

Brexit: The countdown to leaving the EU

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Job market and economic update



With potentially the hottest summer on record, we've all been getting a bit hot under the collar, and the labour market has equally been heating up.

No sooner have we been told that unemployment is at an all time low, that we should also be preparing for the set back due to hit us as a result of the looming Brexit. Vacancies are on the up and skill shortages are as always a big challenge for employers looking to recruit. In preparation of what is to come, in this Focus we'll be looking at what we know so far about Brexit, what it means for your organisation, as well as how to plan a recruitment strategy which will see you through to the other side.

Labour Market Overview

- The UK currently has a healthy and buoyant labour market.
 - There are **32.39 million** people in work, which is **313,000 more** than a year earlier.
 - At **75.6%**, we have practically the highest employment rate since comparable records began in 1971.
 - At **4.0%** the unemployment rate is the lowest since 1975.
 - The overall number of vacancies is also at an all-time high, with **51,000 more** vacancies than for a year earlier.
 - EU nationals in the labour market fell by **86,000 to 2.28 million** (largest annual fall since records began in 1997 – or 21 years)
 - Non-EU nationals increased by **74,000 to 1.27 million**
- 

Source:
ONS UK Labour Market: August 2018

Effective leaders need digital skills

We are living in a time of uncertainty and instability. Change is increasingly rapid, technology continues to disrupt, and skills shortages are growing.

Sources:

The Digital Advantage: How Digital Leaders Outperform Their Peers in Every Industry, Caggemini Consulting

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The impact of digitisation is enormous. Automation. Artificial intelligence. Machine learning. Those are just a few of the innovations already creeping into the workplace. By 2020, it's predicted that 30% of a business' revenue will come from a whole new business model. And by 2030, Generation Zs will make up two-thirds of the workforce, but technology is advancing so fast that 65% of the jobs they'll be doing don't even exist yet.

In the digital age, business leaders need to combine the best of human and machine intelligence to create an inclusive, tech-enabled and forward-thinking company. There's no choice in the matter. According to a study by Capgemini, companies that embrace digital transformation are 25% more profitable than their competitors, with 12% higher market valuation.

However, it seems that most businesses are not yet ready. Research of 1,000 CEOs by Harvard Business Review and MIT found that 90% believe their businesses are already being disrupted or reinvented by digital business models, but 70% don't have the right skills, leader or operations structure to adapt. To future-proof your business, organisations therefore need a culture of innovation – a culture that's open to change, that's ready and willing to take risks, fail fast and move on. Setting this direction comes from your leaders.

Leadership skills in the digital age

In a world where Digital is constantly evolving our leaders need to do the same. Traditional leadership skills still apply, but now leaders need to balance technology and people. Training existing leaders to add digital skills, and/or recruiting for leaders who show some key digital leadership skills or are naturally digitally savvy (Of course, we can help with that) will set you and your organisation in the right direction. Here are eight key areas of emphasis in the age of digital transformation:

- **Set the vision:** A vision is something that other people can't see. Good leaders have always set the vision, but unless you can share your vision creatively, your employees won't buy in. Create a vivid picture and you'll inspire your people to follow you. If your staff love your vision, your customers will too.
- **Drive the strategy:** Create a clear agenda that outlines your digital strategy, and unite the organisation behind it. To implement change, you'll need to be forward thinking, and commit the relevant resources to make it happen.
- **Innovation:** You can't stand still, stuck using your old systems and processes. Be flexible and adaptable to trying new technologies, because that's where the opportunity for growth lies.
- **Take risks:** Innovation isn't possible without taking risks, and risk-taking has become a vital ingredient of digital leadership.

“The biggest risk is not taking any risk.”

