National Audit Office

Recruiting civil servants efficiently

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL | HC 134 Session 2008-2009 | 13 February 2009

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LONDON: The Stationery Office
£14.35

Ordered by the
House of Commons
to be printed on 11 February 2009

This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act.

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6 February 2009

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Photograph courtesy of © Veer

SUMMARY

1 Central government employs half a million people and spends an average of 55 per cent of running costs on staff **(Figure 1)**. Central government work is diverse, with civil servants working in job centres, courts, prisons, airports, defence installations and tax offices across all regions of the United Kingdom. The largest concentration of central government personnel, some 85,000 staff or 16 per cent of the civil service, is located in London. Over forty thousand new staff were recruited in 2007-08, with 78 per cent recruited for positions at junior grades. These include clerical and administrative roles common to all government departments, but also a wide range of jobs specific to each organisation such as prison officers, immigration officers and court clerks.

2 Despite the volume of activity there is no centrally held data on the annual cost of central government recruitment or accurate data recorded within each organisation. Efficient recruitment is employing the right person, in the right location, at the right time for the right cost. An inefficient recruitment process adds to the length of time posts remain vacant, affecting the ability of departments to deliver front-line services to the customer and increasing spending on interim solutions such as the temporary recruitment of agency workers which may be less cost effective.

1 Employment and recruitment statistics for the six largest employers in central government (2007-08)

Organisation	Number of staff employed	Percentage of civil service employees (%)	Number of staff recruited	Examples types of jobs
HM Prison Service	49,500	10	6,329	Prison Officer, Medical Staff, Psychologist
Department for Work and Pensions	96,270	19	3,833	Policy advisor, Benefits Caseworker Customer Service Adviser
HM Revenue & Customs	83,830	17	2,982	Tax planner, Economist, Contact Centre Staff
Ministry of Justice	28,500	6	1,407	Court Enforcement Officer, Court Manager, Policy Officer
Ministry of Defence	68,600	14	1,289	Procurement Officer, Medical Staff, Veterinary Surgeon, Training Instructor
UK Border Agency	17,760	4	1,067	Immigration Officer, Scientific Officer (Fingerprinting), Asylum Case Owner
Total	**344,460**	**70**	**16,737**	

Source: Office for National Statistics

NOTES

1 Employment statistics are recorded as the number of Full Time Equivalent positions. Recruitment statistics are recorded as headcount, i.e. the actual number of people recruited.

2 In July 2008, HM Prison Service became part of the National Offender Management Service, which although an executive agency of the Ministry of Justice has its own recruitment function and so is treated separately from the Ministry of Justice in this report. Previously, HM Prison Service was an executive agency of the Home Office and subsequently of the Ministry of Justice.

3 Department for Work and Pensions statistics include Jobcentre Plus, Pension and Disability Carers Service, Child Maintenance Enforcement Commission as well as the department's corporate centre.

4 The UK Border Agency is a shadow agency of the Home Office. The Agency was formed in April 2008 and brings together the work previously carried out by the Border and Immigration Agency, Customs detection work at the border from HM Revenue & Customs and UK Visa Services from the Foreign and Commonwealth Office. The 2007-08 figures relate solely to the former Border & Immigration Agency.

3 The report focuses on the efficiency and effectiveness of the recruitment process within the six largest employers in central government: HM Revenue & Customs, Ministry of Justice, Department for Work and Pensions, Ministry of Defence, HM Prison Service and UK Border Agency. Our assessment of the effectiveness of the process focuses on whether there are unnecessary delays in recruiting staff, and whether candidates meet the required standard and have the right fit with the organisation and the working environment. It examines all grades of staff except the Senior Civil Service and Fast Stream, examining the external recruitment process from the point at which the decision to recruit externally has been made, to the successful candidate's first day of employment. There is a detailed focus on two departments, HM Revenue & Customs and the Ministry of Justice, where we undertook detailed analysis of their current recruitment processes and identified opportunities for improvement. At the remaining four case study organisations we conducted an analysis of current recruitment practice only. We also worked with three private sector organisations – Toyota Motor Manufacturing UK Ltd (Toyota), HSBC and Unipart – in order to inform our understanding of good recruitment practice and to establish if such approaches can be used in the public sector.

4 All six organisations have undertaken some form of review to improve the efficiency of how they recruit. There are examples of existing good practice such as the use of IT tools to assess large numbers of applications quickly and automatically and more appropriate tests of the skills required for the job, such as telephone skills for contact centre staff and the use of scenarios to assess how prospective prison and immigration officers react under pressure. However our analysis shows that no single organisation can be considered as having a well developed and mature approach to external recruitment that includes key components such as the use of online recruitment, a single team to provide all recruitment services, dedicated staff to liaise between the recruitment teams and non-recruitment teams and the segmentation and targeting of potential candidate groups.

5 Our analysis of how the six organisations recruit identifies three common issues: staff costs are too high; the length of time taken to recruit is too long; and the quality of recruitment needs to be improved. Cost, time and the effectiveness of the recruitment process are influenced by a combination of internal organisational factors, such as effective use of resource, and external market factors such as seasonality, competition in the local labour market and wider economic issues. For example competition for candidates is high in the North East region where both public and private sector employers have located large customer contact centres. Government organisations are also affected by some constraints which are specific to the civil service, such as the requirement for fair and open competition and the need in some cases to obtain security clearances.

6 Internal staff costs of recruitment vary from £556 to £1,921. The detailed analysis of recruitment processes at HM Revenue & Customs and the Ministry of Justice identifies the potential to reduce the internal staff cost for a typical recruit by up to 68 per cent, although some improvements will be easier to implement than others. The six organisations could not identify the total cost of recruitment or the cost of a typical recruit, which are standard measures of efficiency used by the private sector. In general, organisations hold insufficient management information on internal staff costs, and spending on advertising, venue hire and support from recruitment companies.

7 Organisations do not accurately record the amount of the time spent by staff that are not part of the recruitment team. For example, managers recruiting new staff can be responsible for sifting application forms or interviewing candidates. We estimate non-recruitment team staff time accounts for an average of some 40 per cent of total costs, but the cost is not attributed to recruitment and is absorbed into day to day activity. The high staff cost to recruit is also affected by ineffective use of resource such as using too many staff or staff at too high a grade to sift applications or to assess and interview candidates for general administrative roles.

8 It can typically take an average of 16 weeks to recruit a new member of staff. The activity that consumes the most time is conducting pre-employment checks which require government organisations to wait for external bodies to complete the checks. Similarly, waiting for references from previous employers and for candidates to return forms also consumes time and involves staff effort in pursuing information on progress. There are opportunities for organisations to reduce the time to recruit by removing unnecessary steps in the process and by greater use of automated assessment tools.

9 There is little evidence that central government organisations systematically test the quality or effectiveness of their recruitment processes. In our case study organisations between 14 and 52 per cent of staff leave within 12 months of being appointed. The Chartered Institute of Personnel and Development recommend this measure of the effectiveness of recruitment but it is not routinely used by the six organisations we examined. Some organisations use feedback from the candidate and from across the organisation to judge effectiveness, but usually on a local or campaign basis and not generally to improve the process. We identified other indicators of effectiveness that are not typically used by the six organisations such as the time it takes for new recruits to become productive employees, performance in training examinations and initial appraisals, and regular surveys of candidates and managers to identify ways to improve the recruitment process.

10 Although each department manages its own recruitment there are a number of bodies with cross-government ownership of activities which affect recruitment. The most important are the Cabinet Office and the Civil Service Commissioners, who are appointed directly by the Crown and are independent of Government. Central government organisations need to comply with the Cabinet Office security policies, submit assessment returns to the Civil Service Commissioners and quarterly statistical returns to the Office for National Statistics. Organisations have different interpretations of the requirements, however, leading to variations in approach. There is no formal means for departments to share good practice, particularly for recruitment at levels below the Senior Civil Service.

Conclusion on value for money

11 Central government's external recruitment processes do not fully deliver value for money. There is evidence of organisations performing work to understand and improve parts of their recruitment process, but more can be done. Our analysis identifies potential improvements at HM Revenue & Customs and the Ministry of Justice that, if implemented, could reduce the internal staff costs by up to 68 per cent for the recruitment of junior grades while maintaining the quality of the candidates appointed. The scope for central government to deliver similar efficiency improvements depends upon the existing maturity of recruitment processes within the organisations, the type of posts being recruited and the ease of implementing the proposed solutions within individual organisations. If the performance of other organisations is consistent with the level of improvement identified at HM Revenue & Customs and the Ministry of Justice, then central government could achieve potential annual internal staff cost savings of up to £35 million across generalist recruitment alone.

Recommendations

12 Our analysis across government, and our detailed process analysis work with staff at HM Revenue & Customs and the Ministry of Justice, has identified the potential for organisations to improve their external recruitment processes without compromising the quality of the candidates recruited. These opportunities are equally relevant to organisations with in-house recruitment functions and to those which outsource all or part of their recruitment activity as they relate to improvements in service delivery. To improve the value for money of central government's external recruitment processes we recommend as follows.

I **The Ministry of Justice operates a largely paper-based recruitment process, and there are unnecessary labour-intensive steps**. The Department manually issues paper application packs to all prospective applicants and letters informing candidates that their application has been unsuccessful at the first assessment stage. By making more use of online application packs and informing applicants upfront that they should assume they have been unsuccessful if they do not receive notification by a certain date, the Department can save an estimated £225,000 a year in resource costs which the Department estimates will reduce the amount of processing time by 5 full time employee years.

II **HM Revenue & Customs' recruitment process is subject to local variation and does not routinely test the candidate's fit with the organisation and the prospective work environment**. HM Revenue & Customs can improve the efficiency and effectiveness of its recruitment process by implementing standard ways of working and improving candidate assessment procedures. The Department should implement a standard approach to assessing candidates and could improve the relevance of the recruitment process to the vacancy by testing candidates in the workplace using realistic work scenarios. There is also the potential to remove the need to hold academic qualifications for specific positions such as contact centre staff, and instead use alternative methods to test a candidate's suitability for the role. The Department should assess the costs and benefits of introducing and maintaining alternative assessment methods. Qualification checks currently cost the Department an estimated £50,000 per year and consume three full time employee years.

III **External recruitment takes too long and consumes too much internal staff resource. Central government can reduce internal staff costs and the time taken to recruit by better managing demand for external recruitment, improving internal resource utilisation and increasing standardisation across the recruitment process**. Our analysis shows that there are common recruitment issues across central government and that there are three main areas that organisations can focus on to improve the efficiency of their recruitment processes.

