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PREPARING FOR BREXIT THROUGH WORKFORCE PLANNING

Guide

March 2018

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Guide

Preparing for Brexit through workforce planning

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Acknowledgements

This guide was written by Peter Reilly, Wendy Hirsh, Dilys Robinson and Alex Martin from the Institute for Employment Studies.

The authors would like to thank the experts and businesses who gave their time, insights and experience to shaping this guide and enriching the examples it contains. Unless drawn from publications already in the public domain, or with their express permission, individuals and organisations are not named to protect information that may be sensitive.

1 Introduction

The UK's 2016 referendum decision and the subsequent triggering of Article 50 of the Lisbon Treaty[1] in March 2017 have set into motion the formal processes for what is popularly known as Brexit. Unless otherwise agreed during the current negotiations, the UK's membership of the EU will end on 29 March 2019.

While there are still open questions about the expected shape of the labour market, employment law and immigration policy, the length and operation of any transitional period, a clearer timeframe means that businesses should not delay in positioning themselves to respond with agility as these factors play out.

In that endeavour, ensuring your organisation has the necessary skills and labour to continue delivering on business objectives, against both expected and unexpected changes, will be critical. Workforce planning, specifically in the Brexit context, will therefore be a business imperative.

This guide provides practitioners with an overview of workforce planning and a practical structure for determining their own Brexit resourcing strategies. A full, in-depth guide to workforce planning generally will be published separately by the CIPD at the end of March 2018.

We begin with an exploration of the potential impact of Brexit for employers, examining the core challenges businesses are likely to face. We will look at employers' views towards Brexit and the implications they think it may have for their organisations.

We walk through the steps for workforce planning, firstly by building an accurate picture of the external as well as internal factors that will have a bearing on your organisation. With those factors in mind, we move onto scenario planning to create the working contexts for resourcing, followed by identifying the key risks and contingency actions to be taken in response to those risks. Next, we consider the options for addressing workforce requirements and finally the process for monitoring the latest developments so that plans can be adjusted as necessary.

While Brexit has undoubtedly introduced uncertainty in many respects, rather than simply watching and waiting, organisations have an opportunity to get on the front foot by taking the initiative to make workforce planning a priority, and ensuring that their businesses have the resources they need to successfully negotiate the coming changes.

2 Background

Potential impact of Brexit for employers

The UK's decision to leave the EU will have major implications for many employers, especially in those sectors employing a high share of EU nationals such as hospitality, healthcare, food production, retail and construction. The UK Government has stated its intention to introduce migration restrictions that will focus on attracting 'the brightest and the best' EU nationals to the UK. However, this could have a particularly negative impact if implemented without due understanding of the needs of unskilled or low-skilled industries. Some employers, who have never had to worry about availability of labour, may need to

think about workforce planning for the first time. That immigration restrictions may take place at a time when the UK labour market[2] is already tight and facing challenges with its ageing population raises added concern.

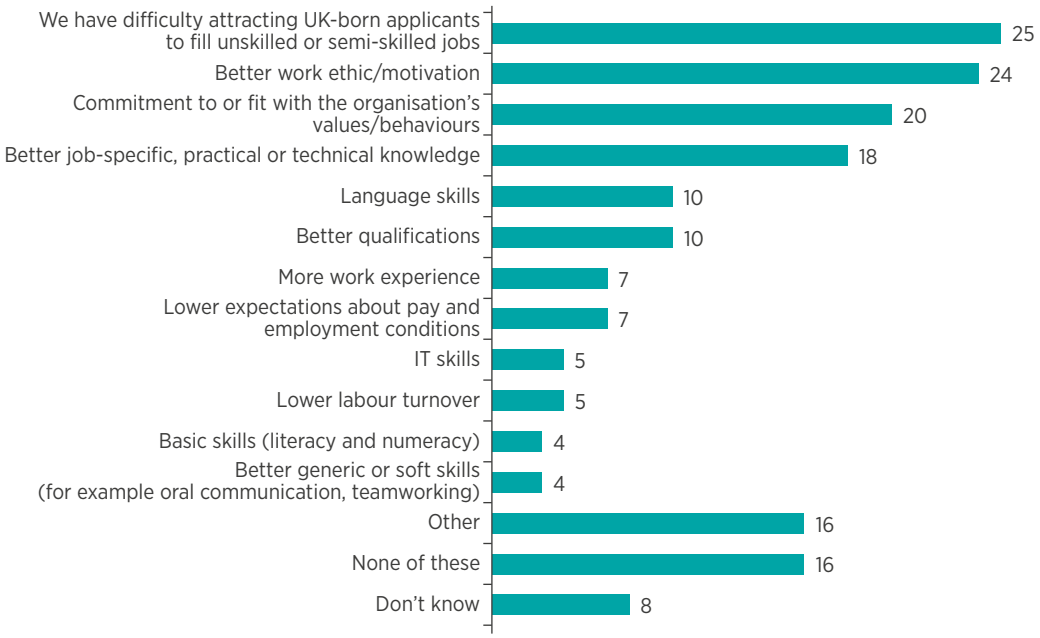
Once Brexit negotiations are resolved and the terms – including immigration rules and trade arrangements – made known, organisations will of course be able to respond more confidently. And the longer the transition period, the easier it may be to make subsequent adjustments. But it is the vacuum before the facts are known that creates uncertainty and proves a challenge for planning ahead. This may explain why many employers are still in a wait-and-see mode and have yet to put in place measures to offset the potential threat of labour and skills shortages.

Research conducted by the CIPD and NIESR[3] shows the many different reasons UK organisations employ EU nationals (Figure 1). Among them are the need for both specific, technical skills and knowledge, but also willingness to do unattractive, unskilled work. Work ethic, motivation, and commitment to company values also ranked highly. These are worth bearing in mind when considering businesses' responses to a post-Brexit world.

Brexit will affect sectors and occupations differently, with varying impacts on resourcing requirements and talent availability. Availability should be more apparent once the new immigration rules[4] are settled. However, factors including changing trading regulations and potentially increased costs, (temporarily) lower exchange rates, a general economic upturn or downturn, wage inflation, and so on, could have less apparent and certainly more complex effects on resourcing requirements.