Mark Zuckerberg, Facebook CEO

- **Be adaptable:** Adaptability is a key skill for leaders in the digital age. To deal with constant change, leaders need to be flexible so they can make quick decisions.
- **Communicate clearly:** Communication has always been key, and at times of change, it's more important than ever. Effective communication helps build relationships, empowers your teams, and helps bring the vision to life. Technology makes communication easier. For example, you could introduce an Intranet, send text messages announcing key events, or provide staff updates via video.
- **Continual personal development:** Whether your leaders are digital immigrants (those who've had to learn digital skills on top of everything they already know) or digital natives (those who've grown up with technology), things change fast. From top to bottom of your organisation, everyone will have to keep developing their technological and personal skills on an ongoing basis.
- **Spot talent:** You'll need to be aware of which areas of the business have potential for improvement, what insights your people need to develop and grow, and which individuals have the digital skillset to drive the business forward.

In conclusion

To accelerate performance, you'll want to attract and develop high quality talent from within and outside the organisation. These days, top talent expects a sense of purpose, ongoing development, and a trustworthy leadership team.

Equipping middle managers to take risks and make courageous decisions will foster innovation and a sense of achievement. Championing cross-functional collaboration will boost innovation and productivity. And helping employees to understand their role in achieving the company purpose will drive them to share and achieve your goal.

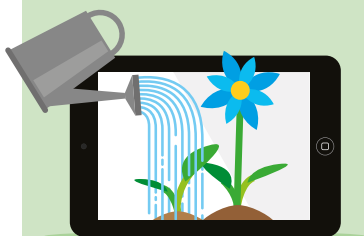
With this, your leaders will have the capability to make your organisation both profitable and productive in the new digital age.

Can the digital transformation of the public sector be a force for good for attracting new talent?

Since the Government Digital Strategy was announced, the public sector has done a great job of digitising public services. To give just a few examples, UK residents can now go online to pay council tax, chase up missed refuse collections, and book GP appointments.

There is huge demand for digital public services, and they are already proving popular. In fact, when a digital option is available, 67% of citizens say they always or sometimes use it.

To achieve so much transformation so fast, the sector has needed to employ a large number of people with digital skills. But such people are not always easy to find...



Growing your digital workforce

With growing demand, and technology evolving at an ever-increasing rate, there is a well-reported 'digital skills crisis'.

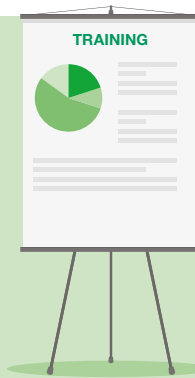
A 2017 survey by the Cloud Industry Forum and its public sector SIG found that 40% of public sector organisations are missing the skills they need to adapt to digital transformation, and 41% lacked the internal knowledge to migrate to a cloud solution.

There are two main approaches you can take to resolve this challenge...

Training your existing people

A Business in the Community survey questioned over 2,000 employees where they were asked whether their employer encouraged them to gain the skills they need to survive in the digital era. They found that only 25% of workers in their 50s and 22% of workers in their 60s felt their employer encouraged them to gain the skills they need to survive in the digital era. This compared with 44% of 18-24 year olds and 32% of 40-49 year olds.

These results demonstrate an opportunity – expand your training and development across all age ranges, and you'll be set for a successful digital future.