- **a** **Demand management** – Organisations should collect and use management information to understand the profile of annual demand for recruitment. They should use regional and role-specific demand data to recruit candidates in advance so that they are ready to join the organisation when required. For types of roles that are high volume and a constant requirement, organisations should implement a continuous rolling recruitment campaign.
- **b** **Resource utilisation** – Organisations should match the appropriate amount of recruitment resource to the particular vacancy and reduce the total number of staff involved. Where possible and appropriate they should consider using telephone interviews and the recruitment teams to assess candidates. They should use early assessment procedures to remove unsuitable candidates and reduce the effort of processing their applications.
- **c** **Standardisation** – Organisations should implement a standard process for discrete process steps such as interview panels and assessment days. They should review the supporting forms and guidance to identify opportunities to reduce and standardise the requirements placed on candidates, recruitment teams and other staff throughout the recruitment process.

IV **There is insufficient accurate management information to understand how organisations recruit.**

a **Central government organisations do not hold the necessary management information to forecast annual demand for recruitment and undertake accurate workforce planning.** They should collect data on the annual recruitment cycle to identify the volume, geographical distribution and type of roles recruited. Organisations can reduce the time to fill a vacancy and reduce the burden on recruitment staff by improving their understanding of variations in demand throughout the year and evaluating the extent to which they can control the influencing internal and external factors. They should aim to use this knowledge to reduce the variability in demand for recruitment throughout the year and to plan future recruitment activity.

b **Management information is not routinely collected and used to improve the efficiency of recruitment processes.** Organisations should collect key metrics on external recruitment including a breakdown of internal staff costs, processing time and the amount of rework that is typically required. They should use this information to design and implement a more efficient way of recruiting. All organisations require a better understanding of key metrics such as the time taken to recruit and the internal and external costs at all stages during recruitment. They should use these metrics to develop a unit cost of recruitment in order to understand the efficiency of their current process and to identify and measure the impact of any future improvements.

c **There is no systematic monitoring and testing of the effectiveness of external recruitment processes.** Organisations should collect and analyse management information to assess the effectiveness of their recruitment processes and use this information to improve the quality of staff recruited. They can assess the effectiveness of their recruitment process by monitoring the training needs of new recruits, pass rates in relevant examinations, performance in appraisals, the time taken to achieve satisfactory performance and the number of candidates leaving within a year. Organisations should also monitor the diversity profile of recruitment campaigns to assess their contribution to workforce diversity targets. They can improve the quality of candidates recruited by better aligning assessment procedures with the skills required for the job to ensure that they recruit candidates with the right skills and fit to the organisation.

V **There are variations in how departments apply Cabinet Office guidance and the Civil Service Commissioner's Recruitment Code. There is insufficient interdepartmental coordination to improve the consistency of these interpretations or to spread good practice on how to recruit for posts below the senior civil service.** The Cabinet Office should more actively support recruitment activity across government for levels below the senior civil service, and should systematically share good practice advice across government. It should expand the existing support structures for senior recruitment which represents less than one per cent of civil service recruitment, to include all grades. They should re-establish quarterly meetings of a recruitment network and regular dissemination of examples of good practice and advice from the Civil Service Commissioners. The Cabinet Office should also circulate analysis of data from the Office for National Statistics and from its own bilateral relationships with departments to improve the collective understanding of recruitment across government. The new structure should be in place before April 2009 in order to help facilitate an accurate and consistent understanding of the new *Recruitment Principles* when they replace the existing *Recruitment Code*.

PART ONE

Central government recruitment

1.1 This part of the report provides an analysis of central government employment and recruitment statistics. It examines information on the number and types of employment in central government, the profile of external recruitment, and the role of central organisations in setting the guidance by which central government departments must recruit.

Analysis of central government employment statistics

1.2 Central government employs over half a million civil servants, which equates to nine per cent of the entire public sector and two per cent of the total workforce in the UK. The 496,000 full time equivalent positions[1] across central government is broadly equivalent to the numbers in the period 1999-2000, following a peak of 534,000 civil servants employed in 2003-04 **(Figure 2)**.[2] Departments spend an average of 55 per cent of running costs on staff **(Figure 3 overleaf)**.[3] Nearly 70 per cent of all civil servants are employed in only ten organisations, the largest of which is the Department for Work and Pensions.

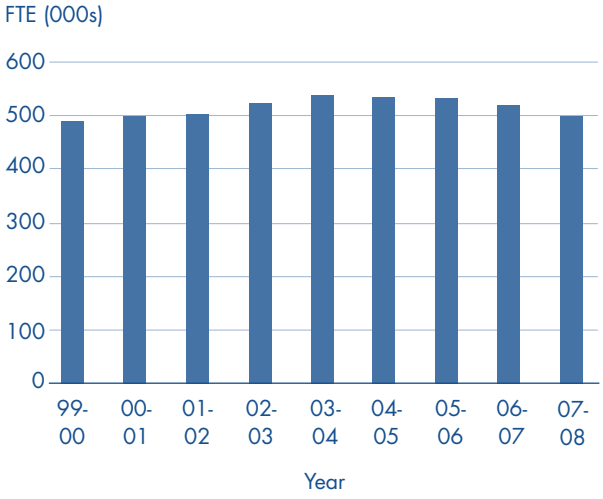
Central government activity is diverse with civil servants working in job centres, courts, prisons and tax offices in multiple locations across all regions of the United Kingdom **(Figure 4 overleaf)**. The largest concentration of central government personnel, some 16 per cent, is located in London and represents 2.1 per cent of the total workforce for the region.

1.3 The Civil Service has eight main grades of employment which can be categorised broadly as:

- **Senior Civil Service** – Board level and senior management positions.
- **Grade 6 and Grade 7** – Management positions.
- **Senior Executive Officer, Higher Executive Officer and Executive Officer** – Lower management positions.
- **Administrative Officer and Administrative Assistant** – Administrative and clerical positions.

2 Full time equivalent positions in the Civil Service (1999-2008)

The number of full time equivalent positions in the Civil Service has reduced over the past three years, returning to the same level as in 1999-2000.

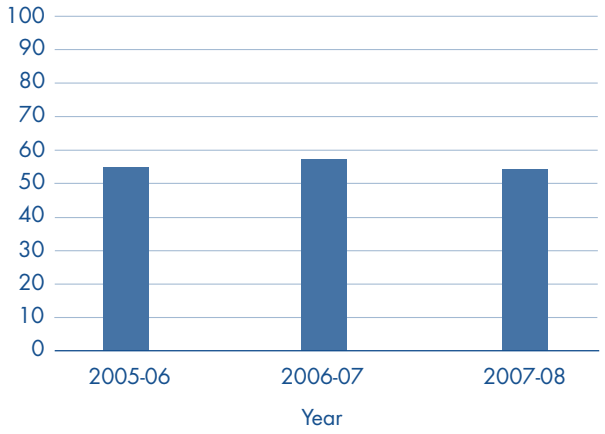


Source: Office for National Statistics

1 Full Time Equivalent and Headcount are different measures of the numbers employed. For example, two people working part time to fill a single post would be classed as one Full Time Equivalent post but Headcount statistics would record two people.
2 Office for National Statistics.
3 Running costs refers to the administrative costs declared in departmental accounts. They include all the elements of expenditure which relate to actually running the organisation and do not include programme costs.

3 Departmental spending on staff as a percentage of running costs

Between 2005-06 and 2007-08 the proportion spent on staff has remained broadly constant.



Source: National Audit Office analysis of Departmental Resource accounts

NOTES

1 Staff costs include salaries, social security and pensions contributions.

2 Taken from a sample of the top spending departments (17 out of 26).

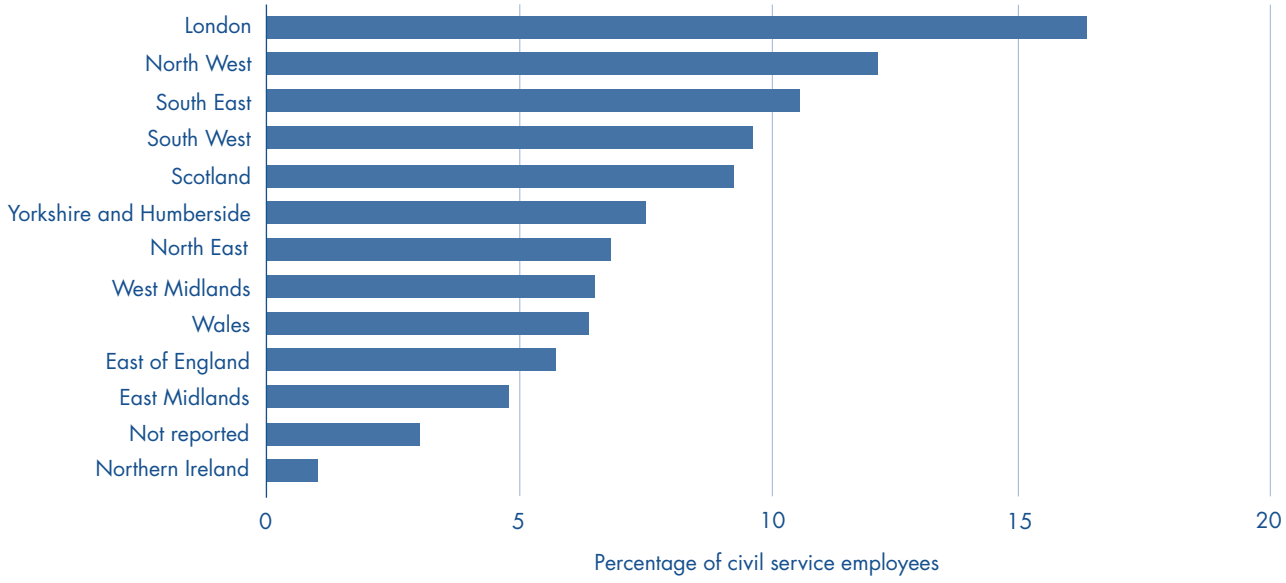
The majority of civil servants are employed at junior grades, with Administrative Officers and Executive Officers accounting for over 70 per cent of total employment **(Figure 5)**. However the types of jobs and levels of responsibility at the same grade vary significantly across different organisations. For example, Administrative Officers are employed by the Ministry of Justice to perform clerical work in courts and the Prison Service employs Prison Officers at broadly the same level; Executive Officers are employed by the Department for Work and Pensions as Benefit Delivery Officers working in job centres and by the UK Border Agency as Immigration Officers.

The importance of recruitment to an organisation

1.4 Central government organisations employ a wide variety of people to deliver a range of public services. Human Resources teams have responsibility for developing a workforce plan, part of which is to assess the capacity and capability of the current workforce and determine the future requirement for staff to fill the gap. Cabinet Office policy requires government organisations to establish whether vacancies can be filled internally or from other government departments before considering

4 Civil Service employment by region (based on 2007-08 data)

16 per cent of civil servants work in London.



Source: Office of National Statistics

NOTE

1 Percentages calculated using headcount figures.

alternative options. The Human Resources team must then decide if any other options are more appropriate before starting a campaign to externally recruit a permanent member of staff. Alternative options can include:

- Outsourcing the activity to another organisation.
- Secondments from other government departments and the private sector.
- Hiring temporary or agency workers.
- Employing staff on fixed term contracts.