The variability of impact correlated with the varying views different organisations had towards Brexit.

Figure 1: Reasons employers hire EU nationals (%)



Example
A pilot trialled by the Department for Work and Pensions and the Sector Skills Council for agriculture and farming (Lantra) demonstrates the problems of relying on UK labour: of the 200 who started the programme, 130 passed it, 65 turned up to work, but only a handful stayed for the whole season. One of the contributing factors is the benefits system, which is not geared to periods of seasonal employment; people prefer permanent, year-round jobs.

Employers' perspectives on Brexit

Our research found that organisations' views towards Brexit fell broadly into six categories (Figure 2).

Figure 2: Organisations' views towards Brexit

A Welcome Brexit as a business opportunity

Whether due to expected reduction in regulations or benefits derived from the lower international value of the pound, some companies are hopeful that profits will rise. They aim to tackle any workforce consequences within this context.

Example
One food and drink manufacturer is planning for post-Brexit business growth because of opportunities to grow its market in the UK, where its raw materials are produced. The company does not expect immigration controls to present a major business risk.

B Brexit a threat but workforce issues of limited interest

Other organisations worry about a fall in business demand, but have no real concern about a shortage in workforce supply.

Example
A hospitality company raised concerns about multiple business challenges (for example rising pay levels at the bottom of the hierarchy, sector expansion leading to greater competition and pressure on prices) but feel less exposed to issues from Brexit-related labour availability.

C Fear effects on supply chain and partners

Some organisations expect to weather any post-Brexit threats to business and have their own workforce issues under control, but are concerned about the impact on their supply chains.

Examples

Most of the produce used in one company's restaurants is from the UK, the production of which is heavily reliant on EU seasonal workers. The UK requires about 80,000 seasonal workers to harvest fruits and vegetables and virtually all come from Eastern Europe. There is already concern that the numbers are falling, with the National Farmers' Union reporting a 29% shortfall of seasonal horticultural workers in September 2017.

A consulting and infrastructure support services company is concerned about its subcontractors' ability to recruit and retain staff if the labour market tightens. It is already exploring workforce resilience among its subcontractors and checking labour pricing assumptions in bid assessments. The same labour market concerns apply to joint venture partners but without the rights to challenge their resilience.

D Predict varied workforce effects across their organisations

There are businesses that expect Brexit effects to vary by occupational group and by location. For instance, those with a heavier contingent of non-UK national staff, especially in the overheated labour market in the south-east of England, are worrying about the impact of Brexit there, but less so about their ability to recruit and retain in other parts of the country.

Example

One company has calculated a risk exposed by a Brexit-driven reduction in non-UK EU nationals in its engineering consultancy business, where over a quarter of the workforce comes from continental Europe. By comparison, the figure is only 3% in its utilities business.

E Brexit will compound existing supply problems

Employers in sectors like health and social care are already battling insufficient availability of specific skills, and they anticipate Brexit to exacerbate these problems. This may, however, be more evident in some locations than others.

Examples

A hospitality firm wants front-line staff with both the right skills and attitude. In some work areas (for example kitchens) and locations (for example urban centres or in remote locations) there is already insufficient applicants meeting these criteria. A high proportion of their workforce is from other countries. Labour competition comes from other sectors such as retail, as well as from similar restaurants. Brexit may worsen the staffing situation by reducing the flow of potential candidates, increasing the high turnover and/or making the employment administration for non-UK staff more onerous.

Continued on next page

Based on a November 2015 survey, NHS Employers estimated a gap of 21,200 full-time equivalents (FTEs) between nurse availability and employer requirement. Since then the situation has worsened – the Department of Health's own planning suggests that if nurses from outside the UK stop coming in 2019, there would be a nursing shortage of between 26,000 and 42,000.

F See Brexit as an opportunity in workforce terms

Some organisations see advantages in hiring less, being more attentive to internal development and in some cases widening recruitment channels. This could have cost savings (certainly where turnover is high) and also business benefits by creating a common culture through emphasis on internal development.

Example

A hotel chain has a clear 'build, not buy' philosophy. It aims to recruit people who will stay with the business, who will grow and develop. The challenge is then to get to select the right people and give them the right development. Immigration controls might reduce the labour pool in some hiring locations but the company is investing in apprentices.

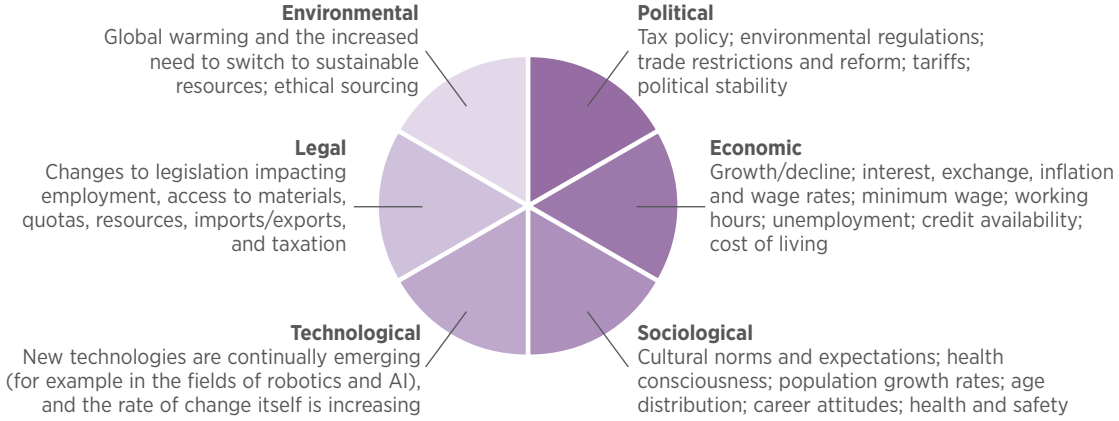
3 Workforce planning steps

Understanding the external context and implications

While some organisations are anticipating Brexit impact and preparing accordingly, not all are convinced about what Brexit might mean for them and are adopting a 'wait and see' approach. But whether impacts come in the shape of threats or opportunities, HR needs to be clear on company strategy and work with senior leadership and internal teams to create a workforce plan that provides the skills and people they need, whatever the final outcome of Brexit may be.

