



Jobs *transform* lives

PUBLIC SECTOR 2025

The future of jobs – what this means for the public sector



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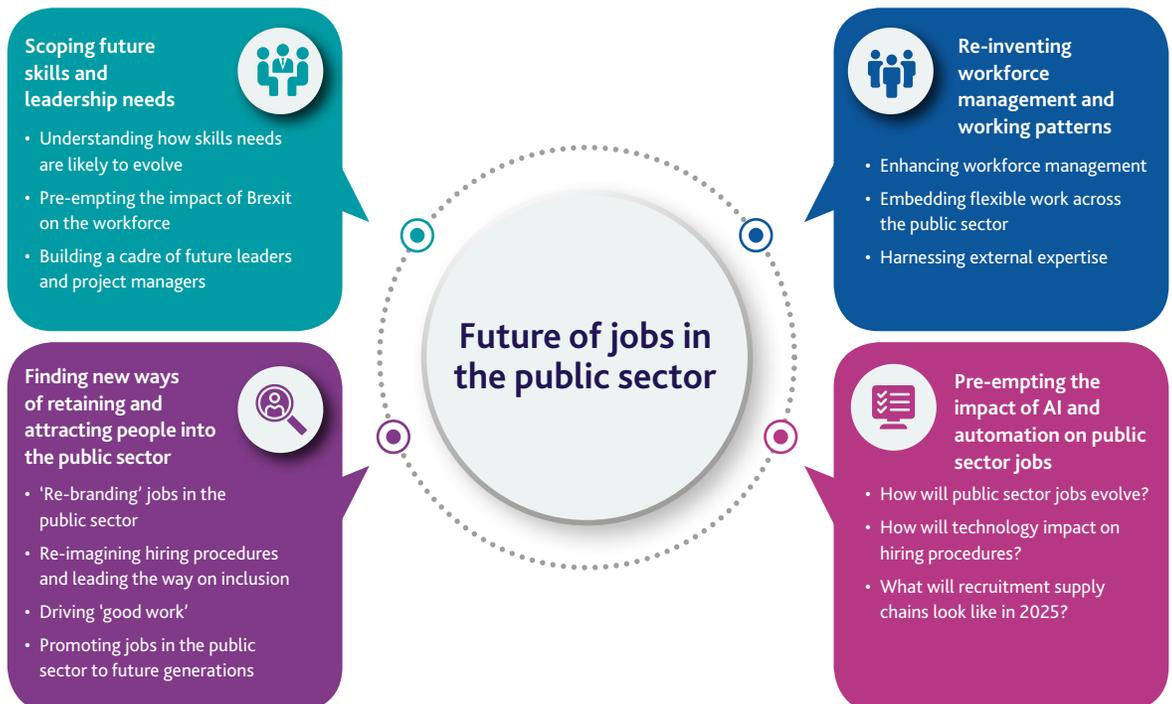
Recruitment &
Employment
Confederation

THE FUTURE OF JOBS – WHAT THIS MEANS FOR RECRUITMENT

As follow-up to the work of the REC's Future of jobs commission, our latest white paper looks at the future of jobs in the public sector and how employers, specialist recruiters and policymakers can pre-empt external developments and influence the direction of travel.

How will the public sector workforce evolve over the next five to seven years? How will skills needs and hiring procedures evolve? How will artificial intelligence (AI) and automation impact on key roles? What innovations are needed to attract, retain, manage and motivate the next generation of public sector workers? This white paper provides practical insight into these key areas and is based on the feedback from labour market experts, employers, and specialist recruiters, and uses latest research, including unique data provided by global jobs site Indeed, on current employment trends in the public sector.

The scale of the challenges ahead are significant. For example, it is estimated that the NHS could be short of 51,000 nurses – enough to staff 45 hospitals – by the end of the Brexit transition period alone.¹ An immediate priority is evaluating the impact that post-Brexit immigration models could have on staffing in the public sector. With skills needs evolving at pace and staffing shortages intensifying across many public sector organisations, there has never been a more important time to review latest workforce trends and identify potential solutions to current and future challenges.





77 per cent

of specialist recruiters say health and social care staffing shortages over the next five years will increase significantly



47 per cent

of specialist recruiters say that teacher shortages will increase significantly over the next five years



Jobseeker interest in nursing has not kept up with the rise in demand, and interest in social care has declined. If these trends continue, recruiting nurses and care workers may become more difficult in the future.

PAWEL ADRJAN, INDEED, UK ECONOMIST



1. SCOPING FUTURE SKILLS AND LEADERSHIP NEEDS

Predicting the future is always difficult, but we can study public sector trends through job postings, job searches and candidate clicks. This not only provides insight into how employer demand is evolving, but also provides insight into how the priorities and needs of jobseekers are evolving. Understanding these shifting trends will be key to ensuring that we have the skills and staff in place to deliver key public services in the years to come.

