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THE ADECCO GROUP

# Labour Market Outlook

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The public sector viewpoint

Based on research from the Labour Market Outlook,  
Summer 2018, produced in partnership with the CIPD



# Recruitment activity is on the rise

The CIPD/The Adecco Group Labour Market Outlook (LMO) Summer 2018 report saw the continued increasing positivity towards recruitment activity that this report has seen over the last two years. The Winter 2016/17 edition saw the first positive score, then Autumn 2017 saw the first consecutive set of positive scores. Now, Summer 2018 sees another consecutive set and the highest ever public sector score in the report's history: +12%.

Nearly one in four (24%) public sector organisations expected to increase their staffing levels during Q3 2018, despite this often being the quietest quarter of the year with many hiring managers and candidates on holiday.

This compares to just half of that (12%) that expect to decrease their workforce. More than half (57%) expect it to be maintained, which is, in itself, a positive after years of austerity and budget cuts.

The vast majority of public sector employers (83%) are expecting to undertake some form of recruitment; this percentage is higher than the private sector. Only one in four are expecting to make redundancies, although again, this is higher than among private organisations.

Overall effect of recruiting staff and/or making redundancies in the public sector



Breakdown of recruiting new staff and/or making redundancies in the public sector during Q3 2018

Increase total staff level

24%

Decrease total staff level

12%

+12%

Net Employment Score



# Pay growth

A lack of pay growth has long been a complaint in the public sector, but the Summer 2018 report saw positive movements. Median pay growth rose to 1.5% having been stuck at 1% since the start of 2013, mean pay growth also rose to 1.95%.

This is obviously not driven by market forces but followed the official lifting of the 1% public sector pay cap which began in 2011. At this point, the Government announced pay rises for a number of public sector services (see graphic below)

As would be anticipated, the majority of public sector employers (65%) expect pay growth of between one and three percent at the next pay award. This said, nearly one in five (18%) are still expecting a pay freeze, but this is similar to the private sector where around one in six (16%) expect wages not to grow.

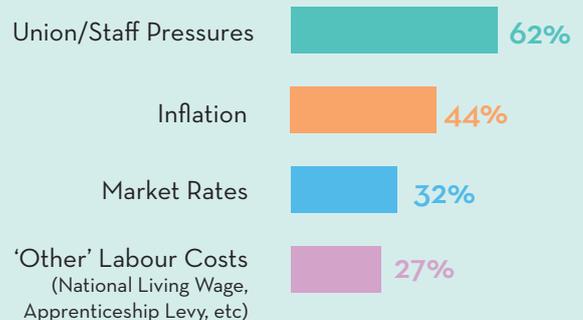
For those who expect growth of less than 2%, restraint on public sector pay is still the overwhelming reason (76%), with one in four blaming the organisation's inability to pay more. Those expecting to pay more than 2% are citing staffing pressures.

## Government announced pay rises for a number of public sector services



This compares to a median of 2% and mean of 2.26% in the private sector.

## What will be the main cause or causes behind a basic pay increase of 2% or more?





# Vacancies and recruitment pressures

There is a general perception that the public sector is struggling to fill roles due to a shortage of skills – this is widely reported in the media. The findings of our survey suggest that while employers are experiencing recruitment challenges, in the main things are actually a little easier than in the private sector, when the whole gamut of jobs is taken into account.