1.5 The level of unfilled vacancies in government organisations can range from 14 per cent to 57 per cent. Not having enough staff can affect the ability of departments to deliver front line services, have a negative impact on staff morale or increase sickness absence because of the increased burden on existing staff. It can also lead to more spending on interim solutions such as the temporary recruitment of agency workers. An inefficient recruitment process can add to the length of time recruitment takes and the length of time posts remain vacant. Organisations need to balance having an efficient recruitment process with monitoring the calibre of staff recruited and avoiding reputational risks to the organisation.

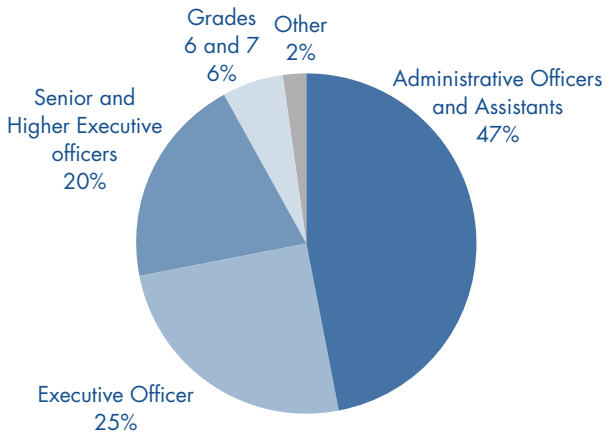
1.6 The external recruitment process is a channel through which to access the labour market, attract and assess candidates and recruit the right people for the organisation. Recruiting people who are not suitable for the role can adversely affect existing staff and can lead to increased labour turnover and higher costs as people leave the organisation and the recruitment cycle has to restart.

Central government as a recruiter

1.7 Between 2005-06 and 2007-08 the Department for Work and Pensions, HM Revenue & Customs, Ministry of Defence, Ministry of Justice[4] and the Home Office[5] accounted for approximately 70 per cent of all central government recruitment. In 2007-08 central government recruited over 40,000 new employees, with 64 per cent at Administrative Officer or Administrative Assistant grade **(Figure 6)**. In the first six months of 2008-09, central government departments ran 5,795 campaigns to fill 12,954 vacancies, a ratio of 2.2 per vacancies per campaign. These vary from large national campaigns to fill a number of vacancies to smaller campaigns to fill one particular specialist role.

5 Central Government employment by grade (based on 2007-08 data)

The majority of civil servants are employed at junior grades



Source: Office for National Statistics

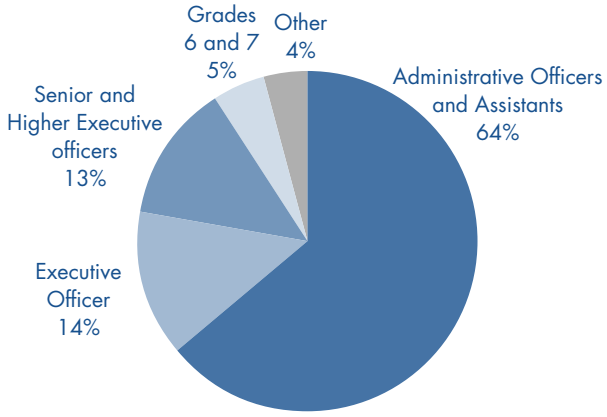
NOTES

1 Full Time Equivalents.

2 Other includes Senior Civil Servants, industrial employees and unknown.

6 Central Government recruitment by grade (based on 2007-08 data)

64 per cent of recruitment is for the most junior grade



Source: Office for National Statistics

NOTES

1 Full Time Equivalents

2 Data show the level of recruitment by grade on 30 September 2007.

4 The Ministry of Justice was created in May 2007. Figures for the period prior to that relate to the former Department for Constitutional Affairs.

5 Home Office figures prior to machinery of government changes in May 2007 include those for HM Prison Service which has since become part of the Ministry of Justice.

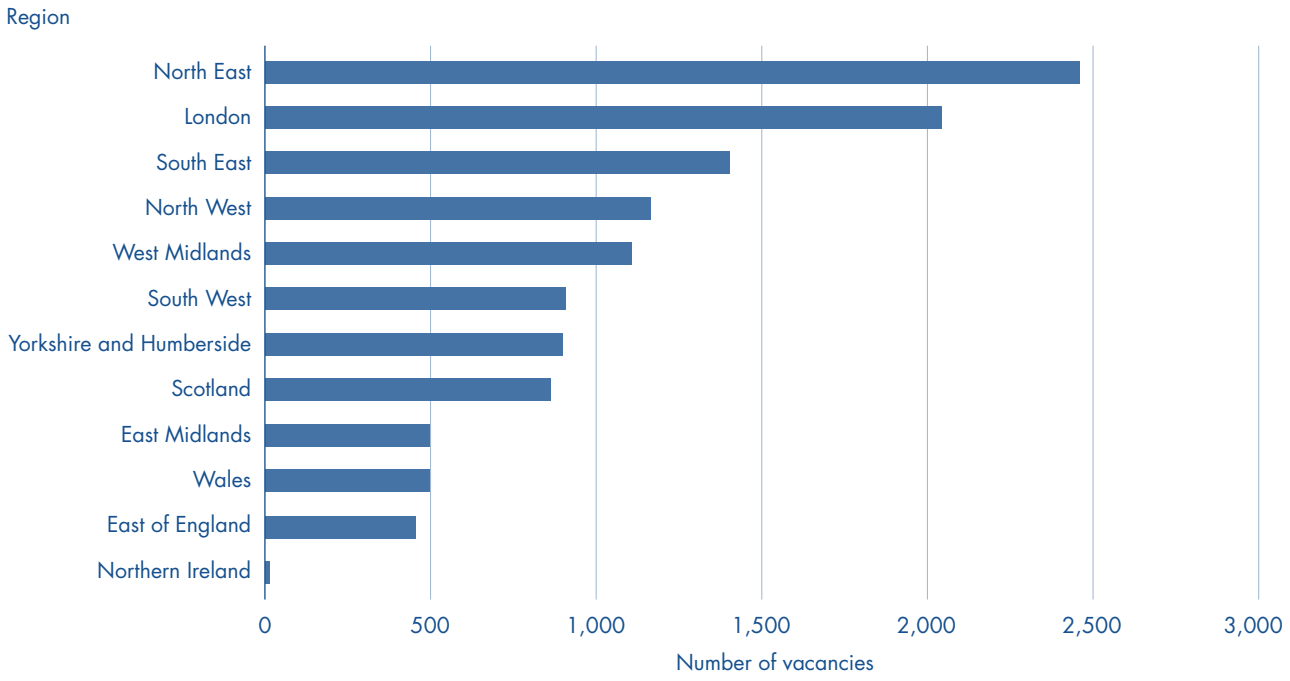
1.8 In spite of recent reductions in headcount, the number of people recruited is likely to remain significant because of:

- staff turnover due to workforce age and career choices;[6]
- departmental reorganisations creating differences between the location and skills required and available surplus staff.

In 2007-08, staff turnover in central government departments averaged seven per cent[7], significantly lower than the private sector average of 20 per cent.[8] Some groups of jobs, such as contact centre employees, have a higher level of turnover regardless of being public or private sector, resulting in an almost constant demand for new staff. In some regions there are local market factors contributing to a significantly higher level of staff turnover than the seven per cent average, such as a concentration of employers competing for the same resource. Between April and September 2008, 19 per cent of all vacancies were in the North East, where government departments and private sector companies have located large customer contact and processing centres **(Figure 7)**. Sixteen per cent of vacancies were in London, where departments consider availability of similar work and the high cost of living for more junior grades on lower salaries to be major factors in high staff turnover. In these recruitment "hot spots" departments find it difficult to fill vacancies, particularly when in competition with private sector companies which sometimes offer a more attractive package.

7 Central government vacancies by region (based on April – September data 2008)

The North East has the highest number of vacancies.



Source: Cabinet Office

6 Staff turnover refers to the number of leavers as a percentage of the total workforce and is a standard measure of workforce stability.
7 National Audit Office analysis of Office for National Statistics data.
8 Chartered Institute of Personnel and Development.

The role of the Cabinet Office and the Civil Service Commissioners

1.9 Although each department manages its own recruitment, there are a number of bodies with cross-government ownership of activities which affect recruitment. The most significant of these are the Cabinet Office and the Civil Service Commissioners **(Figure 8 overleaf)**. Generally the approach to recruitment from the centre has been 'light touch'. Departments state that the focus of most contact with the centre concerns the submission of returns to the Civil Service Commissioners to assess compliance with the Recruitment Code and quarterly data submissions to the Office for National Statistics. Departments also have to demonstrate compliance with Cabinet Office security requirements. In general departments are clear on the requirements of the centre, but differences in interpretation of these requirements have resulted in variations in practice.

1.10 The Cabinet Office is responsible for co-ordinating recruitment activity across government. At present this work is primarily focused on Senior Civil Service appointments, but the Cabinet Office is considering how to play a stronger role for other grades and is currently active in three areas.

- The **Civil Service Vacancies website** was established to minimise the level of compulsory redundancies as a result of headcount reductions. The website advertises vacancies across all government organisations and makes them exclusively visible for a period of two weeks to those civil servants in other organisations whose roles been declared surplus. The website is supported by regional coordinators whose role is to broker relationships between organisations with surplus staff and those with vacancies to fill. Although there are examples of this approach working in practice, there is no overall data on the number of vacancies filled via this route; but we estimate that in 2007-08 this was approximately one per cent of the total number recruited.
- One purpose of the **West Midlands Pilot** Project is to trial public sector organisations advertising together to recruit on a regional basis rather than as individual organisations. It is too soon to assess the success of this approach or to determine whether it will be applied in other regions.
- The Cabinet Office is responsible for producing guidance on **pre-employment checks** and checking compliance. In 2006, the Cabinet Office chose Disclosure Scotland[9] as the provider for the criminal records element of the Baseline Personal Security Standard[10] and from October 2008 required organisations to check all new recruits against the standard rather than one in five. The cost of each Disclosure Scotland check, currently £20, was not centrally negotiated. Departments are unsure how long each check might take as there is no common service level agreement with Disclosure Scotland.

1.11 All Civil Service recruitment must comply with the fundamental principle of the Civil Service Commissioners' Recruitment Code that appointments are made on merit on the basis of fair and open competition. In developing their own recruitment policies and practices, departments and agencies interpret the code in order to develop an approach that fits their circumstances. This approach has, however, led to a diversity of practice with many organisations asking for advice on similar issues, particularly around applying the principles to large recruitment campaigns. In response the Commissioners have developed new *Recruitment Principles* to replace the Code from April 2009. The aim is to make clear the responsibilities of departments and agencies to operate in accordance with the principles and to test their practices against them. For example, the new principles include issues such as those specific to larger rolling recruitment campaigns.