Understanding how skills needs are likely to evolve

Healthcare, social care and teaching jobs continue to be at the heart of our public sector, and emerging trends are worrying. The REC's monthly *Report on Jobs* shows nursing, medical and care roles as the most in-demand across all categories for temporary workers. Seventy-seven per cent of REC health and social care members think that health and social care staffing shortages will increase significantly over the next five years (with 15 per cent expecting a slight increase).² A similar poll of REC education members showed 47 per cent of specialist recruiters are expecting teacher shortages to increase significantly over the next five years (with 29 per cent expecting a slight increase).³

For many roles, public sector employers are competing with private sector businesses for staff and skills. For example, the *Report on Jobs* shows demand for IT staff increasing month on month, with candidate availability steadily decreasing since May 2013. Specific IT and technology roles in high demand across both the private and public sector include cyber-security experts, digital marketers, web developers and data analysts. Other high-demand roles where public and private sector employers are going head to head include compliance specialists, procurement professionals, finance staff, payroll administrators, receptionists, HR professionals and project managers.

In the two years to July 2018, job postings on Indeed's website for healthcare roles have increased by 6 per cent (as a share of the overall jobs postings), with postings for specific nursing roles showing an 11 per cent increase and a 4 per cent rise for teaching roles. These relative changes point to important shifts in employer demand for nursing, other healthcare, and teaching jobs. 'Senior principals' and 'substitute teachers' were the hardest education roles to recruit for in the last three years (based on them still being vacant after 60 days or more).⁴

Over the same time period, trends in jobseeker interest have also evolved according to Indeed data, with clicks on healthcare and teaching jobs increasing by 7 per cent and 9 per cent respectively. However, the interest from jobseekers in nursing roles only increased by 4 per cent (compared with an 11 per cent rise in the share of job postings), and click-throughs to care roles actually decreased by 8 per cent. These trends seem to indicate that filling nursing and social care vacancies will become increasingly difficult in the future.





10,000

EU staff have left the NHS since the Brexit referendum

The immediate challenge: pre-empting the impact of Brexit on the workforce

While there is uncertainty around political deals, we have absolute clarity around the sectors and roles that are most susceptible to the 'Brexodus' of talent. For example, Labour Force Survey data⁵ shows that overseas workers account for 23 per cent of the teaching workforce, 17 per cent of medical practitioners, and 17 per cent of the care workforce. According to the National Health Executive,⁶ 10,000 EU staff have left the NHS since the Brexit referendum. At the same time, the feedback from specialist recruiters is that UK workers in areas such as health and education are increasingly interested in jobs abroad, which could further intensify current staff shortages.

While the initial spike in searches for jobs in the EU – seen in the days following the 2016 Brexit referendum – quickly subsided, the steady increases seen in 2017 and 2018 hint at a more significant, sustained trend. At the same time, European jobseekers have become less likely to search for jobs in the UK. There has been an increase in UK jobseekers searching for jobs abroad, with Ireland (specifically Dublin) being the biggest potential beneficiary. Data from Indeed also found that in 2017 there was a 242 per cent increase in searches for 'overseas nurse programmes'.

As well as reviewing current workforce demographics and the potential implications of different Brexit scenarios, public sector employers are already taking action. An immediate priority is to retain as many EU workers as possible by providing as much clarity and reassurance with regards to settled status. As well as looking to influence the government's immigration policy, the REC is partnering with leading law firm Fragomen on collateral that can be used by employers and recruitment businesses to update and inform the workers on their books.

Public sector employers are already looking at new ways of attracting staff. For example, Health Education England (HEE) is driving the use of apprenticeships in the NHS⁷ – in particular by making a wide range of standards from levels 2–7 available for employers and individuals to use. At the same time, the feedback from public sector employers and specialist recruiters is that an evidence-based post-Brexit immigration strategy will be crucial in order to access the necessary staff and skills.



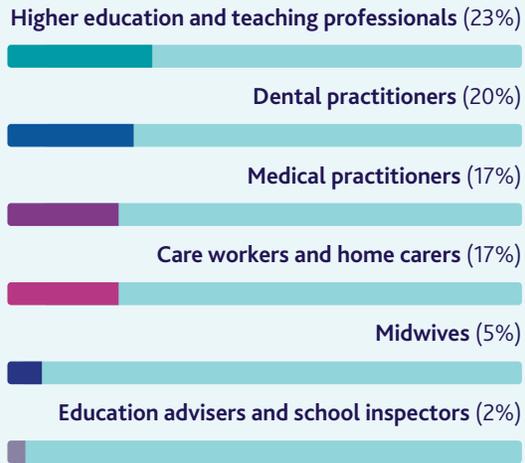


Brexit, although cloaked by uncertainty, is proving an attraction to those outside the public sector as they see the opportunity to work at scale within a national, unique remit.

ELLA MILWARD HAMILTON, PARTNER & HEAD OF CLIENT DELIVERY, GatenbySanderson



Preparing for Brexit – which roles in the public sector are most dependent on overseas workers?⁸



New technology will mean line managers will have a different role in the next five years.

ROB WALL, HEAD OF POLICY, CHARTERED MANAGEMENT INSTITUTE



Building a cadre of future leaders and project managers

The public sector will need to develop a new generation of leaders. The challenge of delivering more for less, and of implementing wide-ranging transformation projects, has impacted on the type of leadership skills needed within public sector organisations. At the senior level, executive search professionals have flagged the emergence of polymaths as leaders in the public sector, reflecting the need of a broader skill and experience range to draw on. Executive search professionals are also seeing a renewed focus on more singular specialist areas, such as HR, asset management and project management. External developments such as Brexit are creating new demand for specialist skills and expertise. At the same time, the very high levels of public scrutiny can make it a challenging recruitment environment for some CEO and director roles.

