



THE ADECCO GROUP

Labour Market Outlook: The public sector viewpoint

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



The public sector viewpoint

The CIPD/The Adecco Group Labour Market Outlook (LMO), Summer 2017 report saw the public sector climb back into a state of positive recruitment intentions after dropping below zero in the Spring 2017 edition.

Around one-in-four (24%) public sector employers now expect to increase their staff levels in the next three months, while 19% expect to decrease it - giving a net employment balance of +5. This compares to the -6 balance in the previous Spring report.

While this number seems weak, especially in comparison to the +35 figure being demonstrated by the private sector, it is important to remember that the public sector has only recently moved into the positive domain. From the Winter 09/10 edition of the LMO, the public sector reported distinctly negative recruitment intentions but this has grown steadily from a low of more than -60 in the Spring 2011 report. For the past 12 months the sector has hovered around the zero score and this represents significant progress.

More than three-quarters (77%) of employers expect to hire in the next three months but one-in-three (33%) expect to make redundancies. Both figures are higher

than the private sector, but this is probably because organisations in the public sector are more likely to be large (79% of public sector organisations who responded to the survey employ more than 250 people compared to just 53% of those in the private sector).

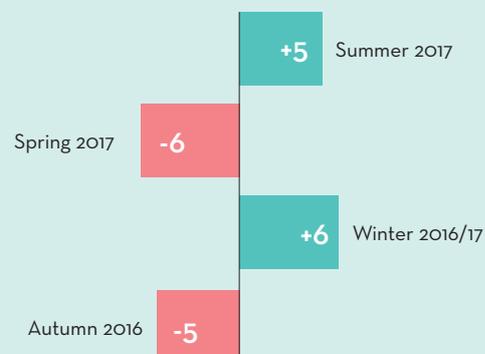
Pay growth

Average expectations of pay growth are again 1% in this edition of the LMO; they have remained at this level for more than four years (since the start of 2013). This is half the 2% that the private sector expects.

Around one in six (15%) public sector organisations that expect a pay review this year are expecting a pay freeze, almost double the 8% of private sector firms.

While the public sector is less confident about the growth in wages, they were more certain about the outcome. Almost half (45%) of private sector organisations that

Overall effect of recruiting staff in the public sector





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were expecting a pay review said they did not know what the outcome would be or that it would depend on organisational performance. Within the public sector, that figure was only 19%.

The recent cap on public sector pay can be seen to be the reason for both the relative pessimism and certainty. Of those public sector organisations that expect pay awards to be less than 2%, almost three-quarters (72%) cite the restraint on public sector pay as a reason. The second highest reason was an inability to pay more, at only 22%. It will be interesting to see how recent changes to this pay cap will affect public sector pay moving forward.

Candidate attraction

The survey suggested that, on average, public sector employers are more able to attract candidates than those in the private sector.

At the medium-skill level both private and public sector organisations received an average of 20 applications per role. At the high-skill level the figure was also fairly similar: 8 applicants in the private sector and almost 10 for the public sector.

At the low skill end, the public sector attracts nearly 35 applicants per role, while the private sector only attracts 25.

Around 50% of applicants in the public sector were suitable.

National Living Wage

The recent increase in the National Living Wage (from £7.20 to £7.50 in April 2017) seems slightly more likely to have affected public sector organisations than private, but that effect does not seem to be significant.

In the public sector, 41% of organisations saw their wage bill increase due to this rise, compared to 39% which did not, a net effect of +2%. In the private sector, 43% said it increased but 45% said it had no effect: -2% overall.

In order to manage these increased costs, the public sector seems more likely to reduce staff and hours to compensate for the increased cost, while the private sector is more likely to absorb the cost or look for efficiencies and increased productivity.

'Brexit Tracker'

The public sector is more likely to have acted in respect of Brexit workforce planning than the private sector. While more than half (51%) of private sector firms have not undertaken any steps, only 43% of public sector firms have failed to act. That said, this is still a significant minority of public sector organisations that have so far chosen not to interact with their staff on the topic of Brexit.

Less than 10% of public sector employers have audited their workforce so far, and less than one-in-five have identified roles where the share of EU nationals is particularly high. One-in-four (26%) have communicated with their staff about potential implications.

Public sector firms are most likely to focus on upskilling their current workforce following Brexit, followed by hiring apprentices and reducing the number of employees.

Although public sector employers are more likely to have started taking small steps towards Brexit, they are slightly less likely to believe they have enough information to start formulating a post-Brexit recruitment strategy. Only 20% believe they do, compared to 27% of private sector employers.

Overall, the public sector seems slightly less positive about Brexit than the private sector. More than four-in-ten (42%) think it will have a negative impact, compared to just 18% who think it will be positive. This is a net figure of -24%, compared to a net figure of -18% in the private sector.

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

Public sector organisations

What factors are likely to restrict your ability to match the inflation rate target of 2%?



How are you planning to manage additional wage costs in the year ahead?



Do you have enough information yet to start making decisions about your post-Brexit recruitment strategy?