9 Disclosure Scotland was established in 2002 and is a Scottish government agency. The disclosure process is carried out under a Public Private Partnership with British Telecommunications (BT) to provide the call centre and business processing facilities.

10 The Baseline Personal Security Standard comprises four main checks; identity, employment history, nationality and immigration status and criminal records (unspent convictions only).

8 The roles of central organisations

There are a number of bodies with cross-government ownership of activities which affect recruitment

Organisation	Role in recruitment process
Cabinet Office	The Cabinet Office has a co-ordination role across government. It supports the Prime Minister and Cabinet and also aims to strengthen the Civil Service by ensuring it has the right skills, values and leadership to deliver the Government's objectives. Specific activities relating to external recruitment are: ■ Coordination of activities to re-assign surplus staff to existing vacancies across departmental boundaries using regional co-ordinators and the CS VACS website prior to turning to external recruitment. ■ Departments provide an annual certificate of compliance with the Baseline Personal Security Standard.
The Civil Service Commissioners	Publish their Recruitment Code which interprets the fundamental recruitment principle, enshrined in legislation, that appointments to the Civil Service must be made on merit on the basis of fair and open competition. Departments provide an annual self-assessment of compliance with the Code. Certain departments, identified by a risk assessment of the returns, are subject to a visit by a contractor operating on behalf of the Commissioners to carry out further checks of policies and practices. Commissioners respond to queries from departments about the application of the Code.
Office for National Statistics	Departments submit a quarterly return of recruitment statistics. Overall government employment statistics are published on the Office for National Statistics' website. The Office for National Statistics also produces an annual report showing recruitment statistics.
Criminal Records Bureau Disclosure Scotland Access NI	Departments apply to one of these three official criminal record disclosure services within the UK for a disclosure. The disclosure service enables organisations in the public, private and voluntary sectors to identify candidates who may be unsuitable for certain work especially that involving children or vulnerable adults. The characteristics of the role being recruited for will determine which level of check is applicable.
Appointments Commission	Board level appointments to public bodies (mostly NHS).
Commissioner for Public Appointments	Board level appointments made by UK Ministers and the Welsh Assembly Government to public bodies.
Judicial Appointments Commission	Appoints judges and tribunal members, on requests from HM Courts Service, Tribunals Service and other tribunals.

Source: Annual Reports

PART TWO

An analysis of recruitment in six government organisations

2.1 This part of the report examines the external recruitment processes of six central government organisations.[11] It covers analysis of the volume and cost of recruitment activity and the time taken to recruit new staff and compares organisations' current recruitment practices. It examines the process of recruiting new staff and the annual profile of demand for recruitment and considers how to evaluate the effectiveness of external recruitment.

Summary analysis of external recruitment in six government organisations

2.2 **Figure 9 overleaf** suggests that the time spent on external recruitment by staff in the organisation that are not part of the recruitment team is one of the most significant cost components in calculating total recruitment cost. Across the six case study organisations we estimate non-recruitment team staff costs account for an average of some 40 per cent of total costs. On the basis of our detailed examination of recruitment processes at HM Revenue & Customs and the Ministry of Justice we calculate that non-recruitment team staff effort can account for, respectively, between 27 and 55 per cent of total internal staff costs.[12] Departments do not monitor or report the amount of time spent on recruitment by staff throughout the organisation and therefore the cost of recruitment is typically underestimated. The time spent on recruitment activities by people outside the Human Resources team is often a hidden cost which is assigned to a number of budgets and absorbed into day to day activity rather than recorded as a separate cost.

2.3 All six case study organisations found it difficult to provide summary cost data and in many cases could only provide estimates. We were therefore unable to produce an accurate picture of the cost per recruit. However using our own estimates we calculate that the average cost per recruit is between £1,400 and £2,676, compared to a cross sector average published by the Chartered Institute for Personnel and Development of £2,000.[13] Organisations that recruit a higher volume of specialist roles typically require more costly assessment methods and will have a higher average cost per recruit. Although management information is sometimes collected and used at a local office level, or for particular roles and campaigns, few organisations are able to produce a summary picture of the overall cost of recruitment.

Analysis of the internal cost of recruitment and the time taken to recruit new staff

2.4 Although costs are not available at a summary level for all six organisations, our analysis of the costs for a typical recruitment campaign indicates a wide range in the internal staff cost per recruit, from £556 to £1,921 **(Figure 10 on page 17)**. Our analysis also indicates that the cumulative time taken to recruit ranges from 64 to 212 days **(Figure 11 on page 17)**. Cumulative time represents the combined duration of all process steps when performed one after the other, which provides better visibility of the total effort and cost incurred. Some of the activities are performed concurrently, however, which reduces the actual overall time taken to recruit; and across the six organisations it takes an average of 16 weeks to recruit. All organisations stated that the time taken to recruit is the biggest issue in recruitment, has the greatest impact on the efficiency of recruitment teams, and is also the major influence on the candidate's perception of the organisation.

11 Our case study organisations are the Department for Work and Pensions, HM Prison Service, HM Revenue & Customs, Ministry of Justice, Ministry of Defence and the UK Border Agency. Our full methodology is available from the NAO website.
12 Based on time spent by non-recruitment staff on recruitment for generalist staff which accounts for over 90 per cent of recruitment for both organisations
13 Chartered Institute of Personnel & Development annual survey report; *Recruitment, retention and turnover*. The £2,000 figure relates to the cost per recruit for administrative and service roles.

9 Volume of external recruitment and summary costs in 2007-08

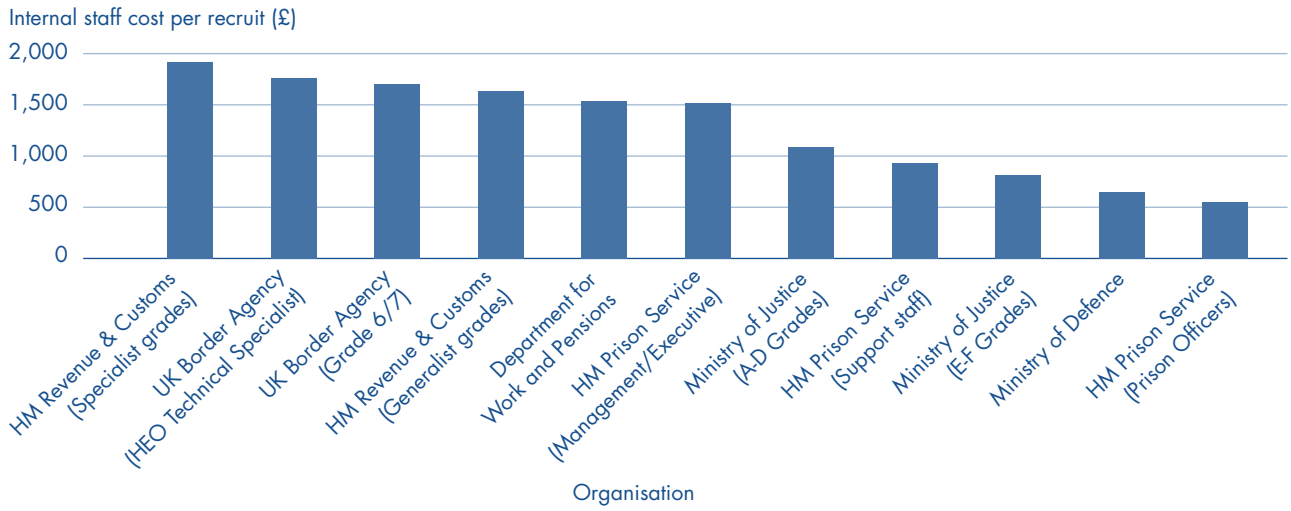
Organisation	Number of posts filled	Total annual external costs (£m)			Total annual internal costs (£m)		Total estimated recruitment costs (£m)	Estimated cost per recruit (£)
		Recruitment companies	Advertising	Venue hire	Candidate Travel & Subsistence	Recruitment team staff costs	Non-recruitment team staff costs (Estimated)		
HM Prison Service	6,329	2.91	2.51	0.03	0.0	2.20	3.00	10.65	1,682
Department for Work & Pensions	3,833	No summary data	No summary data	No summary data	No summary data	2.70	3.26	Insufficient data	Insufficient data
HM Revenue & Customs	2,812	No summary data	0.57	No summary data	No summary data	1.09	0.96	Insufficient data	Insufficient data
Ministry of Justice	1,407	0.0	0.65	0.0	0.0	0.42	0.90	1.97	1,400
Ministry of Defence	1,289	0.0	0.95	0.06	0.11	1.53	0.80	3.45	2,676
UK Border Agency	1,067	0.90	0.21	0.15	0.0	0.10	1.10	2.46	2,305

Source: National Audit Office analysis of departments' data submissions

NOTE

The case study organisations' recruitment activity covers a variety of grades and roles which require different methods of selection. The mix of roles and grades varies between the case study organisations. Some selection methods such as assessment centres can be more costly which will affect the estimated cost per recruit.

10 Estimated internal staff cost for a typical recruit (based on process data for typical campaigns)



Source: National Audit Office analysis of departments' data submissions

NOTES

1 Costs are calculated using estimates of staff time taken to process one candidate through a typical recruitment campaign.

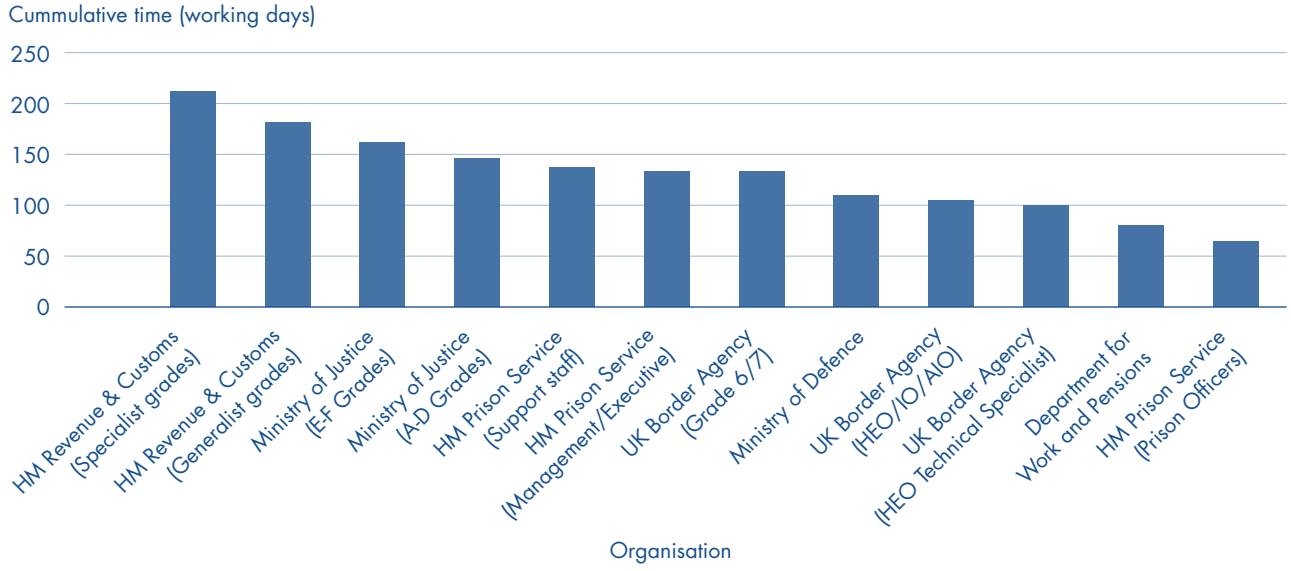
2 Costs are calculated using salary costs only and include time spent by both the recruitment team and the business line staff on the recruitment process.