Within government, health, housing and other areas within the public sector, commercial insight and financial/investment skills remain high on the agenda. Executive search professionals are currently very active in searching within the private sector for suitable candidates. According to Michelle Sander, Senior Researcher at GatenbySanderson, ‘-probing candidates for their likely ability to transition well is central to our work as headhunters; cross sector working and partnership models are also increasing the talent pool migrating from one sector to another.’





Looking ahead, the role of headteachers will become even more broad and demanding. As the economy changes, keeping up to date with employment law and associated technology will become increasingly important to the management of schools.

SIMONE PAYNE, DIRECTOR,
4MYSCHOOLS, AND VICE CHAIR OF
REC EXECUTIVE COMMITTEE



Future leaders must champion diversity to reflect the make-up of their workforce.

DONIYA SONI, PRINCIPAL POLICY
OFFICER, GREATER LONDON
AUTHORITY



Poor management costs UK employers around £84 billion a year, according to the OECD, and is cited as a key factor in poor UK productivity levels. The UK currently has an estimated 2.4 million untrained 'accidental managers',⁹ and the Chartered Management Institute (CMI) predicted that the UK will need 1.9 million new managers by 2024. Ensuring that our education system is nurturing a new generation of leaders is the way forward in the long term; in the short term, more investment in management training and mentoring is key. Eighty-five per cent of managers agree that trust is vital to an organisation's success, but only 36 per cent of middle managers say they fully trust their leader.¹⁰ A fast-moving public sector workplace will require inspirational, high-visibility leaders.

Evolving leadership skills in the public sector¹¹

Five behaviours of future leaders:

1. **Open** – good at sharing their thinking.
2. **Honest** – admitting mistakes and learning from them.
3. **Approachable** – encouraging people to raise issues.
4. **Role model** – being visible, inspirational and modelling behaviour.
5. **Genuine** – personal values mirroring the organisation's.

Leadership needs will continue to evolve. As staffing and recruitment challenges continue to intensify, an ability and awareness to instigate new approaches to workforce-related issues will be increasingly key for future public sector leaders. An understanding of how new technologies and AI will have an impact will also become a key leadership issue, as will the ability to navigate a changing landscape – particularly in sectors such as education, health and care.

A future public sector must be one where there is diversity in senior positions. This was acknowledged by Health Minister Stephen Barclay, who recently said that he wants 'the NHS to ensure its leadership is as diverse as the rest of the workforce within the next 10 years'.¹² Women make up almost three-quarters of the NHS workforce but are a minority of board members and very senior managers. Women, staff with disabilities and BAME staff have fewer opportunities to access the 'stretch' opportunities that are crucial to allow staff to showcase their ability and develop their potential – such as acting up, secondments, and being involved in new projects.¹³

The initial focus of gender equality has led to a broader debate on how representative public sector boards and management populations are. Individual organisations at a local level can lead the way, and there is a key role for recruitment and executive search professionals and representative bodies to play in galvanising member organisations around this agenda and driving change across the specific sectors they represent.





69 per cent

of REC Health and Social Care members say increasing salaries would help to attract more people into health and social care roles over the next five years.



80 per cent

of candidates are not asked for any feedback on the application process. The opportunity for public sector employers is to become great 'listeners'.

2. FINDING NEW WAYS OF RETAINING AND ATTRACTING PEOPLE TO THE PUBLIC SECTOR

Recruitment will get harder; the only solution is for employers to get better at it. Public sector organisations will need to regularly review and rethink their hiring procedures and be bold in how they 'brand' jobs and careers in the sector. Innovation will be a must to attract and retain key staff and skills.

'Re-branding' jobs in the public sector

Attitudes to work are changing, and salary is no longer the only tactic employers will be able to use to attract and retain public sector workers. Workers are increasingly expecting to see flexible working patterns offered as the norm, as future generations of workers seek a better work-life balance. Searches for 'flexible' jobs on Indeed are at a three-year high, suggesting a growing number of jobseekers start their application with job satisfaction in mind.

Of course, pay will remain an important factor. For example, 69 per cent of REC health and social care members say increasing salaries would help to attract more people into health and social care roles over the next five years.¹⁴ However, a positive working culture, progression opportunities, interesting work and a genuine sense of purpose are also important factors for workers. Making the hiring experience itself as positive as possible for candidates will also be key. Currently, 80 per cent of candidates are not asked for any feedback on the application process.¹⁵ There is an opportunity for public sector employers to become great 'listeners' and to use this feedback to continuously improve hiring procedures.

Speaking at the 2018 Recruitment Industry Disability Initiative (RIDI) Parliamentary Reception, Sir Philip Rutnam, Home Office Permanent Secretary, summarised the way forward as follows: 'We are all competing for talent, but for public sector employers it is not about competing on pay; it is about providing meaningful and interesting work and using the best hiring procedures.' The opportunity for public sector employers is to make the most of evolving aspirations to promote jobs and careers in the public sector. However, any proactive and positive promotion of specific jobs must match the reality, which is why the 'Good Work' agenda should be fully embraced by public sector employers.