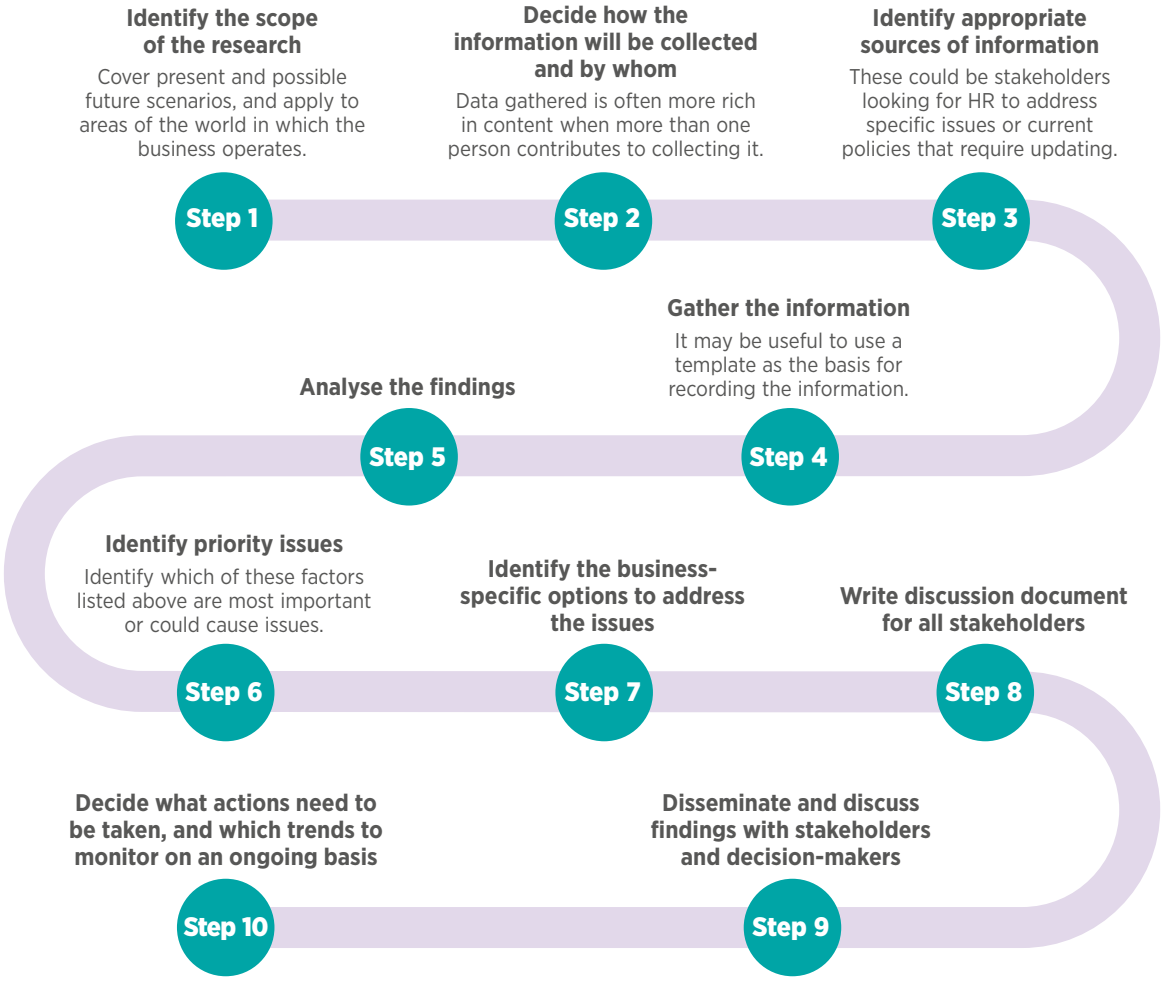
Practitioners should have a clear understanding of the external factors impacting their organisations, and a PESTLE analysis[5] can provide that insight and help ensure they are ready for change. A PESTLE analysis is one of the most effective frameworks available for understanding the 'big picture' in which an organisation operates. It looks at six key factors – political, economic, sociological, technological, legal and environmental (Figure 3).

Figure 3: PESTLE analysis



A PESTLE analysis typically consists of the steps in Figure 4.

Figure 4: Steps in a PESTLE analysis



Organisations that regularly and systematically conduct such analyses often spot trends before others, thus providing a competitive advantage.

For more details about the why and how of a PESTLE analysis, and to download a ready-to-use template, refer to the CIPD's Pestle Analysis factsheet.[6]

Knowing your workforce

External factors like those considered in a PESTLE analysis will interplay with internal factors in the matrix of issues that can impact organisational strategy. Among the internal factors, your workforce will be the most significant.

A Collecting personal data

As a starting point, it is recommended to find out about the number of EU workers in your organisation. Then getting beyond obtaining nationality data, information about length of service, skills, location and age to retirement will also be important.

For smaller employers, collecting this data may be as easy as walking around their offices. Larger employers can consider a range of other techniques, including:

- asking employees to update their HR records
- following up on record updates and tracking compliance
- running voluntary and mandatory surveys using software other than their HR systems (for example Survey Monkey)
- auditing their HR records and checking passport copies, relying on right-to-work checks completed when a person began employment
- running 'bring your passport to work' days where managers check and take copies of employees' documents.

For more detailed steps about the legal practicalities in managing an EU workforce within the context of Brexit, refer to the CIPD's *Immigration and Brexit: Legal guide to managing a migrant workforce.*[7]

Examples

A care home provider had asked its employees to enter data on their nationality voluntarily on their personnel record. From those who did, the proportion of EU nationals was significant. However, there was still a significant portion of the workforce who had not entered nationality data, so there is still uncertainty.

