

The cross-cutting review of the public sector labour market review explored a number of issues around the productivity of the sector, and the need to attract workers in an increasingly tight labour market. Specifically, the review assessed the current composition of the public sector, how best to expand recruitment and retention, enhance work flexibility and career opportunities in the public sector, as well as to create an efficient workforce. As a result, departments are improving workforce planning to strengthen the links between performance and pay, drive efficiency, and ensure investments result in better services.

**27.1** Achieving the Government's commitment on improved customer-focused public services, will be dependent on ensuring that public sector employers can recruit, retain and motivate suitably qualified staff to deliver those services. The modernisation of public services has involved a number of significant changes to the ways in which public sector employees are managed and rewarded. Working practices have been updated. In the 2000 Spending Review, significant new resources were allocated to the recruitment, retention and training of key public sector workers, in particular those in the NHS, education, and the criminal justice system. The further expansion of public services, set out in this Spending Review, will require a significant increase in the workforce over the next few years, particularly in areas such as childcare, health care, education and the Criminal Justice System.

**27.2** The review looked at all labour markets which would have a significant impact on the delivery of public services (excluding transport), including those delivered by the private sector or voluntary organisations, and has identified trends affecting the size and composition of the public sector workforce. Finally, the review assessed policies to improve recruitment and retention, enhance work flexibility and career opportunity, and ensure that skills of staff are used more effectively.

## OUTCOMES

### Better workforce planning

**27.3** Departments need to improve workforce planning tailored to their individual service programmes, to attract and retain workers in specific fields, take into account local or regional challenges, changes in the labour market, and, to ensure effectiveness and value for money. Elements of planning include improved and expanded recruitment, better benefits to workers, and more local flexibility to deal with specific vacancy problems. More details of these elements are set out below.

### More local flexibility

**27.4** Variations in the public sector labour market are largely local, rather than regional, and can differ significantly by occupation. Therefore, increased flexibility at local level to address recruitment and retention challenges is necessary. The public sector still maintains widespread national pay determination, which can limit the ability of individual employers to respond to local labour markets conditions. Local flexibility on pay and non-pay matters offers a targeted solution: for example, greater delegation to management on performance related issues, including rewarding good performers and adopting measures to assist those who are under performing. The latter could involve more training or re-engineering existing roles and organisational structures to ensure the right people with the right skills are matched with the right jobs.

**A larger, more diverse workforce** **27.5** Certain public service professions recruit from the same limited group of workers, luring them from one occupation to another through short-term incentives; therefore, expanding the pool of potential employees is vitally important. To improve recruitment and retention, the public sector needs to engage on several fronts. These include better, coordination across the public sector, facilitating the sharing of information and good practices, and making better use of available recruitment channels such as JobCentre Plus.

**27.6** The Government is determined to extend employment opportunities more widely than ever before, including in the public sector. As an employer, it should demonstrate best practice in removing barriers to employment, and improving the employment rates of lone parents, ethnic minorities, and people with disabilities. As many older public service workers are productive and keen to continue in work, pay and pension disincentives need to be addressed, and more flexible retirement options should be offered. Training and career assistance should be made available to former public sector employees interested in returning to the sector. A Department of Health initiative in this regard has resulted in over 9,500 former employees returning to the NHS in the past 3 years. In addition, while the public sector has a high proportion of women, some occupations suffer a lack of gender balance: there is room for improvement in attracting both men and women to non-traditional occupations.

**Better benefits for workers** **27.7** Good employment practices, which encourage flexibility and a good work/life balance, can create environments where staff feel cared for. This in return leads to enhanced recruitment and retention and to improved outcomes at work, whether it be better teaching or better patient care. Non-pay benefits such as offering flexible hours or part-time employment, providing childcare or on-site nurseries, better training and career progression programmes and other similar individual benefits are as important as pay. For example, 75 per cent of nurses returning to the NHS have chosen to do so on a part-time basis. Other benefits such as job satisfaction for helping others in society, for example through teaching or nursing, are significant. Workforce planning strategies must take a more holistic approach to compensation to include non-pay benefits.

**Expanding career development opportunities** **27.8** Fostering the concept of a career in public service, which spans across different departments, would help in recruitment and retention. The public sector should create an environment where job swapping can occur, and training courses can assist employees achieve higher attainment.

**Better information and coordination** **27.9** Data and analysis of the public sector labour market is central to our ability to forecast market changes. The review identified areas where data is poor or non-existent. HM Treasury, the Cabinet Office, the Office of National Statistics and others are therefore doing further work to improve and co-ordinate data collection and analysis on the public sector workforce. The potential impact of e-government on public sector pay and workforce will also have to be examined in more detail. All of this should assist in identifying and addressing public sector labour market issues in the future.