Attitudes to work are changing and salary is no longer the only way employers compete to attract and retain workers.

PAWEL ADRJAN, UK ECONOMIST,
INDEED



We need to make jobs more attractive – removing excessive administration makes work more appealing.

CHRISTOPHER STEPHENSON,
EMPLOYER ADVISER, DEPARTMENT
FOR WORK AND PENSIONS



Re-imagining hiring procedures and leading the way on inclusive hiring

Organisations are increasingly fishing in the same limited pool for many roles, and are competing with the more lucrative private sector. In this age of radical transparency, power is shifting from the employer to the jobseeker. Potential candidates are wanting to see company reviews, better salary information, opportunities for progression, flexible working options and more information about the job search and application process – including potential interview questions.

The need to shake things up is starting to be recognised. For example, four in ten employers admit that the interviewing and assessment skills of their staff should be improved.¹⁶ Fifty per cent of HR leaders indicated that they intend to change their job evaluation methodology,¹⁷ and an increasing number of employers are looking at talent analytics as a means of enhancing the candidate experience and driving better hiring decisions.¹⁸

Hiring processes within the public sector remain more complex and time-consuming than the private sector. As well as maintaining transparency and robust procedures, new approaches are being implemented. These include applications based on a combination of evidenced competencies and aptitude tests, rather than CVs. This has helped to improve diversity. Reducing recruitment timescales is a further priority and is especially important for hard-to-fill roles where candidates will often have several offers on the table.

Selection procedures and criteria will also evolve. Collaborative hiring – where several people are involved in the selection process, providing balance and a more objective outcome – is a proven methodology that needs to be embraced. Hiring for potential rather than for experience has been a common theme; the challenge is to develop new ways of sifting applications to reflect this change. As well as driving innovation in the use of AI and analytics as part of the selection process, a future jobs market must be one where the majority of UK employers are getting the basics right, including clear job descriptions, understanding how their brand is really perceived by candidates, and providing line managers with recruitment training. With worker expectations evolving all the time, the candidate experience must be regularly reviewed and improved upon.

UK employers are currently failing to hire the right person for two out of five roles, despite the significant financial costs of making mistakes, which include money wasted on training, lost productivity, and increased staff turnover.¹⁹ Overall, 85 per cent of HR decision-makers admit their organisation has made a bad hire. Regular reviews and benchmarking of recruitment practices with peers (and with private sector employers) will become increasingly important; existing initiatives such as the Good Recruitment Campaign must be scaled up to ensure that more employers future-proof their hiring strategies.





The recruitment sector is playing a key role in driving the disability agenda and in promoting the Disability Confident scheme.

SARAH NEWTON, MINISTER FOR DISABLED PEOPLE, DEPARTMENT FOR WORK AND PENSIONS



Recruitment in the Civil Service is all about getting basics right, but we must also have ambition. We want to change the way people think about disability and inclusion.

SIR PHILIP RUTNAM, HOME OFFICE PERMANENT SECRETARY AND CIVIL SERVICE DISABILITY CHAMPION



How will hiring procedures evolve in the public sector?

The ongoing Good Recruitment Campaign has identified technology-driven innovations in the way that employers hire staff, which we can expect to see accelerate over the longer term.

1. AI as part of the assessment process – artificial intelligence will increasingly be used to help sift candidates. This could make the process more objective and boost opportunities for all.
2. Video interviewing – this eliminates geographical boundaries and speeds up the hiring process. New generations of workers are comfortable with this process.
3. Collaborative hiring – online tools will enable several individuals within the hiring organisation to independently evaluate applications. This will provide for more-objective assessments.
4. Gamification – technology will enable employers to test an applicant's skills and knowledge throughout the process. The use of CVs and static application forms will diminish.
5. New resourcing options – online platforms and new ways of working will multiply resourcing options, including outsourcing specific tasks or using contractors and independent professionals to drive specific projects.
6. Going viral – using all channels to actively promote 'employer brand' is already key to candidate attraction; recruitment and marketing teams will work in increasingly close synergy.

Research by Indeed shows that almost half of jobseekers (46 per cent) in the UK say they or someone they know has experienced human bias or discrimination in the recruitment process, while candidate interest in jobs that contain 'diversity' or 'inclusion' in the title has picked up since 2017. This is a good sign that individuals want to be part of the process of making change happen. Recruitment professionals also have a pivotal change-agent role to play within this context by working in partnership with public sector clients to develop an increasingly proactive approach to reaching out to under-represented groups.

Employers with a diverse workforce have also been found by Gallup research to be 22 per cent more successful than homogenous ones. Driving inclusive hiring and making change happen on all strands of diversity presents a huge opportunity for public sector employers. For example, NHS trusts are well positioned to act as 'anchor institutions', influencing the practices of their local community. Other examples include the work of HS2 to drive the disability and wider inclusion agenda through their various supply chains, and the work on disability taken forward by the Civil Service, which has been recognised by the Recruitment Industry Disability Initiative (RIDl).