Attracting top digital talent

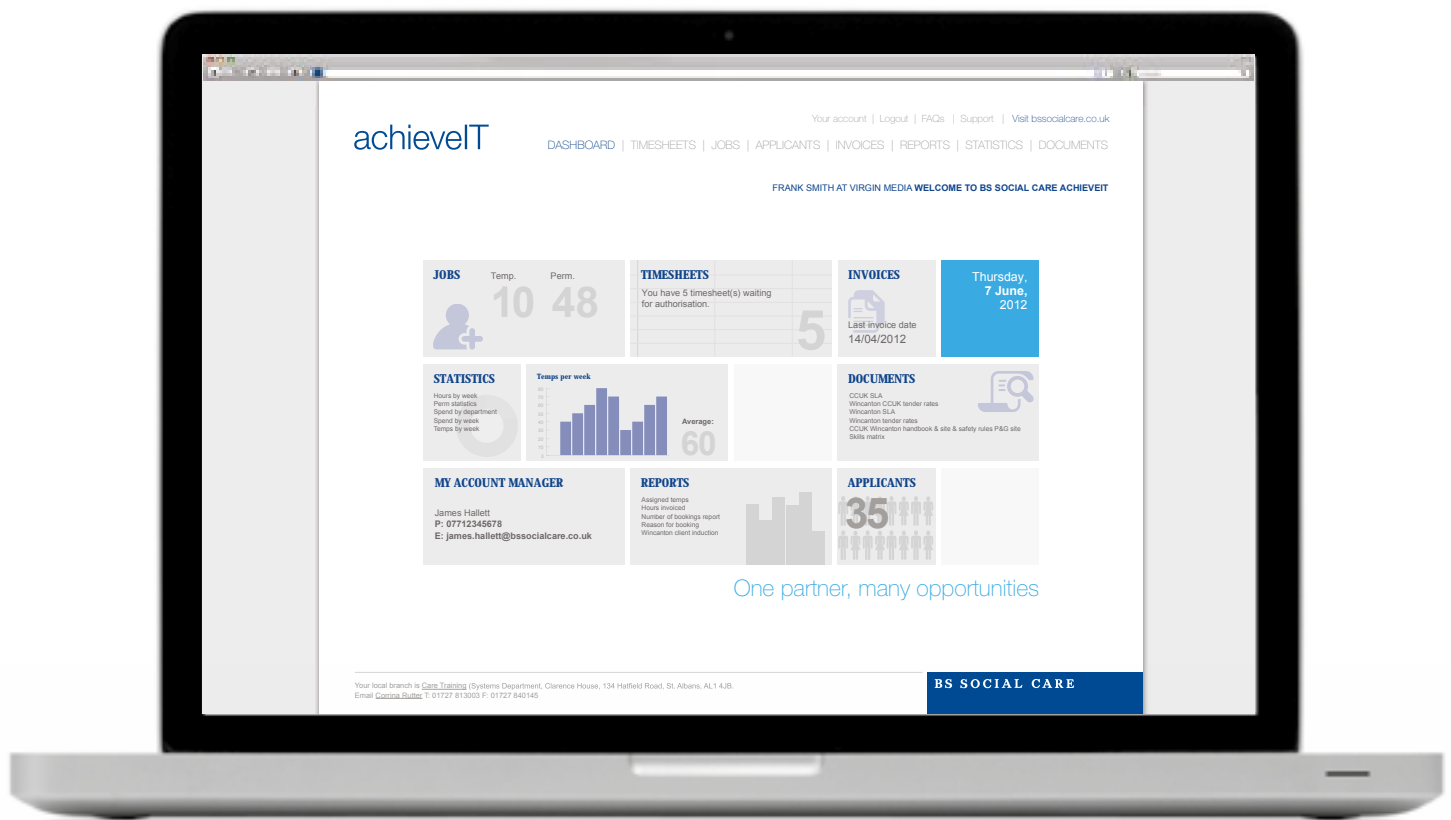
The public sector attracts people who want to make a difference to society and communities where they live and work. Millennials reportedly look for cultural fit, so are ideally suited to opportunities in the sector.

When employees with digital skills were asked what they look for, the top answers included the pay package, unrestricted career progression, and more opportunities to demonstrate their personal ability – so, if you're trying to attract these skills into your workplace, you know what you have to offer!

With a vast database of digital professionals at our fingertips, Brook Street is the place to turn for help. We will work with you to bring your culture and ethos to life in your job specs. This will help your ads appeal to the right type of employees, and set you up well for the future.



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- Review your next expected invoice with a summary of names, hours and rates by department
- Access up-to-date management information reports on your recruitment spend and activity
- Export vital recruitment spend and activity statistics to excel
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Brexit and your workforce

Brexit is looming inescapably on the horizon. With ongoing uncertainty about the impact on EU nationals and migrant labour, here are some questions to ask yourself:

What impacts are you going to see in your business?

Can you afford to delay attracting and retaining the skills you need?

Is your recruitment strategy ready?

Let's look at each question in turn

What impacts are you going to see in your business?