By contrast a hospitality company knows that 13% of its employees are currently from EU countries outside the UK, typically from Eastern Europe. It also knows that the percentage working in restaurants varies enormously depending on location – in London and the south-east of England it averages 40%, and can be as high as 70–80%, whereas in the north-east of England it is nearer 5%.

B Gauging sentiment and assessing flight risk

Another key to knowing your workforce is to understand employee sentiment towards work issues such as job security, satisfaction and potentially intention to leave. Polls, employee surveys and focus groups may be used. While these may not be entirely accurate, they can give a broad indication of the likely rate of turnover. A flight risk assessment could further include consideration of potential retirees, attrition rates and reasons, the potential capability of the workforce to develop new skills and who may be able to adapt to change and innovate.

This data will in turn allow employers and their HR teams to make an informed response to address workforce needs, whether this lies in recruitment, training and development, better engagement or communications.

Scenario planning

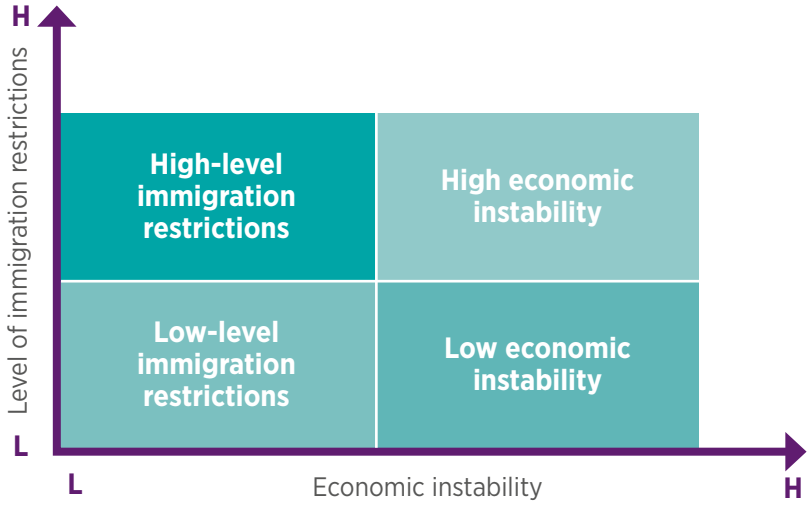
Having examined and analysed both the external and internal impacting factors stemming from Brexit, the next stage is to move on to scenario planning as a means to dealing with uncertain situations and weighing the potential options.

An essential point to note about proper scenario planning is that it is not intended to be predictive. Rather it is to challenge assumptions and to generate understanding of the significant issues involved. The aim is to broaden thinking around the range of possibilities that your business will have to face. These possibilities can then be ordered to produce

pictures of potential alternative futures. Managers are not forced to choose between the scenario options, but should recognise the change processes at work and the projected consequences. The critical point is to identify differences between scenarios in their implications for skills and labour requirements (and/or availability) and then to use that knowledge to make sure contingencies are in place to tackle any eventualities.

Prioritise the factors that are driving change. You should choose high-impact and high-uncertainty business challenges for examination in scenario planning.

Figure 5: Sample scenario: immigration restrictions vs economic instability



Examples

For higher education, the possible axes could be the number of overseas students and level of (or restriction to) research grant income.

For tourism, they may be the lower value of sterling versus how welcoming a country the UK is perceived to be abroad.

In the agriculture and construction sectors, where there is a heavy reliance on temporary workers from Eastern Europe, for example, the key factors could be favourable currency exchange, or worker sentiment or level of opportunities back home.

Identify the continuities in your organisation irrespective of what Brexit brings. Conversely, see where the important potential challenges exist.

One obvious continuity is that most of your employees will still be with you doing similar work to now, unless there is a significant boost to your business from Brexit, or the opposite. Change will be at the margins, with the question being what is the size and nature of those margins.

Compare the key elements of your current workforce strategy with the scenarios you have created in light of the above and determine what actions you need to take to ensure their delivery; or otherwise change or defer your strategy (Table 1).

Table 1: Weighing existing strategy against the scenarios

	Scenario 1	Scenario 2	Scenario 3
Strategic imperative A			
Strategic imperative B			
Strategic imperative C			

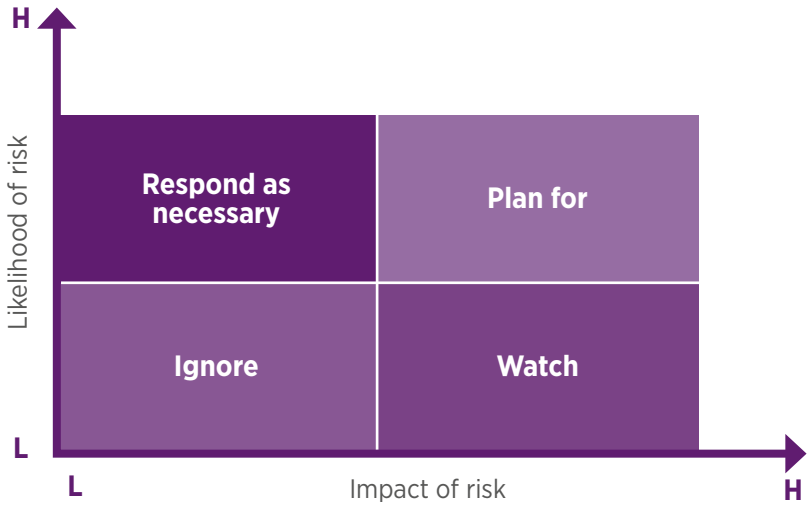
Risk assessment and contingency actions

A Risk assessment

Identify the risks raised by each of the scenarios. In a workforce planning context, you will want to focus on the risks related to the robustness of the business model and resourcing strategy.

Achieving a balanced approach to risk – not avoiding risk, but ensuring adequate resilience against its potential downsides – may mean specifying (and if possible quantifying) risks through proper analysis, communicating those risks and managing them by means of appropriate governance processes before trying to find ways of mitigating them. Prioritise risks in terms of their likelihood and their impact, as shown in Figure 6.