Hospitals tick every typical characteristic of an anchor institution, yet all too rarely at present do they think or act like one. Failure to do so limits the influence the NHS can have locally.

MICHAEL WOOD, IN THE LOCAL GOVERNMENT CHRONICLE



We all have our own views on what good work means, but we can agree some basic criteria which enable a fulfilling experience of work.²¹

MATHEW TAYLOR, CHIEF EXECUTIVE, RSA



Case Study: Civil Service Summer Diversity Internship Programme (SDIP)

The Civil Service SDIP programme is aimed at those from BAME (black, Asian and minority ethnic) backgrounds, those who are socially or economically disadvantaged, and those with disabilities. It gives interns the opportunity to undertake a paid (£300–£350 a week), six- to nine-week placement as a taster to what a career in the Civil Service could be like. It also provides an opportunity to get ahead in the application process for the highly rated Civil Service Fast Stream graduate programme.

Driving 'Good Work' in the public sector

The government's Review of Modern Working Practices – which was led by RSA Chief Executive Matthew Taylor – has driven the debate on quality of work, particularly with regard to five underpinning principles: overall worker satisfaction, voice and autonomy, pay, progression, and well-being. Many public sector employers already have dedicated retention plans in place and are feeding into the 'Good Work' agenda – and using this to highlight positive aspects of public sector jobs is also an immediate way forward.

Job roles and job descriptions must be regularly reviewed so that they reflect the fast-changing needs of public sector employers, but also create a clear and compelling 'pitch' to prospective candidates. Employers will need to ensure that they deliver on their 'jobs promise' – that is, the substance of the job must reflect the description, and encompass good work principles. As part of this broader agenda, we can anticipate a 'coming together' of health and well-being initiatives with schemes linked to disability and inclusion initiatives.

Security and benefits were previously the main attraction to working in the public sector; the focus must now also look at other facets of the roles and careers on offer which can be used to attract and retain more people in the sector. Looking ahead, initiatives on measuring job quality taken forward by organisations such as the Carnegie Trust²⁰ could present a platform for challenging preconceptions and showcasing the appeal of jobs and careers in the public sector.





Public sector jobs are no longer jobs for life; for many the security and benefits were the main attraction to working in the sector. These are no longer on offer.

FAYE POOKE, HEAD OF CHARITY AND NOT FOR PROFIT TEAM, THE MAINE GROUP



Case Study: Southend University Hospital NHS Foundation Trust retention model²²

This study promotes the importance of branding and accurate data in developing an engaging retention plan. The study focuses on:

- The importance of communicating the trust's values to all staff, whether through developing existing managers or a 'first 90 days' scheme for new starters.
- Building trust within teams, at every level.
- 'Narrowing the front door to close the back door' – training managers to recognise 'stayers' at interview, that is, members of staff that align with trust values and are likely to stay.
- Appropriately communicating the retention strategy and discrete targets via the use of 'nursing retention dashboards' distributed to wards.

Promoting public sector careers to future generations of workers

Looking at the longer term, the priority is to be proactive in promoting jobs and careers in the public sector to future generations of workers. Four out of five (81 per cent) private sector employers currently have at least some links with schools and/or colleges,²³ and 75 per cent of businesses are willing to play a greater role in delivering careers advice in the future.²⁴ Public sector employers will need to be equally proactive. One priority is to raise awareness of the variety of roles that exist within the public sector and to boost 'visibility' of the different jobs and career paths on offer.

Public sector employers and specialist recruiters can help to drive the local skills agenda and take a proactive stance in approaching schools, colleges, and universities to provide work experience placements, jobs, advice, and coaching. Galvanising this engagement is at the heart of the REC's Future of jobs ambassador network. We all have a stake in building better bridges into the world of work. This is especially true when it comes to attracting a new generation of workers to build careers in the public sector.





72 per cent

of REC education members think improved working conditions and support infrastructure will attract more people into teaching roles over the next five years.²⁸

3. RE-INVENTING WORKFORCE MANAGEMENT AND WORKING PATTERNS

The biggest risk for public sector employers is to do nothing. With the external landscape evolving at pace, the priority is to ramp up short-term and longer-term workforce planning activities. Some employers are being proactive in looking ahead, but many are not.

Ramping up workforce planning

Demographics will shape the future of our jobs market. With the Baby Boomers retiring and Brexit impacting on the number of EU workers, the UK public sector is facing a workforce crisis. For example, one in three NHS doctors plan to retire by 2030. A core message from the REC's Future of jobs commission was that reviewing the current workforce profile is a crucial first step; this will establish the extent of the resourcing challenge facing each organisation over the coming years.

Effective future workforce planning is not only about capturing accurate data; the quality of the analysis is equally crucial and will enable employers to make the right decisions with regards to people strategies, which will in turn enable public sector organisations to deliver front-line services. Local labour market experts and intermediaries such as recruitment agencies can play an important consultative role when it comes to pre-empting practical implications for hiring and people strategies.

Future workforce planning – asking the right questions

Better workforce planning is not an option; in a future jobs market it will be a given. These are just some of the questions that employers will need to be asking themselves:

1. What is the current profile of our workforce? Do we hold the right data?
2. What succession plans are in place?
3. What are our current employee skillsets and where are the gaps?
4. Are there any regulatory changes that we need to factor in?
5. What technological changes might have an impact?
6. What are our current pay levels? How do they compare with the market?
7. How can we best prepare for different post-Brexit scenarios?