3 UK Border Agency costs are based on capitation rates.

4 UK Border Agency costs for HEO/IO/AIO grades of immigration officer could not be apportioned on the same basis and are not included.

5 The cost for a typical recruit reflects the effort required to progress a typical candidate through the recruitment process. This is not the same as dividing the total cost by the number of recruits. For example, the effort required to produce an advertisement for a campaign would be the same whether for one vacancy or many.

11 Cumulative time for a typical recruit (based on a typical campaign)



Source: National Audit Office analysis of departments' data submissions

NOTE

1 Cumulative time represents the combined duration of all process steps when performed one after the other.

2.5 Despite the range in the maximum and minimum internal costs and cumulative time to recruit, there are a number of stages where time and costs are high for all six organisations **(Figure 12)**. Our analysis shows that the stages of the process which add the most cost are not the same as those which add the most time. The peaks in cost, which reflect the concentration of internal staff effort, occur during sifting applications and interviewing candidates. The cumulative time to recruit is highest during the interview stage and when conducting pre-employment checks.

2.6 The high cost compared to time during sifting and interviewing indicates that organisations are committing a significant amount of resource to the activity over a short period of time. The demand on non-recruitment team staff in particular is high during these stages of the process. Delays finding available non-recruitment team staff to interview and asses candidates can increase the cumulative time to recruit for all six case study organisations. A low amount of resource is being used during pre-employment checks where the cumulative time to recruit is highest. This is a result of long periods of waiting while a number of actions are completed such as submitting referencing forms and undertaking pre-employment or security checks. Some internal staff time is spent on pursuing updates on progress and communication throughout the waiting period.

The maturity of organisations' recruitment practices

2.7 The current high level recruitment approaches adopted by the six case study organisations contain common elements but the organisations are at different levels of maturity **(Figure 13)**. All six use online advertising and have performed some form of process improvement work. Human Resource business partners that liaise between the recruitment function and business teams and automated sifting of application forms are also common. Half of the organisations can be classed as having fully implemented shared services to deliver their recruitment needs with the remaining three in the process of considering how best to adopt such an approach. However E-recruitment is less common and none of the case study organisations segment potential candidates in a manner comparable with mature recruiters in the private sector. Candidate segmentation is the use of information to proactively identify and target advertising towards segments of the population who may be interested in particular roles. Mature recruiters then adapt their recruitment process including their method of contact to that which is best suited to the target group. For example younger candidates are often sent text messages to inform them of their progress through the recruitment process.

2.8 Each organisation is at a different stage of adopting a shared services model. The move towards shared services, where a business function is provided by a single team, is driving the centralisation of recruitment teams. Implementing shared services and improving business processes are closely linked, with all six organisations having applied process improvement through three broad approaches. Some transform their business functions first by improving processes and then establish shared services. Others establish shared services then assess how to improve their processes. The third approach is to make both changes concurrently. Attempting to improve processes after moving to shared services can tie organisations to processes that are less efficient rather than one which offers greater cost benefits.[14] As organisations centralise their recruitment function into one shared service location, they are also more likely to require HR Business Partners to liaise between the central recruitment function and business teams that are spread across the country,

2.9 Similarly our analysis shows that the six case study organisations are at different stages in their use of e-recruitment, the key elements of which are described by the Cabinet Office[15] as:

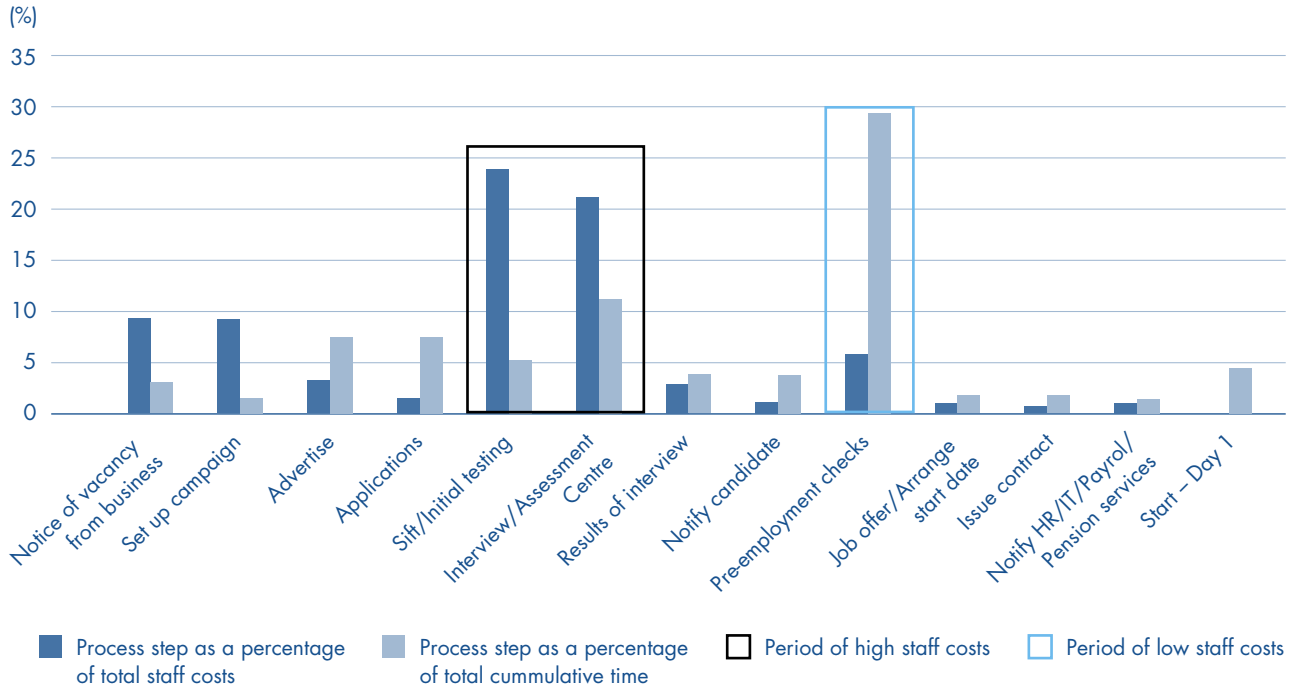
- attracting candidates online to the organisation's website;
- communicating an employer brand and recruitment proposition online;
- tracking, communicating with and selecting candidates online;
- testing candidates online; and
- "on-boarding"; welcoming and inducting candidates online.

Most of the case study organisations use online media to attract interest from candidates. This practice is likely to gain ground across government as the Cabinet Office is currently working with departments to increase the use of online advertising in order to better attract candidates to Civil Service vacancies. There is progressively less use of online systems to track, test and "on-board" candidates. Of our case study organisations only HM Revenue & Customs and HM Prison Service, for its recruitment of Prison Officers, can be described as using a relatively mature approach to e-recruitment.

14 National Audit Office Report, *Improving corporate functions using shared services* (HC 9, 2007-08).
15 Cabinet Office: e-Recruitment projects in the Public Sector, 2007.

12 The profile of internal staff cost and cumulative time to recruit across the recruitment process

Consistent across the six organisations, the stages of the process which add the most cost are not the same as those which add the most time.



Source: National Audit Office analysis of departments' data submissions

13 Current approaches to recruitment

The current recruitment approaches of the six case study organisations contain common elements but the organisations are at different levels of maturity.

	Increasing sophistication of recruitment approach →						
Organisation	Online advertising	Fully automated sifting of applications	E-recruitment fully adopted	Process improvement	HR Business Partners	Shared services for recruitment in place	Candidate segmentation
Department for Work & Pensions	✔	✔	Partial	✔	✔	✔	✘
HM Revenue & Customs	✔	✔	✔	✔	✔	✔	✘
Ministry of Justice	✔	Partial	Partial	✔	✔	✘	✘
Ministry of Defence	✔	Unknown	✘	✔	✘	✔	✘
HM Prison Service	✔	✔	✔	✔	✔	Partial	✘
UK Border Agency	✔	✔	Partial	✔	✔	✘	✘

Source: National Audit Office analysis

NOTE

1 E-recruitment is a suite of approaches and products to attract candidates, communicate employer brand messages, track and communicate with candidates, test candidates and induct successful applicants.

2.10 Across our case study organisations an average of 13 per cent of all applicants are successful. Mature recruiters identify those candidates that are likely to be successful and remove as early as possible those candidates that are unlikely to be appointed. HM Revenue & Customs has good management information on candidate progress through a recruitment campaign and has identified key questions that applicants must answer correctly in order to pass through the initial step of its online recruitment process. However the Department is still processing a large volume of candidates through most of the steps in the process and almost a third of candidates withdraw from the process at various stages. UK Border Agency has introduced an automated sifting tool which has proved successful in filtering out those candidates that are unlikely to succeed at the assessment centre and has reduced the end to end recruitment timeline. The Ministry of Defence also has good management information and has identified that most candidates withdraw between being successful at the initial application stage and attending interviews. The sifting process is the Ministry of Defence' second most costly step and is a key area for the Department to target if it is to control the volume of candidates passing through the process and reduce the burden, and the associated cost, on the staff involved in recruiting.

Variation in detailed process steps at HM Revenue & Customs and the Ministry of Justice

2.11 We examined in further detail the recruitment processes at HM Revenue & Customs and the Ministry of Justice by recording all the activity undertaken within each stage of recruitment. Our analysis identified that there are opportunities to improve recruitment by considering the overall approach and that there are detailed changes that are organisation specific which can improve how the basic steps are performed. At summary level both departments follow a standard recruitment process but at a detailed process level the two organisations complete steps in different ways **(Figure 14)**.