Figure 6: Risk assessment and action



Example

A consulting and infrastructure support company does not expect that immigration will be completely switched off; yet it is concerned about labour shortages in remote areas and/or for specialist skills where there are already recruitment challenges. Margins are such that it cannot take pre-emptive measures such as 'pre-hiring' or recruitment in anticipation of shortfalls. These uncertainties, however, are having a practical effect in that the company has become more cautious in bidding for work and watching its profit margins very carefully.

B Contingency actions

Determining your contingency actions will follow on from an examination of the risks. This is about looking for alternative approaches to the potentially critical threats identified. There is often a lack of zeal around developing a good 'Plan B' (let alone Plans C or D) because there is an assumption that Plan A will not fail or there isn't a clear enough idea of what will cause disruption to the plans. In the case of Brexit, many organisations don't feel they have enough clarity on its employment impact to develop contingencies, or perhaps believe that the pressure will be on the Government to ensure maximum continuity in staffing options.

However, to avoid being caught short, it is useful not only to prepare contingency plans but to define a trigger that will bring them into play (for example the passing of immigration legislation, a resignation surge or time-bound failure to appoint to several critical roles). It is then vital to examine the knock-on effects of implementing the contingencies before rushing into them.

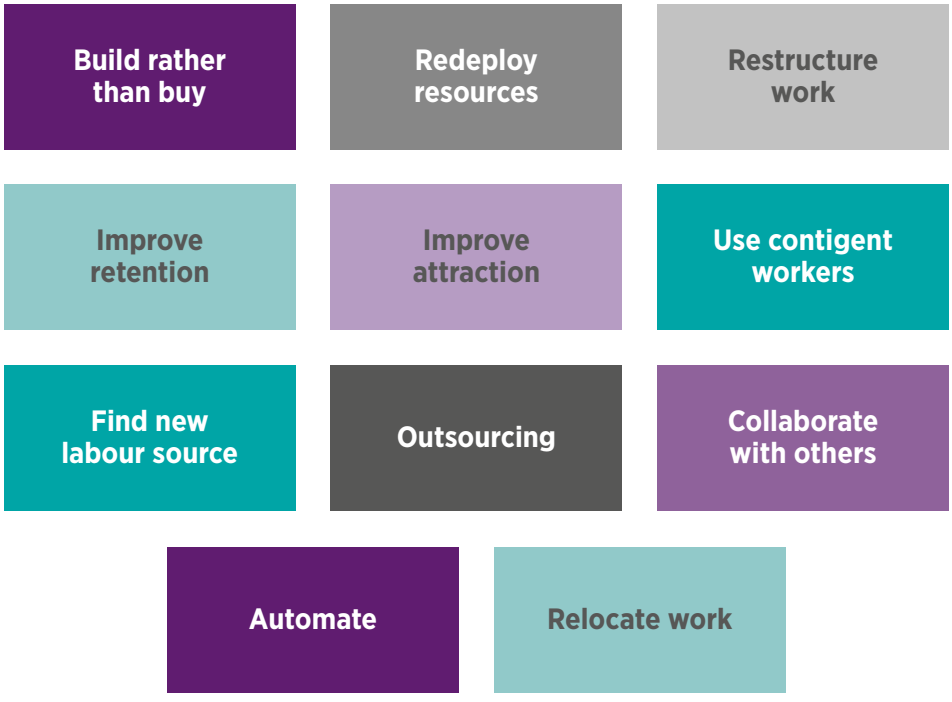
Example

One of the organisations studied was set to launch a recruitment campaign in Portugal at the time of the Brexit vote. It did not consider the move ethical given the timing, but, having identified possible partners there and a method of recruitment, it could revisit the option if it becomes clearer that new recruits from Portugal will be able to stay and work in the UK.

Options for addressing workforce requirements

Whatever the proposed workforce plans may be, they will crucially centre on effective resourcing. Organisations can consider the options shown in Figure 7, or a combination of them.

Figure 7: Options for addressing workforce requirements



A Build rather than buy

There are a variety of ways in which you can switch from buying to building resources, though organisations should be careful to ensure they do not simply clone themselves and restrict the flow of new ideas and external challenge.

You can strengthen your resource pipeline through launching an apprenticeship[8] or graduate scheme.

Examples

A company is trying to improve the status of hospitality among school-leavers by using pre-apprenticeship taster programmes.

An NHS trust is using an apprenticeship programme to recruit locally and develop skills (in physiotherapy, radiography, nursing, medical records), thereby avoiding having to draw people into the area from outside – something that appears difficult to do.

However, there has been criticism of the way the apprenticeship levy[9] is being managed. Another NHS trust is having particular difficulties with apprenticeships for allied health professionals, nurses, midwives, and so on. It needs more than a day a week release for training (which is funded from the levy) and so it is expensive for it to train apprentices in these roles, whereas it works well for office roles.

Organisations can also improve career pathways through encouraging job rotation and mobility.

Example

In some hospitality firms, there is a policy of supporting functional rotation to give people broader experience, especially to allow movement in/out of operations. Staff with an operational background can get wider business exposure in some corporate functions and corporate staff can get a better understanding of the front line. In the case of corporate functions, these transferees can complement external recruitment to the more specialist roles. There are also secondments to franchises or opportunities to work in other companies in the global operation – opportunities that are to varying degrees encouraged or facilitated.

Workforce development is in itself a worthwhile objective and should be part of an organisation's strategy for business sustainability, regardless of any changes from Brexit. While investment in training will come with associated costs, there are long-term benefits, particularly if recruitment is proving slow, time-consuming and costly.

Example
A number of hospitality firms are expecting to build capability rather than recruit it. One chain's ambition is to grow most of its managers internally. People are developed in advance of vacancies – for example deputy managers are put on programmes to prepare for general management, including short-term postings (usually covering a gap) to develop their skills. They also have general manager designate roles while they wait for the right kind of vacancy to come up for the individual.