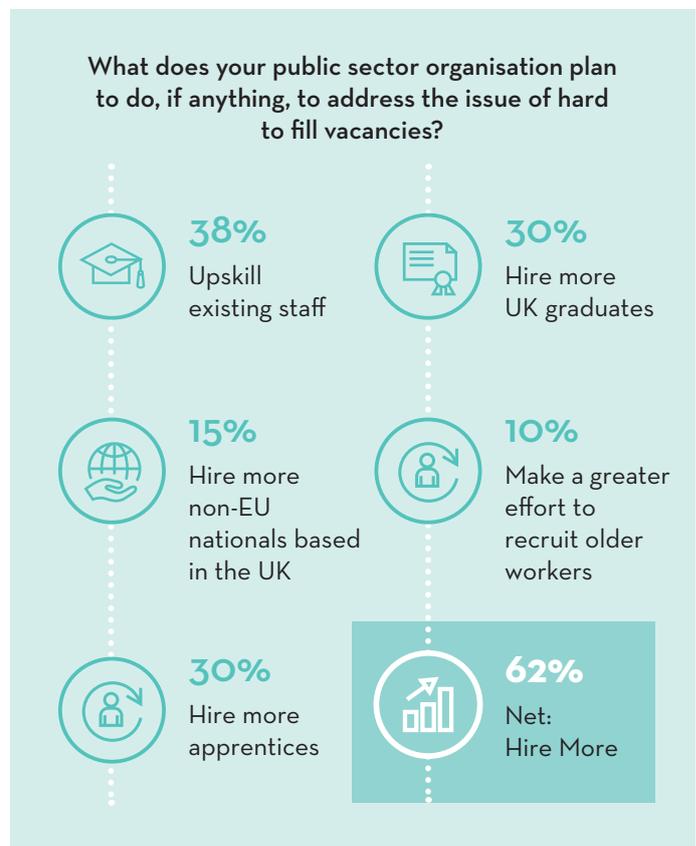
Public sector employers are more likely to have vacancies than private sector employers, and are also more likely to have some that they defined as hard to fill. At the same time, the density of the hard-to-fill jobs is lower; on average, one in four public sector vacancies is hard to fill, but 30% of private sector roles are.

Organisation size has something to do with this. Three in four public sector employers are large (250+ employees) compared to 55% of private sector employers. Larger employers are more likely to have vacancies of all types simply by the law of averages. These figures can also be weighted by some of the very large organisations in our public sector.

The median number of vacancies currently in a public sector organisation is 12, compared to 8 in the private sector.

The most common method of tackling skills shortages is either to upskill the existing workforce (38%), or employers can decide to identify elements of the workforce they currently do not target: graduates, school leavers, older workers, ex-welfare claimants (if you combine all of these options, nearly two-thirds of public sector employers are looking to increase workforce diversity in order to combat skills shortages).

These figures are generally similar to the private sector, with the exception that the private sector has a far greater focus on upskilling of existing staff – more than half of private sector employers plan to do that.





# Brexit tracker

The start of 2018 saw a sea-change in intentions for our Brexit tracker survey. The first three editions reported around one in five public sector organisations ready to make post-Brexit recruitment decisions, but Spring 2018 saw that figure jump to one in three. Summer 2018 sees that higher level maintained, although slightly lower.

In theory, this makes sense as organisations should gain more knowledge and certainty the closer they get to an event, but with so much still unconfirmed around Brexit this also seems counterintuitive.

This change came at the same time as there was a positive change in our tracker in terms of the expected impact from future EU immigration policy. Spring 2018 saw the percentage of public sector organisations expecting a positive impact jump from 9% to 24% and the gap between positive and negative narrow from 48% to less than 10%. In the latest report, however, the gap was larger again as more than half of respondents expect a negative impact.

This 24% in the Spring report was the most positive figure of all five Brexit tracker reports thus far.

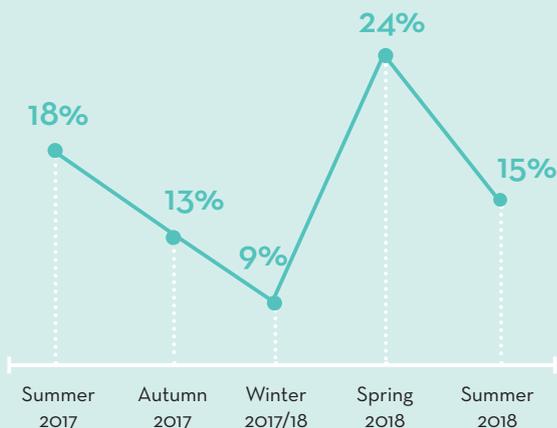
Whatever their opinions, public sector organisations continue to demonstrate marginally higher intentions to act, with regard to their workforces and Brexit. More than half of private sector organisations (51%) have not acted, compared to just 43% of public sector employers.

Communicating with staff remains the most common action, but nearly one in five public sector employers have not identified roles where the share of EU nationals is particularly high. Interestingly, the public sector is either as likely or more likely to have taken all of the possible action points defined in the survey.

## Does your organisation have enough information to start making decisions about your post-Brexit recruitment strategy?



## Percentage of public sector organisations that expect future EU immigration policy to positively impact their organisation:



## What impact do you expect future EU immigration to have on your organisation?