With Brexit on its way, the UK labour market is becoming increasingly uncertain and the talent pool is reducing.

As proof of this, the CIPD Labour Market Outlook (LMO) highlighted a strong demand against a backdrop of diminishing supply. 66% of employers reported they had vacancies which were proving hard to fill.

Although it varies by sector, the main reason reported for recruitment difficulties was a lack of applicant skills, qualification or experience – but around 31% was to do with a lack of applicants in the first place.

One of the factors is the reducing number of EU nationals employed in the UK. The most recent figures from the Office for National Statistics show the number of EU nationals working in the UK has fallen by a record amount; the largest annual amount since records began in 1997. Unemployment has also hit a 43-year low, so there are simply not as many candidates on the market.

Can you afford to delay attracting and retaining the skills you need?

There has always been tough competition for top talent, especially senior and skilled employees. But it's getting tougher.

In the CIPD Resourcing and Talent Planning Survey 2017, 82% of organisations 'strongly agree' or 'agree' that the competition for well-qualified talent increased looking back over the year since the referendum. Looking forward to the future, the survey found that 60% of organisations anticipate difficulty in recruiting senior and skilled/technical staff over the next three years, while two-fifths anticipate challenges recruiting operational staff.

Is your recruitment strategy ready?

As Brexit looms ever closer, here are some of the things you can do:

- Improve your employer brand – When you put values at the heart of your brand, and articulate them clearly, it's more appealing to candidates – especially millennials who often make their career choices according to cultural fit
- Improve your corporate website – Candidates often do their due diligence before they apply, and your online presence is your first point of contact with them. Ensure your website is up to date, open, honest and transparent
- Upskill your existing staff – Everyone benefits when you provide training to your staff, and it makes your organisation more attractive to applicants as well, when they can see opportunities for personal development. This includes sponsoring relevant qualifications; helping you to maintain your focus on your talent pipeline and to invest in the skills you need both now and in the future
- Recruit from a different industry or sector – When you next have a vacancy to fill, Brook Street has a large talent pool across different industries that you can make the most of. We will help you find compliant, ready-to-work candidates quickly – for more information, just give us a call

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Brexit timeline at a glance

Here's a quick reminder of what's happened so far and what's coming next.

7/5/15

Having previously said he was in favour of a referendum, David Cameron won the general election

23/6/16

Referendum resulted in 51.9% leave, 48.1% remain. David Cameron resigned immediately

13/7/16

Theresa May became Prime Minister

29/3/17

Theresa May triggered Article 50, to start the Brexit process

26/6/17

Formal negotiations with the EU began

13/12/17

Rebel Conservative MPs sided with the Opposition, forcing the Government to guarantee a vote on the final Brexit deal

15/12/17

Agreement has been reached on the 'divorce bill', Irish border and EU citizens' rights, so negotiations move on to the second phase

19/3/18

Agreement has now been made on a transitional period, the status of EU citizens before and after Brexit, and fishing policy

TODAY

31/10/18

Negotiations must be complete by this date to give UK MPs and the 27 EU nations enough time to ratify the deal

29/3/19

Brexit Day. The transition period starts at 23:00 GMT

31/12/20

The transition period ends and the new economic and political relationship between the UK and the EU begins

Brexit: Sectors that will be hit the hardest



“The sky is falling!” cried Chicken Licken in the well-loved children’s story. And lots of media commentators appear to be running around like headless chickens right now, panicking about the potential impact of Brexit.

So, it’s time to take a step back amidst the chaos and look at how Brexit might impact your organisation. What can you do to prepare for Britain’s impending exit from the EU?

Who’s at risk?

According to a recent analysis by Oliver Wyman and Clifford Chance, Brexit export tariffs will potentially have a harsh impact on businesses across the UK – none more so than the following five sectors:

- Financial services
- Automotive
- Agriculture, food and drink
- Consumer goods
- Chemicals and plastics

Other industries aren’t in the clear. For example, restricted migration could have a negative effect on hospitality and public sector. Meanwhile, experts warn of UK manufacturing becoming ‘extinct’ if precautions aren’t taken to invest in the sector.