B Redeploy resources to cover gaps

A way of reducing reliance on the external labour market would be to deploy staff from areas of workforce surplus (or where hiring is easier) to cover current or potential gaps. It will be necessary to test staff's willingness to change work area and the extent to which retraining might be necessary, and its costs.

Example
An infrastructure support company has successfully redeployed staff from areas of over-employment (against business volumes) to areas of shortage or new work (for example smart metering). Transferred staff have benefited not only from continued employment but also from gaining extra skills. When the peak of, say, smart metering has passed, the workforce can be redeployed again as they are more readily adaptable than before and can help cover other areas of skill shortage.

C Restructure work

In a similar vein, you can redefine roles so staff numbers needed in the areas of availability shortage are reduced. This was part of the thinking behind the introduction of teaching or social work assistants: it is easier to recruit less qualified staff to ease some of the workload from 'professionals' and potentially at a cost saving to hiring those who are fully qualified. Multi-skilling (though principally to aid response speeds and flexible deployment) can also cut staffing numbers through greater efficiency. In addition, organisations can explore whether reducing or expanding hours in certain roles may be an appropriate solution.

Examples
There are a number of skill-mix initiatives in the NHS. Health Education England is supporting a pilot for 'nursing associates' with the intention of reducing the workload on qualified, registered nurses. Further, one NHS trust is introducing 'nurse consultants' and 'physician associates' as a means of using less expensive and more available staff to reduce the numbers of doctors and nurses.

A company is using multi-skilling to reduce dependence on third party providers. If its own staff can undertake the more specialist (and less frequently performed) tasks, it can in-source activities. This has multiple benefits – saving money, broadening employee skills and reducing exposure to a labour supply outside its direct control and oversight.

D Improve retention

Improving retention will be an important focus if there is high employee turnover in critical areas or those exposed to Brexit changes. It will alleviate pressure on recruitment in a tough labour market. An analysis[10] by performance and talent management consultancy People 1st suggested that retention is even more vital than attraction as a driver of good people management in the hospitality sector. Turnover at an average rate of 30% per annum was said to cost the sector £274 million. In the social care sector, nearly half of staff leave within their first year of employment.

Understanding turnover, then, is key. This goes beyond knowing the headline figures but also to churn by site, job role, sector, recruitment route, and so on. Practitioners need also to understand why people leave, including whether it is poor management driving them away.

Other actions may include increasing investment in training and employee support, improving on-boarding, and creating a better connection with organisational purpose. Offering flexible working arrangements or accommodating people's wishes to work part-time or avoid certain shifts/days can improve both retention and attraction.

Examples

In one NHS trust, retention was seen as of critical importance. While turnover is comparatively low, recruitment is difficult, so it was vital to hang on to as many staff as possible and to keep them motivated. Initiatives included linking up non-UK staff with co-nationals in their local area to help them settle, and also supporting improving their English. Another focus is to create the conditions to allow older staff to continue working longer, easing the effects of their ageing workforce. To achieve this aim, the trust is, among other things, looking to reduce workloads by ensuring that shifts are fully staffed.

A support services company is paying greater attention to on-boarding staff so they may better understand the 'corporate narrative'. This emphasises the purpose of the work they do and the benefits provided to communities. In addition, the company is investing in leadership and supervisory skills and overall people management. It wants managers to be more 'people-centric', not least because of the bottom-line benefits it brings the company. Employees, for their part, are being encouraged to involve themselves in business improvement.

E Improve attraction

Despite it being a tight labour market for some skills, hiring new recruits may still be a consideration if other options described here are not sufficient. Efforts could be directed towards enhancing your employer brand and recruitment processes to improve the odds of securing a better proportion of available skills. If your brand is lesser known, consider what strategies could be used to drive people to your website, for example. You may wish to conduct an employee value proposition (EVP) exercise[11] to look at strengthening the congruence of brand image, identity and reality. Quality learning programmes and help obtaining qualifications are ways that companies attract new entrants and develop them to their standards.

Businesses can make a push to increase social media activity to engage with and attract potential hires. Many organisations, especially SMEs, are missing this relatively inexpensive trick to increase their standing among bigger names and competitors because of a lack of social interaction and effective branding.[12]

CIPD research[13] has shown that increasing wages to bolster recruitment may only work in the short term because other organisations can quickly match those terms. It also highlighted the need for some sectors to work harder to describe career paths and development opportunities and make working arrangements more adaptable.

Examples

A social care company uses Facebook, Twitter and Instagram in its recruitment campaigns. It analyses clicks on its recruitment website to understand what is of interest to applicants, for instance, noting that pay and company ownership are more frequently visited than training. It is now geared up for processes like interviews to take place outside working hours – something its applicants prefer. The company is using a messaging system to interact with people who are employed elsewhere to set up phone calls or interviews when they will be free to speak.

Another firm built its pitch around offering a 'job for life' for operational roles. It was part of its narrative emphasising the opportunities for development, job rotation and promotion. One interviewee commented that although the job is tough mentally and physically, the offer provided *'some compensation as well as incentive to perform'*.

Providing a clear distinction between itself and competitors was core to another company's refreshment of its EVP. It has also taken the opportunity to construct various EVPs to reflect the different workforce segments it employs – from high skill to commoditised skills.

In the social care company there are key programmes to help individuals develop from care assistant to team leader, team leader to deputy care home manager and deputy to manager. Nearly 30% of those who were on the last programme to develop care home managers have now been appointed to that level.

F Use contingent workers

One option, particularly during times of uncertainty, is to increase the proportion of contingent workers. These could be agency staff, temporary or fixed-term employees. The advantage this offers is 'numerical flexibility' – employers can flex workforce numbers more quickly in line with changing demand. The judgement that needs to be made is whether you can secure sufficient resources through this means, and whether this option will be better than permanent hires as set against your assessment of workforce demand.

This approach will require close monitoring as to costs and the quality of service being provided.