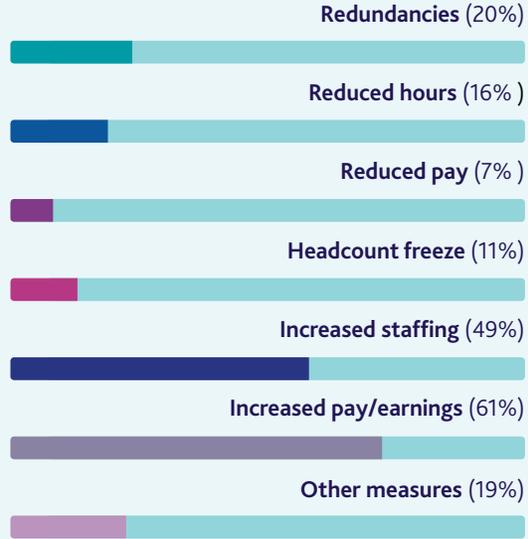
With equality and diversity making waves in all areas of our communities, now is the time for action. Working life no longer takes place from Monday to Friday, between 9am and 5pm.

ANNE-MARIE ARCHARD, DIRECTOR,
LONDON LEADERSHIP ACADEMY



Current workforce plans²⁵

Current workforce planning priorities in the public sector are as follows (% of respondents):



Embedding flexible working across the public sector

Flexible working options must become the norm in the public sector, especially if we are to tap into the talent of digital skills. In recent years there has been a greater recognition within the government and the business community of the need to increase the number of quality jobs that can be undertaken on a part-time or flexible basis. The desire for more control over hours and more flexibility is a growing trend. For example, 85 per cent of REC health and social care members say that flexibility of working hours and better work–life balance are the main reasons why healthcare workers choose to work via an agency.²⁶

Research by UNISON found that parents and other staff with caring duties are having to quit their jobs in some cases because of inflexible working conditions. More than three-quarters (78 per cent) of respondents believed that staying in a job is harder for carers or parents.²⁷ This underlines the opportunity for public sector employers to do more to support the estimated 9 million parents and 2 million carers currently in work.





85 per cent

of REC health and social care members say flexibility and work-life balance are the main reasons why healthcare workers choose to work via an agency.²⁹



The NHS is facing a once-in-a-generation staffing crisis. And the situation will worsen unless it is tackled head on. Flexible working is a key part of the solution to staff attraction and retention.

CLAIRE CAMPBELL, PROGRAMME DIRECTOR, TIMEWISE



Case Study: NHS London Leadership Academy

The NHS London Leadership Academy established the London Women's Leadership Network (LWLN) in March 2017. The initiative has already attracted over 500 members and the partnership developed with flexible work specialists Timewise has focused on practical solutions to the challenges faced by current and future women leaders. Working patterns have been a major theme and a specific report has been published to quantify and promote the benefits of enhanced flexible working in terms of staff turnover and recruitment, supporting a more diverse talent pipeline and making the NHS a role model for change.

Recognising the importance of flexible working arrangements must also encompass recognising the contribution of contractors, interim managers, temporary staff and freelancers working within the public sector. One of the drivers will continue to be individual choice, with people opting to work on flexible contracts for different reasons. The REC's *Flex Appeal*³⁰ report – based on a survey of over 4,000 adults – found that the most common 'choice factors' were accommodating caring responsibilities and other interests, gaining experience in a new area of work, scaling back on work obligations when approaching retirement, and supplementing a regular income.

A joint report by the REC and National Institute of Economic and Social Research (NIESR) on the motivations of agency workers in the public sector also concluded that the vast majority of individuals actively decided to work this way in a desire for flexibility and a greater work-life balance.³¹ Even if offered the opportunity to work in a full-time capacity, the public sector workers interviewed by NIESR said they would not be interested in taking the job.

Harnessing external expertise

Hiring permanent staff is just one way to access the expertise and skills that public sector employers need. Making effective use of freelancers, contractors, interim managers, agency workers, external consultants and even gig workers can form part of an effective workforce strategy. A shift towards more project-based work will also play to the need for a more agile approach to sourcing expertise and capability. As innovation becomes ever more important, this also provides a crucial means of bringing in new ideas and trialling new approaches.

In many cases, job market dynamics are driving the need for a more flexible approach. According to the REC's *JobsOutlook* report, the main driver for employers to use temporary and contract staff is now the need to bring in suitable skilled staff quickly. As candidate availability for permanent roles continues to decline, this will become increasingly important. Even for freelance and contractor roles, public sector employers are competing with private sector businesses for the right skills. For example, the monthly REC *Report on Jobs* shows demand for IT contractor staff increasing month on month, with specific expertise in areas such as cyber-security,





Parents and carers represent a huge proportion of the workforce. Employers have everything to gain by helping them juggle their home and work responsibilities.