Whether or not you’re in one of the sectors listed above, what does Brexit mean for your business, and for your recruitment?

As long as Brexit and its final deal remain suspended in mid-air, so may your business. Your plans to bring in new employees could be at a halt as well.

Recent reports suggest the number of EU nationals **leaving** the UK is at the highest level for a decade – in fact, 47% of skilled EU workers are considering leaving in the next five years. Meanwhile the number of EU nationals **arriving** in the UK has fallen every quarter since the referendum.

In the latest reports from the REC, we have seen vacancies go up but candidate availability dramatically drop. Neil Carberry, REC Chief Executive, reveals that the “high vacancy rate

may be driven by good demand from companies not being matched by candidate willingness to move in the face of the current economic uncertainty.”

Are you Brexit-ready?

Maybe it’s time to take a tip from the Scouting movement, and “Be prepared”.

Whilst a lot of what happens to the UK labour market is out of our control, managing an effective and productive workforce can help keep your business afloat during this volatile period.

Are you trying to retain your employees?

Now isn’t the time to lose your valuable workforce, which can be both time-consuming and costly to replace.

In times of uncertainty, motivation becomes paramount; reward and recognition programmes are valued, and so are open forums where your organisation can show transparency, and where employees can voice their concerns and opinions so they feel heard. Meanwhile, training your staff allows for natural upskilling and career progression, keeping your employees engaged whilst also boosting performance.

Are you trying to attract new talent?

How can you make your jobs more appealing so you attract top talent? Thinking about your benefits package as well as your working environment and how you get this across to potential candidates will be the difference between hiring the best, and – well – not hiring at all.

Why not have a chat with the team of experts at Brook Street? We will help you review the packages you offer, and explain what top candidates are looking for when seeking new roles. We will also help you benchmark your salaries and benefits so that your offering is competitive.

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Your guide to Brexit jargon

There's a lot of complex jargon associated with Brexit. Here, we demystify some of the common terms, and a few that are more obscure.

Article 50

Triggering it legally signals that a country is leaving the European Union.

Brexit bus

The bus with the controversial slogan that may have helped swing the vote: "We send the EU £350m a week. Let's fund our NHS instead. Vote Leave."

Customs union

Where two or more countries agree they won't tax goods that are imported between each other, and set a common tariff on goods they import from elsewhere.

Divorce bill

The money the UK has (in principle) agreed to pay the European Union as part of the deal, estimated at £37 billion.

Four freedoms

The free movement of goods, capital, services and people in the EU single market.

Hard Brexit

Where few of the existing ties between the UK and the EU are retained.

Remoaners

A derogatory term for someone who complains about the outcome of the Brexit referendum.