Examples

Though expensive, NHS trusts have been prepared to use agency workers as they are immediately available, allowing them to hit short-term targets and meet daily staffing needs, especially in disciplines of labour shortage. However, the mounting costs of agency staffing is a key concern, alongside quality of care, safety and patient experience.

Meanwhile, a hospitality firm is actively making use of zero-hours contracts as they provide 'the most practical solution' in its business given demand volatility and its substantial student workforce.

G Find new sources of labour

Finding new sources of labour may depend on context. For instance, it could become easier to hire from outside the EU if immigration rules change. As businesses compete for a potentially reduced pool of available workers over the coming years, another option is to diversify the recruitment base to hire from within those demographics that may be under-considered such as ex-military personnel, the long-term unemployed, those with disabilities or ex-offenders.

Organisations can also encourage others who have left the labour market to return, especially women post-maternity leave, older workers, the self-employed, or those recovering from ill health. This will require new incentives and/or an employee support framework, but apart from supplying labour needs, there will be diversity and reputational benefits of recruiting from these marginalised groups.

Examples

A café chain has started to work closely with Jobcentre Plus and local councils to encourage applications from unemployed people, including by emphasising career opportunities using success stories.

An award-winning IT and compliance consulting business was the first to exclusively employ autistic adults as its consultants. It focuses on harnessing precisely the different skills and qualities – such as outstanding pattern recognition or the ability to maintain sustained concentration – that people with autism bring into a successful and profitable operation.

Another company is giving more emphasis to attracting 'workforce excluded groups', including disabled staff and taking in ex-offenders in temporary placements (where they are released on licence) as an interim step before offering permanent employment. These measures help with inclusion objectives, can be helpful for reputation and employee engagement, and in some cases provide the opportunity for collaboration with customers.

H Outsourcing

Rather than use contingent workers, businesses may choose to pass the resourcing challenge and dealing with any supply issues to a third party. This has always been one of the drivers of outsourcing, along with either the opportunity to reduce costs or to make use of expertise that isn't sufficiently present in-house. The risk of outsourcing in the current economic climate is settling on the financial elements of the deal if there is perceived uncertainty over demand and supply.

I Collaborate with others to secure scarce resources

An innovative approach could be to share your recruitment burden with others, including relevant stakeholders. This could be done within the same sector to reduce unnecessary competition or across sectors to jointly increase supply, for example, by investing in more tertiary education courses.

Examples

The Capital Nurse initiative[14] began in 2015 as a collaborative effort between London's Directors of Nursing, Health Education England, NHS England and NHS Improvement to secure a sustainable nursing workforce for London. The goal is to *'ensure we get nursing staffing right for London, the right people, in the right numbers, to become nurses with the right skills, in the right places wherever it is needed'*. Stakeholders work together to attract nurses to come to London and stay for as long as possible through the training programmes, jobs and ongoing career development opportunities on offer.

Energy and utilities providers who are members of Energy & Utility Skills[15] have collaborated on a strategic plan setting out how the sector's leaders will act together to ensure sustainability. Its Workforce Renewal and Skills Strategy directs action towards attracting young people through schools, colleges, universities, developing high-quality apprenticeships, and encouraging investment in skills throughout the supply chain, among other things.

J Automate

An obvious way to reduce exposure to labour availability problems is to reduce dependence on people through some form of automation. Clearly, this will be a more appropriate option for some jobs, or parts of jobs, than others in the short term, but it is possible that many routine and repetitive jobs can be replaced by technological interventions over the medium term. By contrast, roles that involve 'genuine creativity', 'building complex relationships with people' and that are 'highly unpredictable' would not be suitable candidates.[16]

If your labour source is interrupted or becomes more expensive, automation could provide a cost saving as well. However, decisions should reflect due consideration of employment relationships, ethical responsibilities and appropriate workforce consultations.

Examples

An NHS trust is looking at how it can automate a number of transactional tasks in its administration functions. Medical coders are hard to recruit and retain, but reliance on this workforce can be eased if simple and repetitive tasks are automated. This would allow staff to concentrate on more interesting analytical activities.

Further advanced is the switch of care from hospitals to homes, especially in the treatment of diabetes. Home monitoring of the condition through new devices that test and report blood glucose levels reduces calls on NHS services.

A consulting and infrastructure support company is investigating driverless vehicles and the use of drones on site inspections. These initiatives are being considered more from a 'value enhancement' and quality perspective rather than to deal with workforce shortage. There may be some savings in that respect, but the safety benefits are the primary focus.

K Relocate work

Relocation of work takes a number of forms, and will only be an option for some organisations where activities can be moved. More so in the past than recently, businesses have 'offshored' specific areas of work to other, usually less economically developed, countries to take advantage of wage arbitrage (that is, the difference in labour costs). Not all tasks are easily offshored and there has also been negative feedback on some of the activities undertaken abroad (for example those involving customer interaction).

Others are considering retaining access to EU labour and/or the single market by relocating their head office or creating a new work hub in continental Europe. Some specific services may be suitable for relocation in this way.

Alternatively, organisations could choose to move work to areas of the UK where there are fewer supply shortages. This could involve office relocation including a proportion of staff, or it could mean taking production to similar areas of the country and hiring more locally. In the first case, you will need to test the acceptability of the move with existing staff and, in both instances, understand the availability of skills and their price in any new location.

Examples

CIPD research[17] showed that over 10% of employers are considering or have decided to transfer all or part of their operations outside the UK as a result of Brexit. Nearly the same proportion say they are likely to concentrate any future expansion of business outside the UK.

Some organisations have rented floor space in non-UK European cities, in case it is necessary to move to remain inside EU boundaries. easyJet, meanwhile, has set up a base outside the UK where it could move its headquarters if this became necessary.

Change management and monitoring developments

A Consultation and communication

Regardless of which of the above options are ultimately decided upon, a critical factor to ensuring their success will be in how any changes are being managed and communicated. Recommended actions include:

- consulting with and engaging staff on ideas and proposals, seeking their insight on the skills that are needed and practical ways of working
- being transparent in your communications and offering genuine opportunities for questions and input
- providing the support and training necessary to line managers to enable conversations with their staff to address any concerns.