CHRISTINA MCANEA, ASSISTANT
GENERAL SECRETARY, UNISON



digital and data analytics particularly sought after. Effective mechanisms for sourcing, vetting and managing the non-permanent workforce will become increasingly crucial. The challenge is to ensure that cost-control priorities are balanced with the need to maintain access to the right calibre of staff.

With regards to the use of intermediaries such as specialist recruitment agencies, the policy aim is to reduce this and to build up internal capacity – for example, in-house staffing banks within NHS trusts. The need to control costs is an understandable priority, but the assumption that bringing recruitment services in-house will automatically save money, while maintaining levels of supply and compliance, is open to challenge. In particular, the 20 per cent saving proposed by NHS Improvement does not take into account the cost of operating an in-house service for additional human and infrastructure needs. An external review or National Audit Office investigation would help to establish the true cost of seeking to replicate the expertise and services of established recruitment businesses through internal staffing banks.

Flexible staffing models and well-managed recruitment supply chains should be seen as part of the solution for delivering cost-effective and safe staffing levels in our hospitals, care homes, schools and other public bodies. This should include a partnership approach with the recruitment experts who source, vet and place workers, often at very short notice. Rather than retrenching and marginalising the input of external service providers across various disciplines, the focus must be on how these relationships are managed. Cost control and effective procurement will remain priorities; equally important is the need to challenge preconceived ideas around cost and value and to maintain access to external expertise and innovative approaches.





Four out of the
country's **top six**
recruiters of AI professionals
are universities.



The health care industry is on the edge of a step-change, where digital and cognitive technologies will reshape ways of operating.³⁴



4. PRE-EMPTING THE IMPACT OF AI AND AUTOMATION ON PUBLIC SECTOR JOBS

There are different interpretations and views as to the full impact that artificial intelligence (AI) and automation will have on jobs and society as a whole. However, a core conclusion of the REC's Future of jobs commission is that policymakers and employers need to plan for different scenarios – including for some of the more extreme predictions of widespread disruption. At the same time, AI is now being used as part of the selection and hiring process and could provide a useful tool for public sector employers.

How will public sector jobs evolve?

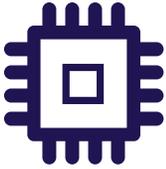
The *Automate the State* report by the TaxPayers' Alliance argues that 850,000 public sector jobs could be automated, saving £17 billion annually by 2030 and releasing staff to 'find better, more interesting, and more productive jobs'.³² How this transition would work in practice is open to debate, as is the scale of the job cuts flagged in the report. What is unquestionable is the need for public sector employers to pre-empt the potential impact and to harness the benefits wherever possible.

AI sits at the heart of Britain's tech boom, and the UK has emerged as a world leader in the creation of both AI technology and jobs. Data from Indeed shows that AI skills are more in demand in the UK as a share of total demand than in any other developed economy, with the appetite among British employers even outstripping that of their US counterparts.³³ It's not just the big tech companies hiring in AI. Indeed's list of top AI employers in London shows cutting-edge academic research makes universities some of the UK's biggest AI employers. Nationwide, four out of the country's top six recruiters of AI professionals are universities, with Oxford, Cambridge, and University College London all competing for AI talent.

Today, every company is a tech company, and every sector needs people with technology-related skills – the public sector is no exception. The Secretary of State for Health and Social Care, Matt Hancock MP, has been clear that tech and AI must be at the heart of the NHS, and is committed to transforming the technologically outdated health service. Undoubtedly the NHS will need highly skilled tech workers in the future to deliver on this ambition – a challenge, as those with these skills tend not to see the public sector as their natural place. In addition, clinical staff will need training and development to operate in a high-tech NHS.

On the flip side of all this, demand is projected to rise most for skills that are currently difficult to automate – ones that require interpersonal skills, listening, critical thinking, coordination, management, judgement and decision-making. Those projected to be most susceptible to automation are ones more likely to be carried out by programmable robots, such as equipment maintenance, repair and installation. Analysis by PwC in their report *UK Economic Outlook* suggests that up to 30 per cent of UK jobs could potentially be at high risk of automation by the early 2030s, but this is much lower in sectors such as health and social work (17 per cent). A report by Deloitte also made the point that jobs in sectors such as education, health and care as also the least threatened by automation.





36.3 per cent

of employers see use of technology and AI as leading to the greatest change in their hiring procedures.



67 per cent

of employers say 'attracting the right people into the role' is the main driver of a resourcing model.

How will technology impact on hiring procedures?

A 2017 REC *JobsOutlook* survey confirmed that employers see use of technology and AI as leading to the greatest change in their hiring procedures; 36.3 per cent of respondents flagged this as the biggest change factor, on a par with skills shortages.³⁵ Many organisations are already using AI as part of their recruitment processes; the public sector will have to embrace new ideas and new technologies to remain competitive.

Private sector employers have initially used AI for the initial sifting for high-volume, non-graduate roles, but plan to use the system to hire senior managers and executives. Employers are also using AI to streamline parts of the hiring process, such as interview scheduling and authorising job offers. More advanced uses of AI include using it to assess how likely individual candidates are to be interested in, and suited to, a given job by psychologically profiling them based on their CVs and publicly available social data. Other practical examples provided to the REC's Future of jobs commission include neuroscience-based games to measure candidates' inherent traits and the recording of interviews that are then subsequently analysed by AI.