Soft Brexit

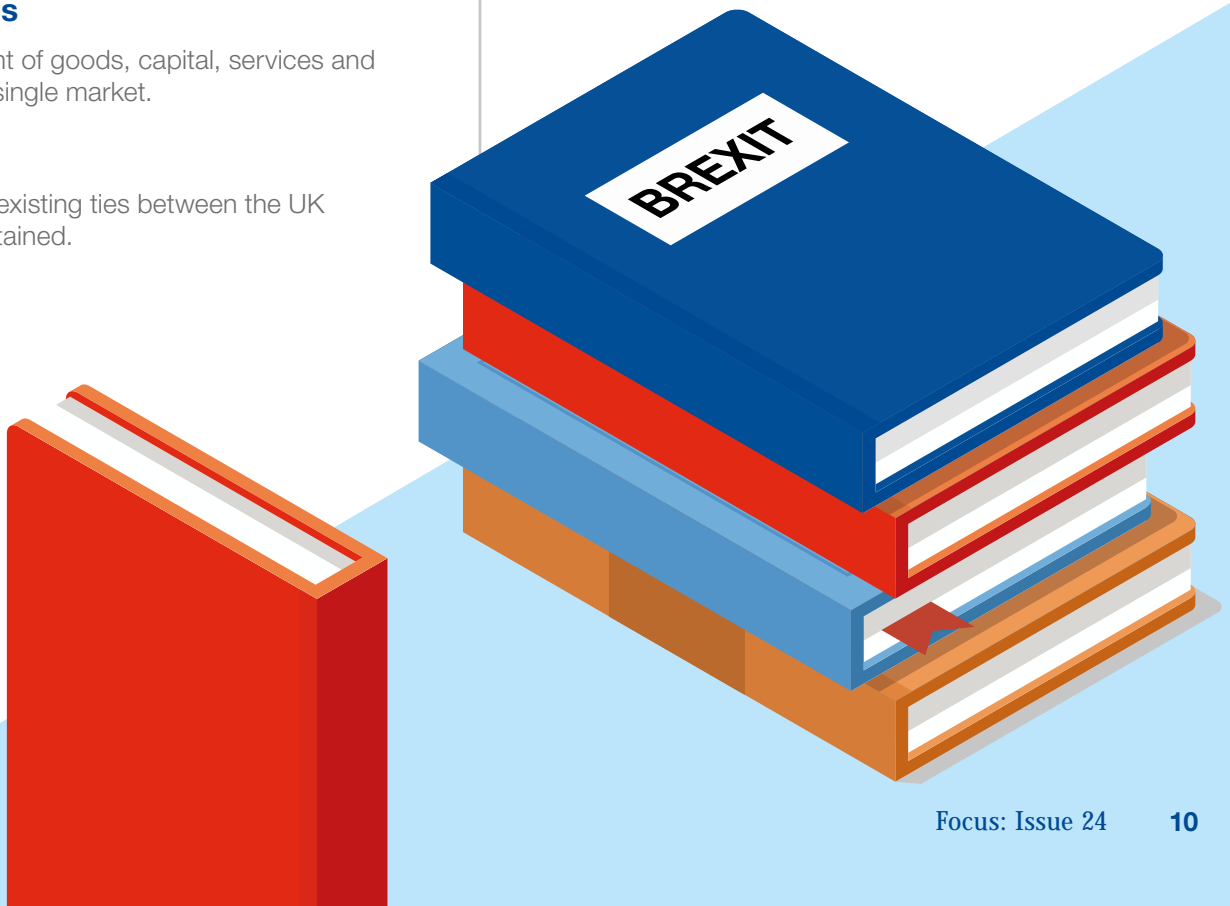
Where the UK leaves the EU but stays as closely aligned as possible.

Tariff

A tax or duty to be paid on imported goods or (sometimes) on exported goods.

Transition period

The time between when the UK leaves the EU and the start of new trade arrangements. The UK calls it the 'implementation phase'.





Do you need help **STANDING OUT** from the crowd?

Competition for skilled workers to join your team is as high as ever. When you're recruiting for hard-to-fill positions, you want to beat your competitors to the talent.

Candidates are savvy, researching companies, reading reviews, and looking for the best fit. They'll check out your organisation online, and judge you by your website and digital presence.

With that in mind, maybe it's time to evaluate how your organisation is perceived, and work out how you can beat the competition to attract the very best.

What are candidates looking for?

Increasingly, candidates are looking for a culture where they will fit in. This particularly applies to millennials, who care deeply about their personal values, and want to work somewhere with values that align with their own.

There is a trend towards transparency in corporate communications. There's no point hiding a cultural issue that will only emerge later. Best be honest about it, and the role will attract people who are up for the challenge, while deterring applicants who aren't.

To attract the right talent, you need an attractive offering. That means culture, salary and benefits. But benefits are not just about your pension scheme or the beanbags in reception. It might be about the level of autonomy that employees are given, the training they receive, or an impressive job title or status.

Top tips for winning the war for talent

We looked at a recent survey of 14,000 jobseekers and employers to see what could be learned from their experiences of finding or filling a role.

59% said they didn't proceed with their application because they'd had a bad experience at interview.

You want the candidate to feel welcome and get a sense of how great it is to work in your company. To help interviewees relax, ensure they are welcomed at reception and escorted to the interview room.