2.12 Detailed analysis of HM Revenue & Customs and the Ministry of Justice identifies that the way in which the departments organise and complete each stage of their recruitment process varies significantly and has an impact on the cost and cumulative time to recruit. For example sifting applications and initial assessment of candidates can take up to twenty days at HM Revenue & Customs and two days at the Ministry of Justice, when actions are performed consecutively. The difference is due to HM Revenue & Customs using a two phase approach to assess candidates – an on-line sift for suitability followed by an additional test for those candidates without qualifications, or for specific types of roles, that is based on a sample of the work involved in the job **(Figure 15)**. While both are good assessment methods, the two phase approach lengthens the process and also increases the costs associated with arranging test appointments and collating and assessing results. The Ministry of Justice uses a single assessment based on the candidate's answers to a series of multiple choice questions. It saves time and cost by making a simpler assessment of which candidates to pass through to the next stage. Using this approach the Ministry of Justice removes up to 78 per cent of candidates that are unlikely to be suitable but it needs to monitor whether candidate quality is being maintained as concerns have been raised by some court staff.

2.13 There is a peak in cumulative time to recruit for all departments during interview and assessment of candidates. HM Revenue & Customs and the Ministry of Justice are representative of the typical time, spending around twenty days on this step, and both departments follow broadly the same steps **(Figure 16 on page 22)**. However HM Revenue & Customs' process involves less communication between individuals during the set up of the interview and places more reliance on the candidate to take action, for example by using an online system to book their own interview. By providing candidates with the opportunity to view and select an available interview slot, HM Revenue & Customs removes the recruitment team effort and also provides full visibility to the candidates of the potential interview dates, giving them more flexibility to choose a suitable day and time. The Ministry of Justice places the onus on the recruitment team to contact applicants and arrange a suitable time for interviews.

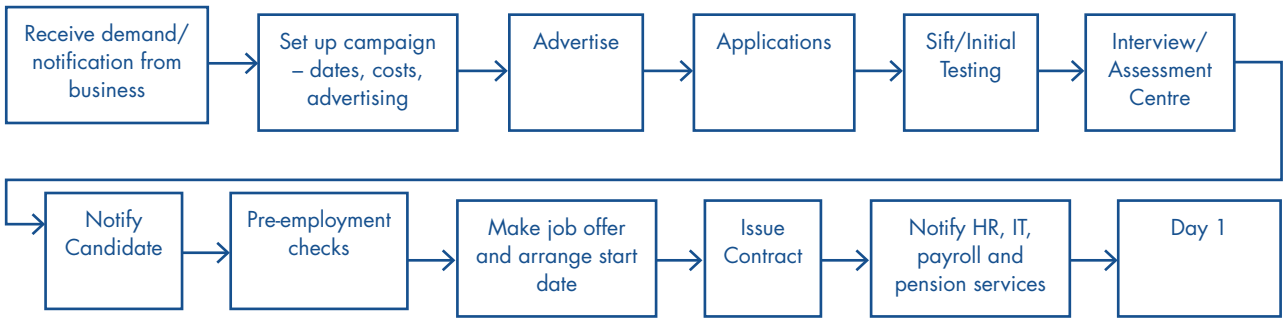
2.14 Our detailed analysis of the recruitment process at HM Revenue & Customs and the Ministry of Justice identified further organisation-specific actions that can reduce the time or cost to recruit or improve quality. Most of the changes can be classified as removing unnecessary steps in the process or as changing ways of working and the impact of each can be clearly quantified. Steps should not be removed or changed in ways that compromise security requirements or increase other risks to the organisation, for example by recruiting employees that lack the right skills for the job.

2.15 HM Revenue & Customs currently assesses applicants for general administrative roles, such as contact centre staff, using two approaches. For most campaigns applications are initially sifted by assessing candidates' suitability for the role. Those candidates without the necessary formal qualifications sit an additional test. Removing the requirement for qualifications which cost an estimated £50,000 and consumes three years of staff effort

to confirm authenticity and using instead a mock work test for all candidates during interviews more accurately demonstrates capability for the role, saving time and cost without adversely affecting the integrity of the recruitment process or the quality of the outcome. This assessment method is better suited to recruiting contact centre staff, testing skills such as telephone manner, IT capability and customer service. The introduction and maintenance of alternative assessment methods will have a cost and this will need to be considered in the decision to change this part of the process. The requirement for qualifications is still appropriate and relevant for many roles at all grades, including professional positions.

14 The common steps in the recruitment process

Our analysis shows that at a high level both departments have a similar approach to the recruitment of external staff.

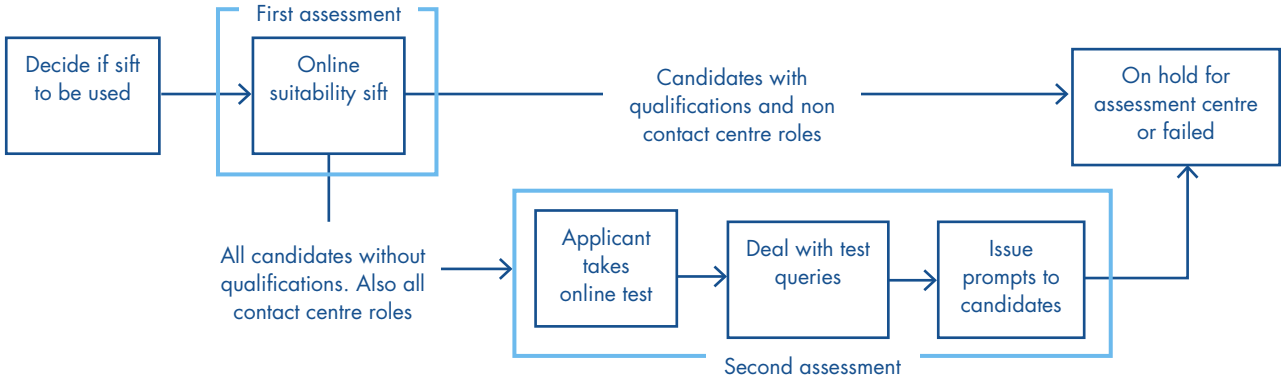


Source: National Audit Office analysis

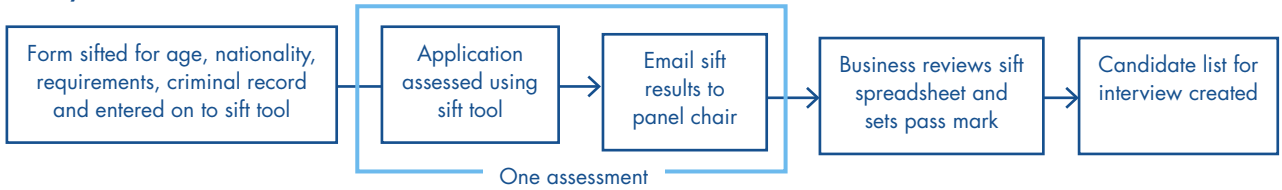
15 Sifting and initial assessment of applicants at HM Revenue & Customs and the Ministry of Justice

The flow diagrams below show the activities required to sift applications, perform an initial assessment of applicants, decide whether applicants can progress to the interview stage, and inform applicants of the outcome. HM Revenue & Customs conducts a two-stage assessment and the Ministry of Justice uses one stage.

HM Revenue & Customs



Ministry of Justice



Source: National Audit Office analysis

2.16 The Ministry of Justice recruitment team currently manually responds to requests for most application forms whereas HM Revenue & Customs electronically processes applications. In the future candidates for roles at the Ministry of Justice will be expected to download their own application packs. In 2007-08 removing this step would have produced an annual saving of over £175,000 in staff time. The Department also plans to reduce the amount of paper it uses by not issuing letters to unsuccessful candidates. Removing this step could produce annual savings of over £50,000 in staff time and postage costs.

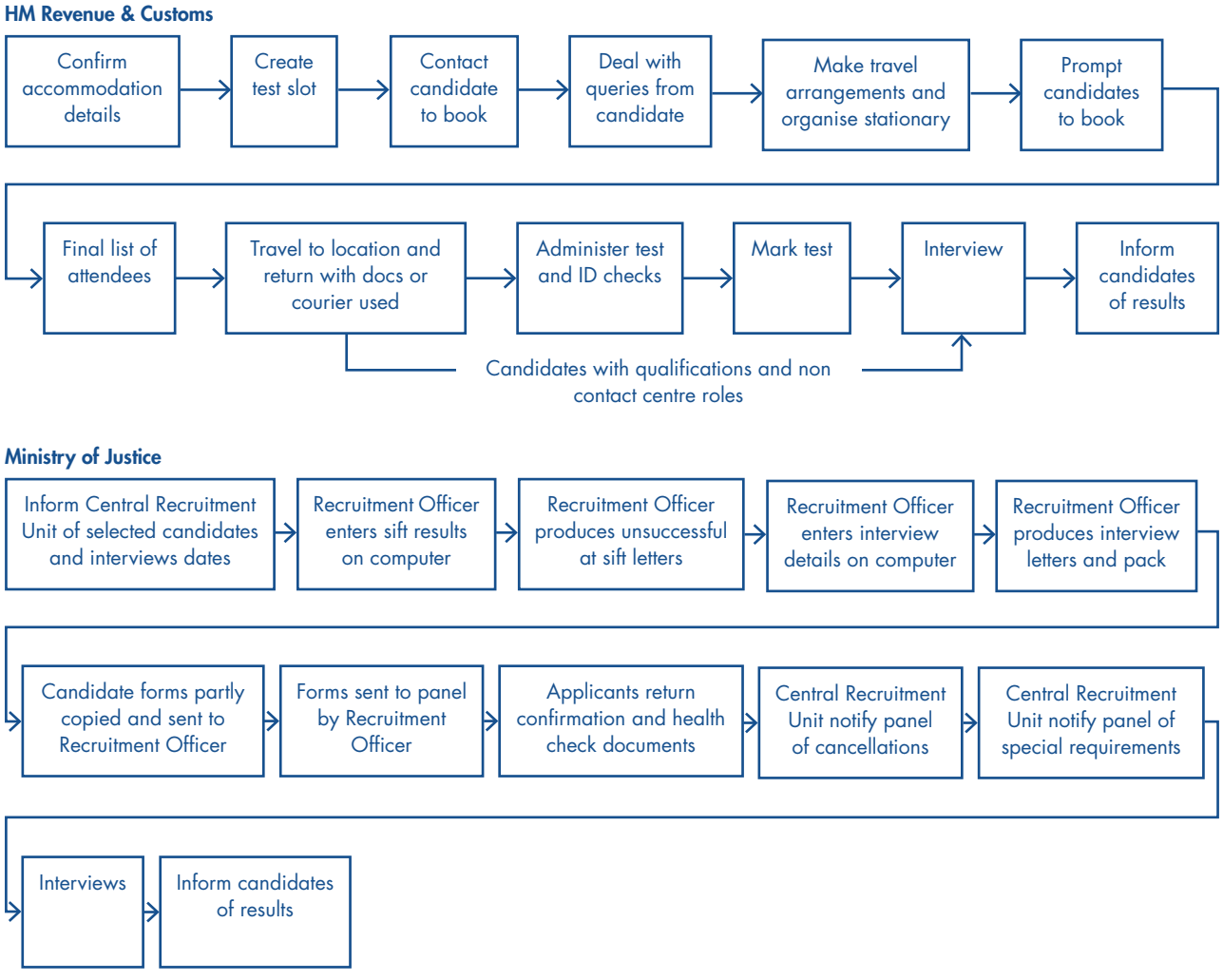
2.17 HM Revenue & Customs aims to change how individual steps are performed by introducing a standard process for interviewing specialist candidates with supporting materials that assist recruitment panels to assess applicants and make decisions in one day. The new approach provides improved clarity to interviewers on the process and the required output from the day. At the one day assessment a candidate will pass in turn from one stage in the assessment to the next and unsuccessful candidates will be eliminated as soon as possible.

