



THE ADECCO GROUP

# Labour Market Outlook: The public sector viewpoint

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



# The public sector viewpoint

The CIPD/The Adecco Group Labour Market Outlook (LMO), Autumn 2017 report saw the public sector reflect consecutive positive net employment scores for the first time in the report's history. This follows a long-standing pattern of improving hiring confidence.

Nearly one-in-three (30%) public sector organisations expected to increase the size of their workforce in the last few months of 2017 whilst only one-in-five (20%) expect it to fall - giving a net employment balance of +10. Although a reason for confidence, it should be noted that this is far below the private sector which scored +32.

The vast majority (80%) of public sector employers expect to recruit employees in the three months after the survey, this is higher than the private sector (64%) but this is likely to be a factor of company size. Respondents from the public sector are far more likely to be large (85%) and large organisations simply have higher turnover numbers, and recruit to replace lost staff. In a similar vein, one in four (25%) expect to make redundancies, which is also higher than the private sector.

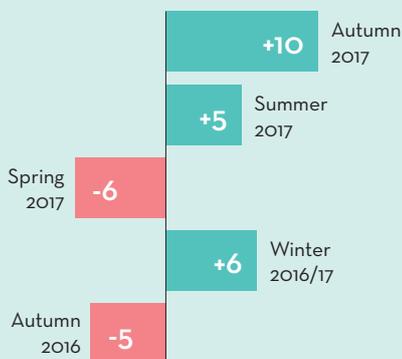
## Pay growth

The public sector continues to have lower pay growth expectations than the private sector, but they are more certain about it. More than half of public sector organisations (56%) are expecting to increase wages at the next pay decision, this compares to just 42% in the private sector. Similarly, less than one in three (30%) of public sector organisations are currently unable to comment on future pay decisions, compared to half of private sector ones.

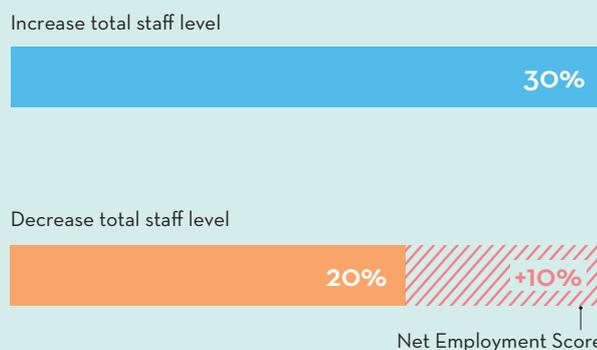
Despite this certainty, the public sector is only expecting a 1% growth in wages compared to 2% in the private sector. Of those that expect to increase wages at the next pay decision, more than three-quarters (76%) expect the increase to be 1% or less.

This is all a factor of the ongoing public sector cap on wage growth; certainly according to 75% of organisations expecting to increase wages by less than 2%.

Overall effect of recruiting staff in the public sector



What will be the overall effect of recruiting new staff and/or making redundancies?





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Employers in the public sector are experiencing higher pressure to increase wages than the private sector. Nearly five in six (83%) are experiencing some kind of pressure, compared to just 59% in the private sector with most of it coming from the wider workforce as opposed to specific areas where skills shortages exist. It is also more likely to be significant pressure (44%).

### Candidate attraction

With lower growth prospects in the near future, it would seem logical that the public sector is likely to find talent attraction more challenging and therefore struggle to fill roles. Public sector organisations do appear to have more open roles and are more likely to have some of them be hard-to-fill than the private sector. As with hiring intentions, this can be viewed as a function of simply having more large organisations in the sample; large organisations have more staff, so the odds are that some roles will be empty and some are hard to hire for. Larger companies are also more likely to need to hire specialists which are inherently harder to find.

The private sector's most popular response to these skills gaps was to invest in their workforce, upskilling them for these positions; this is also true of the public sector. The private sector's second most popular response was to improve the employment package; the public sector is not able to do this as widely, so instead they chose to hire apprentices or hire from overseas.

### Brexit Tracker

Public sector organisations continue to demonstrate greater willingness to act after the EU referendum than the private sector although both have shown a little more activity in the last few months. The number that have not acted at all is now nearly one in three (37%) in the public sector while the private sector is only just under half (49%).

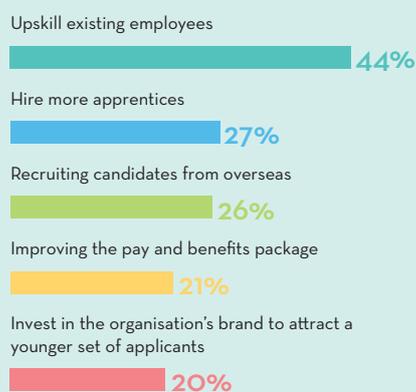
Communication with staff remains the most common action (32%), followed by identifying roles where EU nationals are particularly prevalent and a review of workforce development strategy.

Despite this, public sector organisations feel less confident about proceeding. Only 19% feel they have enough information to start making decisions about a post-Brexit recruitment strategy, compared to 31% in the private sector.

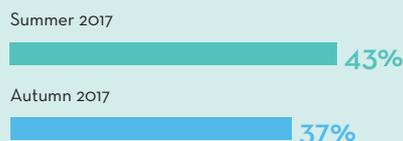
With this in mind it seems unsurprising that they are also more pessimistic about the impact of future EU immigration policy on their organisation. The majority (59%) think it will have a negative effect, compared to just 41% of private sector organisations.

### Public sector organisations

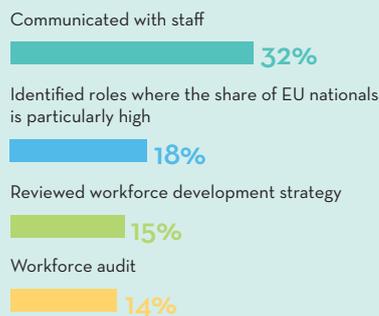
#### If your organisation has hard-to-fill vacancies how is it responding to them?



#### Percentage that have not undertaken action in respect to their workforce planning as a direct result of the EU referendum?



#### Which of the following steps has your organisation taken as a direct result of the EU referendum?



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