33% of respondents said they had left a job within 12 months because of cultural mis-match.

Why not invite candidates to view the department where they'll be working, so they can meet their co-workers and direct reports? If you let them do that, you (and they) will quickly get a feel for whether they will fit in... and stay.

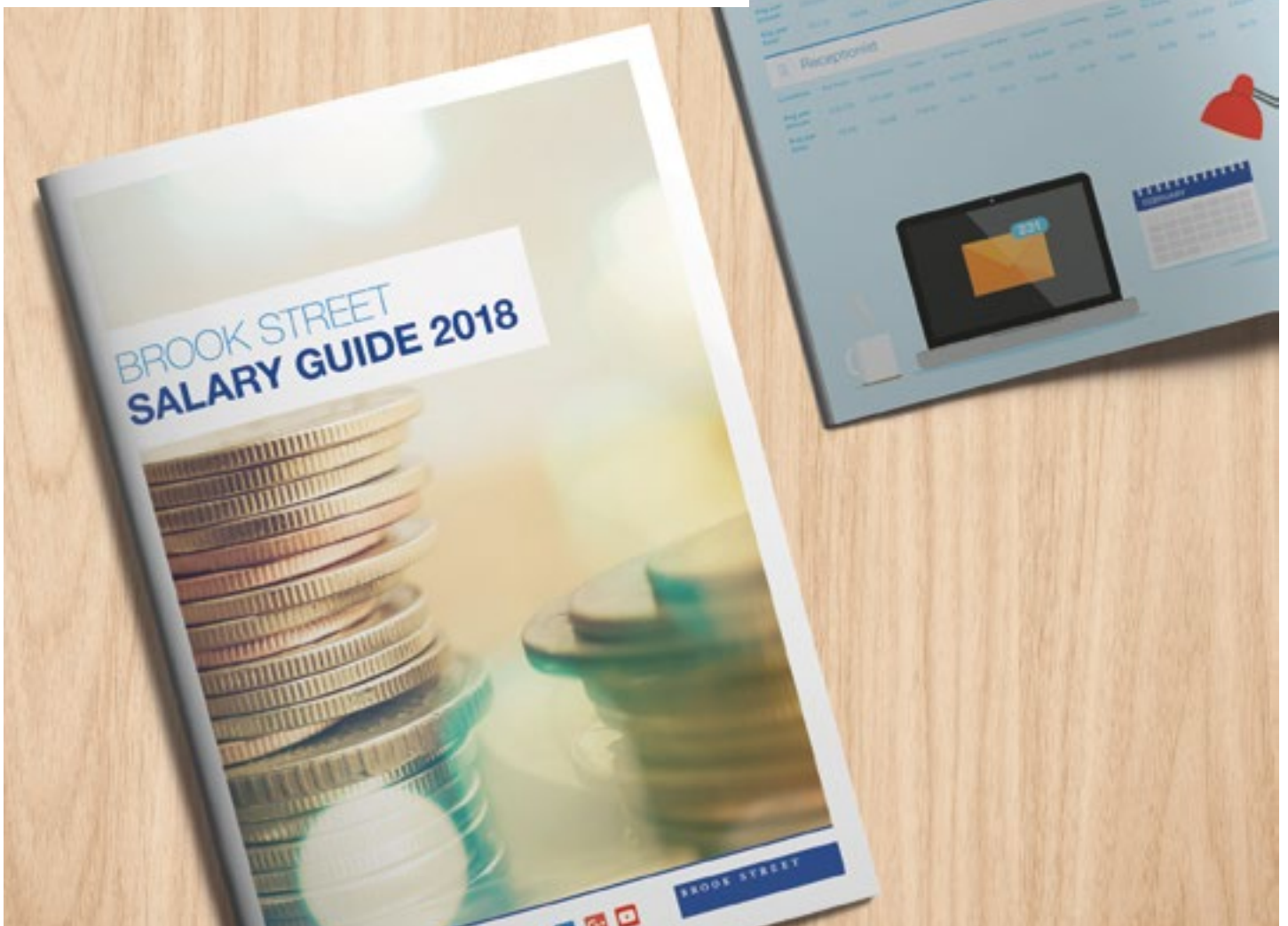
Having gone to all the trouble of recruiting the right person, 42% of employees left within the first year because they weren't offered the training they were promised, and 34% because of mismatched management expectations.