Managing demand for recruitment

2.18 In 2007-08 demand for recruitment varied continuously with peaks and troughs throughout the year, but both organisations experienced high demand in October and January **(Figure 17)**. The data available for April to July 2008 indicates a similar pattern to 2007-08 suggesting that there is consistency in the annual cycle.

16 Interviewing and assessing candidates at HM Revenue & Customs and the Ministry of Justice

The flow diagrams below show the activities required to arrange interviews, interview candidates, decide whether candidates are successful or unsuccessful and inform candidates of the outcome.



Source: National Audit Office analysis

2.19 The demand profile requires HM Revenue & Customs and the Ministry of Justice to respond continually to intermittent peaks in workload for their recruitment teams. It is difficult to work efficiently to meet this demand profile. To work efficiently, meet the demand profile and ensure that staff are neither overburdened nor under utilised, an organisation would need to be able to increase and release staff from its recruitment team at short notice. At present HM Revenue & Customs is managing the demand profile by using staff seconded from other parts of the organisation to support the recruitment teams and by using an external agency to administer parts of the process for some vacancies during peaks in demand. The Ministry of Justice supplements its recruitment team with agency workers. A more efficient way to meet the annual demand is to reduce the degree of variation over the cycle and recruit the required number of staff to satisfy the new, more predictable level of demand.

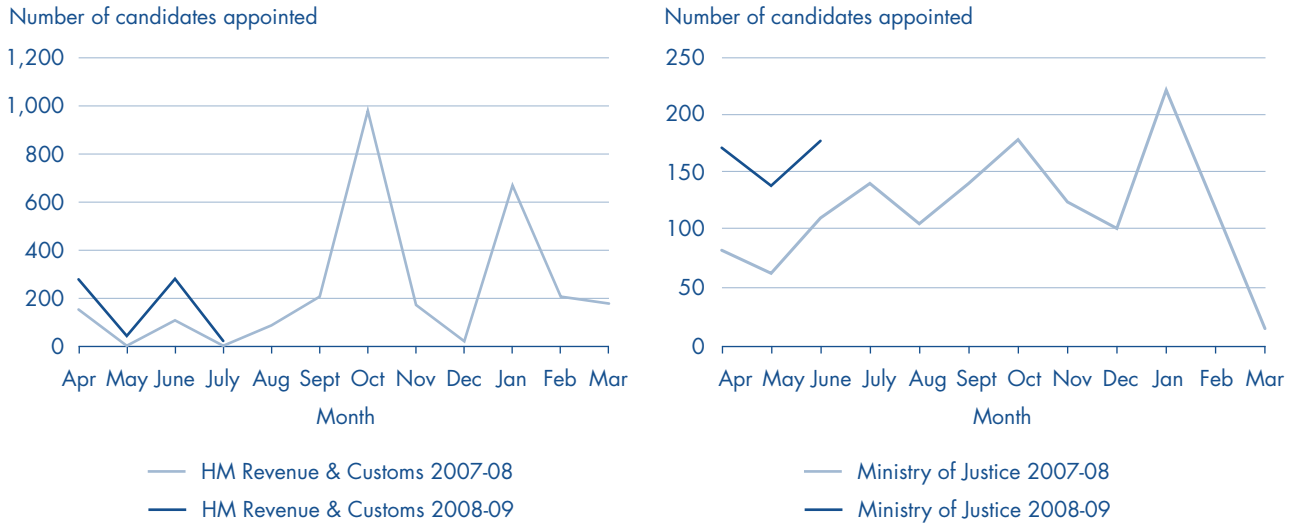
2.20 There are a number of drivers for these variations in demand, some internal to the organisation and some dependent on external factors **(Figure 18 overleaf)**. Our work with HM Revenue & Customs and the Ministry of Justice suggests that there is scope to understand more fully the drivers of demand for recruitment and to use this knowledge to manage variation throughout the year.

Evaluating the effectiveness of the process

2.21 We asked our case study organisations to consider the effectiveness of their external recruitment processes. Although some collect information on a local or campaign basis that could be used to form an opinion on the effectiveness of their recruitment processes, none of the organisations systematically collects and uses these indicators to improve performance.

2.22 We consulted with departments, the Cabinet Office, private sector organisations and the Chartered Institute of Personnel Development to evaluate how to best judge the effectiveness of external recruitment. From our consultation we identified the number of leavers within the first 12 months of employment, or during probationary periods, as the most direct indicator of the effectiveness of the external recruitment process. There are many reasons why a candidate may leave a post within 12 months and within this short time period it is more likely that the recruitment process is a factor. However the longer the time period, the more likely it is that the job itself, the organisation and other issues one step removed from the recruitment process have a bearing on the employee's decision to leave.

17 Seasonal fluctuation in demand across HM Revenue & Customs and the Ministry of Justice



Source: National Audit Office analysis

18 Factors influencing demand for recruitment

Influence	Internal or External	Description
Budget cycle	External	There are particular drops in the number of staff appointed around the financial year end followed by a spike at the beginning of the new financial year.
Organisational changes	Internal	Departments are restructuring, changing processes and moving work to different locations.
Legislation or policy	Internal and external	New legislation and changes in government or departmental policy can add to a department's workload.
Campaigns	Internal	The timing of recruitment campaigns can drive peaks in recruitment activity throughout the year.
Seasonality	External	There are peaks and troughs in the labour market which can affect the volume of applicants. For example, in September after the examination results are known there is an increase in available applicants for vacancies requiring GCSE qualifications.

Source: National Audit Office

2.23 We identified a range in the number of leavers in 12 months of between 14 and 52 per cent of new staff **(Figure 19)**. The Ministry of Justice has the highest percentage of staff leaving during the first 12 months, at 52 per cent, but it is unable to definitively identify the reasons why. The median percentage of leavers across the six organisations within twelve months is 22 per cent, which is the same as the all sector average percentage of staff leaving within six months of starting employment.[16] Industry data suggests that the turnover in some sectors is higher than this average, for example call centres which have an average turnover of around 24 per cent.[17] These types of positions make up a core component of the roles recruited by our case study organisations. While some level of turnover is viewed as healthy as it introduces fresh ideas into an organisation, a high turnover level during the early period of employment can indicate a bad fit between employer and employee. Such turnover raises questions about whether the recruitment process gives candidates full insight into the organisation's culture and what the job entails.

2.24 The contribution of external recruitment to diversity targets is also a measure of effectiveness. All organisations set a diversity target for the overall workforce which is met with varying levels of success. While most organisations indicated that it is difficult to meet diversity targets in some geographical locations, they do expect broadly that the complement of new employees from a recruitment campaign will reflect their overall diversity targets.

19 The number of leavers within 12 months of being recruited

Department	Percentage of staff that leave during the first 12 months
Ministry of Justice	52
Ministry of Defence	28
HM Prison Service	23
Department for Work & Pensions	20
HM Revenue & Customs	16
UK Border Agency	14

Source: National Audit Office analysis of departments' data submissions

NOTES

1 Department for Work & Pensions and Ministry of Defence figures calculated using the percentage of staff joining in 2006-07 that left the organisation within 12 months.

2 HM Prison Service, HM Revenue & Customs and UK Border Agency figures calculated using the number of leavers in 2007-08 with less than 12 months service as a percentage of new entrants in the same period.

3 Ministry of Justice figures calculated using the number of staff who left in 2007-08 as a percentage of those recruited in the same year.

16 Chartered Institute of Personnel and Development annual survey report 2008: *Recruitment, retention and turnover*.
17 Call Centre Association research.

PART THREE

How to improve the efficiency and effectiveness of recruitment processes

3.1 This part of the report examines how to improve external recruitment. It draws upon detailed analysis of recruitment processes at HM Revenue & Customs and Ministry of Justice to identify potential improvements that all government organisations could make to improve the value for money of recruitment.

Improving the recruitment process

3.2 Our analysis in the preceding chapter shows that the main issues preventing government organisations from seeking better value for money in the way they recruit are:

- Recruitment takes too long.
- Recruitment uses too much staff resource (and therefore costs too much).
- The quality of recruitment could be improved.

3.3 Our detailed analysis of the recruitment process at HM Revenue & Customs and the Ministry of Justice identifies key changes that organisations can make to address the main issues preventing value for money from recruitment and provides solutions which could also be relevant to other organisations (**Figure 20 overleaf** and Appendix 1). Implementing these solutions could deliver potential efficiency improvements of up to 68 per cent by reducing the internal staff cost and the cumulative time to recruit new staff. Overall there are three key actions that central government can take to improve their recruitment processes:

- Make better use of recruitment demand data.
- Improve resource utilisation.
- Incorporate more standardisation.

Using demand data

3.4 It is important for an organisation to understand the annual patterns in demand for new staff so that it can accurately allocate resource to its recruitment activity and allow for flexibility to respond to changes in operational requirements. For example if an organisation unexpectedly takes on new responsibilities due to changes in legislation, there may be an unplanned need for new staff. Departments need to understand the reasons behind variations in demand for new staff and determine how much of the demand for new staff can be predicted. They need to analyse historical data, such as the number and type of vacancies, the numbers of staff recruited and when peaks occur in recruitment activity during the year. For example our work with HM Revenue & Customs and the Ministry of Justice showed that both organisations experience peaks in demand for external recruitment at the beginning of the new financial year, in October and January. Organisations can use historical data to forecast and model the likely demand for new staff in the coming year. Understanding the factors that influence demand will lead to more accurate forecasting and improved workforce planning.

3.5 For high volume demand for staff, for roles such as for generalist administrative roles at HM Revenue & Customs' call centres, continuous rolling recruitment campaigns may be an effective way to manage recruitment. They enable the organisation to recruit candidates in advance of its need for new staff to secure a constant supply of suitable candidates, improving response times and reducing the burden on recruitment staff by minimising peaks in workload.

Improving resource utilisation

3.6 Organisations need to record staff time accurately to inform their resource planning and to provide visibility of the true costs of recruitment activity. As time from non-recruitment team staff is not usually recorded against recruitment, organisations may understate the resource requirements when planning for future recruitment activity. A lack of effective resource planning and short notice of demand for new staff also creates capacity issues for the recruitment team. Improving the utilisation of staff involved in recruitment can increase capacity to do more work and reduce the dependence on supplementary resources.