What will recruitment supply chains look like in 2025?

Public sector employers use a variety of resourcing and recruitment supply models, including preferred supplier lists (PSLs) and managed service models (particularly for the supply of temporary, contract and interim staff). Previous reports on recruitment supply chains show that a significant number of organisations – over 30 per cent – use two or more models. Increasingly, these supply models are driven by new technology platforms, which will continue to evolve at pace.

Using technology is a means to an end, so what are the specific factors that will drive the choice of resourcing models over the coming years? The REC's *Chain Reaction* report showed that 'attracting the right people into the role' was the main driver (67 per cent of employers citing it as a reason), ahead of 'reducing the cost of recruitment' (42 per cent) and 'reducing time to hire' (39 per cent). Interestingly, there was agreement on this from both procurement and HR and recruitment professionals.

Looking ahead, whatever technology has come to the fore by 2025, the effectiveness of any resourcing supply model will need to be judged on the quality of staff supplied and on candidate experience, rather than simply on efficiencies and process management. An increasingly competitive jobs market will make this more important than ever. In practice, this must involve ensuring that regular feedback from line managers on the quality of staff being supplied is built into any new model and recruitment framework.

As resource models mature and enter into a second or third generation, costs cannot be the primary driver, and employers are looking for more strategic partnerships from their suppliers. This involves using recruitment suppliers to



feed into strategic workforce planning, drive innovation on sourcing and attracting candidates, and mainstream good practice on disability and the wider inclusion agenda. Recruitment providers to the public sector can also provide a key service by collating feedback on the candidate experience so that this can be used to continuously improve the hiring process.

A further priority for employers is to maintain line of sight not only of first-tier suppliers, but also of second- and third-tier suppliers. Managing risk and compliance through the recruitment supply chains is increasingly pivotal – particularly in light of requirements under the Modern Slavery Act, the work of the Labour Market Enforcement Director, and the recommendations of the Matthew Taylor Review of Modern Working Practices. At the same time there are real opportunities to use recruitment supply chains to also drive good recruitment practice – for example, with regards to boosting opportunities for people with disabilities, ex-offenders and other under-represented groups.

Recommendations

Based on the feedback and insight from public sector employers, representative bodies, trade unions, think tanks and policymakers, below are some practical recommendations for pre-empting and influencing the future of jobs in the public sector:

Public sector employers and specialist recruiters

1. **Plan for disruption** – develop forward-looking workforce plans, reflecting evolving skills needs, demographic change and new technology. Plan for different Brexit scenarios.
2. **Re-brand public sector careers** – embrace the 'Good Work' agenda and promote key attraction 'hooks', including workplace culture, progression and purpose.
3. **Drive recruitment innovation and flexible hiring** – find new ways of attracting staff and skills by revamping hiring practices, embedding flexible working and inclusive recruitment.
4. **Maintain safe staffing levels** – use flexible staffing models to ensure cost-effective and safe staffing levels; ensure resourcing models promote compliance and deliver the right calibre of staff.
5. **Build from within** – develop a diverse cadre of future leaders and managers equipped to navigate a fast-changing landscape.
6. **Harness new technology and external expertise** – harness AI and new technology; tap into new ideas and specific expertise by finding cost-effective ways of working with freelancers, contractors and recruitment specialists.
7. **Be 'future of jobs ambassadors'** – work with local schools and colleges to promote careers in the public sector; be a voice on key policy debates around skills, immigration, inclusion and automation.



Government and policymakers

1. **Plan for disruption** – ensure that policies and regulatory proposals reflect the changing world of work; facilitate the debate on the impact of technological change on public sector jobs.
2. **Facilitate access to staff and skills** – develop an evidence-based post-Brexit immigration system that enables public sector employers to access the people and skills they need.
3. **Boost progression and career transitions** – review the Apprenticeship Levy to boost progression for all workers; develop innovative support for individuals transitioning into the public sector.
4. **Build fair and open supply chains** – ensure that tendering processes and payment terms enable SMEs to supply services to the public sector.
5. **Challenge preconceptions on cost and value** – use external reviews and National Audit Office investigations to establish the true cost of using internal staffing banks to replicate the work of external providers.
6. **Enhance transparency in recruitment supply chains** – develop specific regulations covering intermediaries such as umbrella organisations and enhance coordinated government enforcement.
7. **Start with education** – review how schools and colleges are preparing future generations for the changing world of work; develop a world-class careers guidance network that raises awareness of careers in the public sector.



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REC's Future of jobs commission

The REC's Future of jobs commission brought together a coalition of employers, think tanks, policymakers and labour market experts to articulate a clear vision for a future UK jobs market. Chaired by Rt Hon Esther McVey MP, the former Secretary of State for Work and Pensions, the commission's *Future of Jobs* report articulates a clear vision for the kind of jobs market the UK should aspire to create by 2025 and lists practical examples of what the government, recruiters and hiring organisations should do to make it a reality.

The report was not an end in itself; it signalled the start of a series of future-facing activities that will help to build the kind of jobs market we want to see emerge. The REC is committed to working with policymakers and all interested parties to make this vision a reality.





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