B Monitoring developments

It is still too early to know how business demand will alter after Brexit. With respect to talent availability, change will not only depend on regulations, but also on how individuals choose to respond. Will EU citizens who may be allowed to stay in the UK still decide to go home? Will some who would have applied for work in the UK stop coming because it feels risky or they feel unwelcome? Keeping a close watch on such attitudinal data will be important in navigating the transition over the prolonged period of the Brexit process.

Organisations should carefully monitor whether:

- company satisfaction levels are falling in employee attitude surveys among non-UK nationals
- patterns of job applications are starting to shift in advance of changes to immigration rules
- 'intention to leave' figures are going up among non-UK nationals
- larger numbers of EU workers are resigning than would normally be the case.

Examples

An NHS trust monitored turnover among its non-UK EU citizens immediately after the Brexit vote. It was apparent that resignations increased either because of future employment uncertainty or they felt unwelcome (personally or through press coverage). Since then, turnover has settled as staff wait to see what happens.

For a consulting and infrastructure support services company, the proportion of non-UK nationals it employs is on all its business dashboards. While the numbers are relatively static so far, the company is tracking the situation and taking note of the progress of Brexit negotiations. At head office level, the wider macro-economic position of the UK is kept under constant scrutiny as this will affect investment decisions.

With respect to workforce demand, organisations need to note whether:

- requirements are significantly fluctuating because of uncertainty or have settled to a pattern
- key drivers exist (refer back to scenario planning) that are boosting or limiting the demand for goods and services.

In parallel, organisations should track the outcomes of their own initiatives around recruitment, retention and development.

4 Conclusions

The research conducted for this guide suggests that not only will Brexit potentially affect workforce requirements, but it will potentially complicate labour availability as well. Some organisations are untroubled. Others are already worried, but the largest group is unsure what effects Brexit will bring and will not act until matters become clear.

This guide recommends that organisations take a much more proactive approach to preparing for possible Brexit outcomes through methodical workforce planning to understand more about where the risks and opportunities are going to come from and how they can ensure they have the resources to respond.

Given the uncertainty surrounding Brexit, the usual approach to business strategy and associated workforce strategy may be less effective. Instead, it may be more appropriate to recognise from the outset that plans need to be adapted over time in response to how the future actually unfolds. Adaptation is built in, rather than ad hoc.

Organisations should therefore not feel bound to make the 'right' decision but 'feel their way forward'.[18] Test small changes that can be implemented quickly. Accept and manage risk by failing quickly and learning quickly. This allows you to adapt your approach, which might mean moving on if possible or perhaps stopping if necessary.

5 Endnotes

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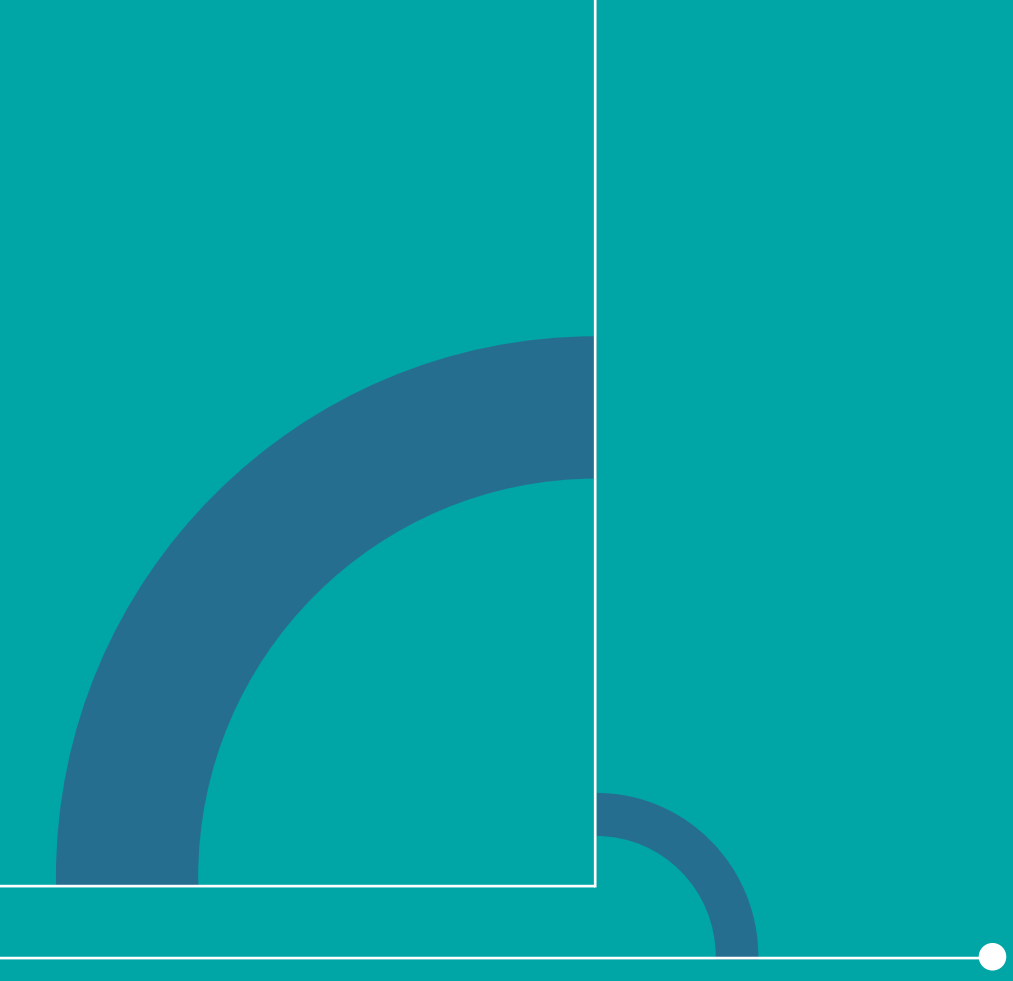

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Issued: March 2018 Reference: 7657 © CIPD 2018