Collect feedback from candidates, and act on it. That way, you'll have the best chance of attracting – and retaining – the best talent.

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GET YOUR SALARY GUIDE TODAY



Making sure that your employees are engaged and motivated plays a key role in retaining your best staff – and salary sits at the heart of that.

Whether you are expanding headcount to reinforce your competitiveness, replacing a highly valued leaver or forward-planning with growth in mind, you'll need to support your decisions surrounding pay reviews and job offers with critical market intelligence on what the best people might earn elsewhere.

The Brook Street and BS Social Care Salary Guides are available now. They provide the most up-to-date figures, covering average salaries in a range of disciplines.

Download your free copy today at www.brookstreet.co.uk/salary-guides

Does social care need a revamp?

Social care faces a dramatic shortfall of staff. With an aging population and a predicted shortfall of 1.1m social care workers by 2037, does more need to be done to encourage people to start a career in social care?



What do people think of social care?

Carers have a positive impact on the most vulnerable people in society, which makes for a highly rewarding career. In fact, research commissioned by Anchor, a care and housing charity for elderly people, found that 83% of social carers say their job provides personal fulfilment. Despite that, there is a predicted shortfall of up to 1.1 million care workers by 2037. The report also found that:

- 78% of people say they would not want a career in the adult care sector (including 85% of men)
- 71% of parents would not encourage their children to pursue social care as a career
- 67% think social care is undervalued by society
- 35% think it's a woman's career (men make up only 18% of the social care workforce)
- 22% think social care is undervalued by Government

Why does social care have such a bad rap?

Typically, people may be put off going into social care because of the salary, hours, and nature of the work. So, how can we make social care more attractive to candidates?

According to Anchor, Care England and United for all Ages, two things need to happen:

The Government needs to demonstrate that it values social care, and public perception needs to change.

1 Government support

At a time when social care employers are struggling to attract new recruits and retain experienced staff, better pay would help.

As you may have read, pay is due to rise for the first time in eight years for over a million other NHS staff.

Health service unions voted in favour of a deal to increase wages by at least 6.5% by 2020. The maximum increase is 29%. Junior staff and those in low paid roles will see the biggest pay rises.

This is great news for some, but it doesn't impact everyone in social care.

If the government was willing to allocate more funding in the direction of social care, it could go a long way towards attracting more people into this important sector.

2 Change public perception

If social care doesn't get the recognition it deserves, more can be done to show how fulfilling and rewarding the industry can be.

Changes in perception start with changes in organisations. Increasing benefit packages, introducing flexible working (not to mention salary again), plus thinking about the emotional rewards of working closely with different people, are just some of the ways social care can become a more appealing industry to join.

It's also important to attract men into social care. The vast majority seem to see it as 'women's work'. At a time when gender balance is high on the agenda, it may be possible to promote social care in a way that appeals to more men.

Meanwhile, what can you do?

If you're looking for ways to revamp your organisation, here are a couple of handy tips to get you started.

- People in every sector are driven by personal development

If you make a commitment to training and progression within your organisation, it will show potential candidates there is scope for a career with you.

- Adopt digital innovation

A development that's impacting all sectors is technology (although it will never replace the need for human kindness). But is the social care sector making the most of digital innovation? And are you making the most of digital innovation? This might be introducing work smartphones or laptops for remote working, for example.

Brook Street is already adopting digital innovation. For example, you can access our unique digital product, achieveIT – it's an online platform that displays all your recruitment activity on a one-stop-shop dashboard. This is where you and your hiring managers can manage all your recruitment strategy and actions – anytime – everything from viewing candidate pools and arranging interviews, to invoicing and full management reporting. It's just one way we're trying to make recruitment easier for you.

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