them. EU nationals account for 20% of private sector workforces compared to only 15% in the public sector.

There is a slightly heavier reliance on non-UK nationals from outside the EU in the public sector, accounting for 8% of the workforce, but there is no suggestion at the current moment that there are any expected changes to this section of the immigration system.

Unsurprisingly there are no public sector organisations currently considering moving operations outside of the UK as a result of the EU referendum.

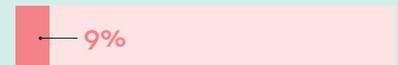
Read the full Labour Market Outlook, Spring 2017 report and find out how the research was conducted [here](#)

I expect my organisation's financial situation to get better over the next 12 months

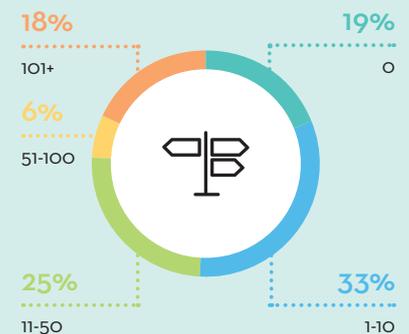
Private sector



Public sector



How many vacancies does your organisation currently have



During the past two years, how has the amount of money your organisation spends on training initiatives changed?