20 The main changes in approach to improve recruitment at HM Revenue & Customs and the Ministry of Justice

Proposed change	Description
Workforce planning	Joint working between business and recruitment teams to agree high level annual plan for recruitment and to aid effective resource planning for recruitment teams
Continuous recruitment cycle	A rolling cycle of recruitment for high volume, or generalist roles, where there is consistent high demand using a continuous programme of adverts and interviews
Supermarket of available successful candidates	Recruiting candidates in advance, based on knowledge of the likely demand on a geographical and role specific basis, so that vacancies can be filled more quickly
Standardised materials	Using templates for job descriptions, person specifications, vacancy adverts and standardised selection checklists and guidance packs for interview panels
Online processes	Downloading application forms, self service booking for interviews and online testing for early stages of recruitment
Early sifting	Using 'killer questions' upfront to sift out ineligible candidates early in the recruitment process
	Realistic advertising and information to allow candidates to self-select (for example evening shifts required)
Telephone interviews	Using standard interview scripts, with interviews recorded for audit purposes, for volume recruitment and appropriate roles
One day assessment centre	Providing a 'same day decision' and removing several steps in the process such as separate days for interview, skills testing

Source: Annual Reports

NOTE
HM Revenue & Customs already uses online processes and killer questions for its generalist recruitment.

3.7 Organisations can identify the most efficient way to deal with applications by analysing the amount of effort required to progress candidates to the next stage and assessing the success rate of applicants at each step in the process. Further efficiencies can be achieved by making the process step less costly in addition to dealing with fewer candidates. Organisations can match the appropriate amount of resource to the role. For example for a general administrative role a telephone interview may be sufficient, as proposed by HM Revenue & Customs for some of its high volume recruitment, but more resource might be appropriate when recruiting for a higher grade management role.

3.8 Different roles attract candidates that exhibit specific types of behaviour **(Case example 1)**. The type of candidate influences how individual steps are carried out in detail and affects the efficiency of recruitment. For example the Prison Service finds that vocational roles such as Prison Officers attract a candidate that is prepared to wait for the opportunity to join the service. It is a very different type of behaviour to that exhibited by candidates for high volume generalist posts, for example in contact centres. These candidates are less likely to be attracted for vocational reasons and are more likely to be actively looking for a number of employment opportunities at the same time.

CASE EXAMPLE 1

How HSBC segments candidates

Many people who apply to work for HSBC either already bank there or are potential customers. Therefore HSBC recognises that a bad experience during the recruitment process could impact negatively on its reputation. For this reason the bank puts considerable effort into the experience of applying for a job. HSBC segments potential candidates based upon their likely behaviour and uses this understanding to develop a more appropriate recruitment process. Text messaging is often used as part of an online recruitment system to arrange the next part of the process for younger applicants, with more personal, one to one discussions, used for senior appointments. The bank uses data to identify and target potential employees for particular roles, for example raising young candidates' awareness of mass recruitment drives through text message alerts.

Source: National Audit Office

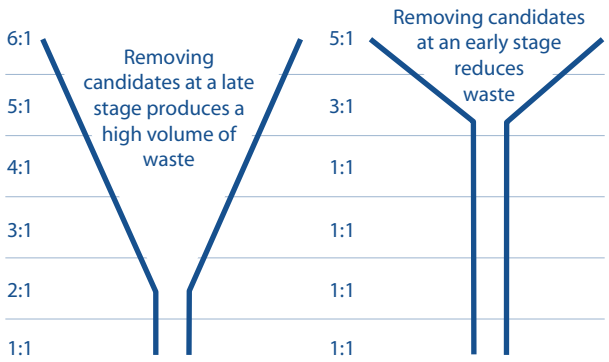
3.9 Collecting and using metrics such as the cost of processing a candidate through each stage, and identifying the most effective way of removing unsuitable candidates as early as possible, will improve the efficiency of the process **(Figure 21)**. The Prison Service has achieved faster assessments at lower cost by using online tests to sift out unsuitable candidates at an early stage, which is quicker and less costly than if every applicant was required to attend an assessment centre. In its January 2008 campaign for Prison Officers, 52 per cent of eligible applicants did not progress to the assessment day because of failure or non-completion of the online test.

3.10 In addition to understanding the resource requirements of the recruitment process and the annual demand for new staff, organisations also need to understand the cumulative effect of concurrent activity. Our analysis of the profile of staff effort shows that the pattern of demand for recruitment activity overloads staff at certain stages in the process. Multiple campaigns can amplify that effect and, when unplanned, these campaigns can demand resources at the same time putting pressure on staff and increasing response times. Organisations can reduce the burden on staff and make it easier to plan resource requirements over the year if they can use and link their management information on overall recruitment demand, candidate numbers progressing through each stage, staff cost and resource utilisation profiles within and across campaigns.

21 The progress of candidates through stages of recruitment

Organisations can make their process more efficient by identifying how to remove unsuitable candidates from the recruitment process as early as possible and reducing the amount of effort required to process applicants.

Ratio of unsuccessful to successful applicants at each process step



Source: National Audit Office

Standardising the process

3.11 The process analysis workshops with HM Revenue & Customs and the Ministry of Justice identified parts of the process that were not performed in standard ways. They also highlighted widespread duplication in forms and information requests and a lack of standard templates for job descriptions and advertisements which resulted in further duplication of work. Additionally, as most of the organisations are large and regionally dispersed, local offices had developed their own processes.

3.12 Standardising and simplifying as much of the process as possible helps candidates to flow more smoothly between process steps, and improves quality and consistency. For example the Ministry of Justice's proposal to make more use of online as opposed to manually issued candidate application packs reduces the waiting time between initial enquiries from candidates and the receipt of an application pack through the post and ensures all applicants receive the same information in a consistent timeframe. The process is also more visible for staff and candidates when templates and guidance are available at each stage. There are opportunities for organisations to review and rationalise all documents to ensure only necessary information is collected. Organisations can develop templates for Job descriptions and person specifications which recruiting managers can amend for their own specific requirements. Guidance for interviewers, candidate information packs and recording the output of assessments and interview panels are also areas where standardisation of materials can improve the quality and efficiency of the process. Both HM Revenue & Customs and the Ministry of Justice identified that standardising the supporting materials such as the templates for job descriptions, person specifications, vacancy adverts and selection checklists and guidance packs for interview panels would improve the consistency in the approach to recruitment, provide better clarity of the expectations placed on those involved in the recruitment process, including interviewers and candidates, and also help to reduce the overall cost and length of time to recruit.

Measuring and improving effectiveness

3.13 Assessing the process using one indicator, such as the number of leavers after 12 months, provides an insight into the effectiveness of the process from one perspective. Organisations can improve their understanding and continually improve the quality and effectiveness of their processes by adopting a rounded set of measures and monitoring them on an ongoing basis. An assessment of employee performance after the initial probationary period and at their first appraisal would measure how well they have achieved their objectives and gives a better indication of their suitability and effectiveness in the role and fit with the organisation. Other measures could include the level of training that candidates require post appointment, performance of candidates in training examinations and candidate feedback on the recruitment process itself.

3.14 Alongside monitoring indicators of effectiveness, it is important that organisations use this information to improve the process. Some organisations collect data on a local or campaign basis such as candidate feedback and surveys of recruiting managers, but this information is not often used to make improvements. One example is the UK Border Agency's recent campaign to recruit immigration officers, where it responded to concerns from recruiting managers on the calibre of candidates by introducing a more rigorous assessment centre. It found that it could directly correlate the improved assessment procedures with a higher quality of candidate as the new recruits scored highly in mandatory training examinations.

3.15 A rounded measure approach is used by both HSBC and Toyota which includes the key measure of 'time to productivity' which assesses the time required to progress a new recruit to a satisfactory level of performance. HSBC and Toyota use information on effectiveness to continually improve the quality of their recruitment processes as they consider it will also lead to lower costs in the long run as staff who are the right fit for the organisation will perform well in training and will stay in the role. It will in turn lead to savings in time and improved morale of existing and new staff. A basket of measures that include cost, quality, time and an assessment of the morale of staff can provide a more objective view of the effectiveness of recruitment and feed into its continuous improvement.

Applying the solutions to central government

3.16 The commonality of the issues across all six case studies and the applicability of the proposed solutions to both HM Revenue & Customs and the Ministry of Justice indicate the potential for all of central government to assess their own recruitment processes and implement the proposed solutions. The work with our case studies shows that organisations have already successfully adopted some of the proposed solutions such as UK Border Agency which has adopted online testing to assess likely success at assessment centres and the Department for Work and Pensions which has introduced mock work scenarios to more accurately test the skills required for the job **(Case Example 2)**. HM Prison Service has piloted many of the proposed solutions in its Prison Officer recruitment process, including standardising documents, the use of e-recruitment and the application of process improvement. These improvements are currently being rolled out by HM Prison Service to all external recruitment.

CASE EXAMPLE 2

How Toyota UK makes candidate assessments as realistic as possible

Toyota views long term employment as a key asset to its business. The company had established that a significant level of staff turnover was due to candidates proving to be a poor fit with work in an assembly line environment. To limit the cost and effort spent hiring and training these candidates, Toyota developed a system to test potential applicants in as realistic a way as possible by inviting them to a simulated work day, even requesting that candidates arrive at a normal start time in order to experience commuting during rush hour. Each candidate is asked to perform the tasks required for the job on a mock assembly line. The assessment lasts an entire day in order to expose candidates to the physical demands of the job and allow them to decide if the work would suit them. Progression to the interview stage of the recruitment campaign is determined by how accurately and how fast candidates perform each task. Toyota UK have tested this approach by asking existing staff to undergo the assessment, therefore ensuring that the "pass mark" is set at the correct level.

Source: National Audit Office

3.17 In addition to the action required by the recruiting organisations, some of the proposed solutions require the support of central organisations including the Cabinet Office to provide clarity on policy issues or best practice across government, with input from the Civil Service Commissioners. For example there is inconsistency in how organisations apply policies on conditional offers. Some organisations do not use conditional offers, while others use them based on a risk assessment of the role in question and the likely employee access to sensitive information. While conditional appointments are unsuitable for a number of roles which require a specific level of security clearance, offering jobs on a conditional basis for some roles can remove the waiting period for pre-employment or security checks and fill vacancies more quickly. A consistent and clear message from the centre on how organisations can best apply conditional offers would help departments to effectively implement the policy in their own organisations.

3.18 A core part of the proposed solutions is the use of rolling recruitment campaigns where the volume of required recruitment justifies this approach and is a further example of where cross government clarity and advice is required. There was uncertainty within some of the organisations that we worked with as to whether this would meet the requirements of the Civil Service Commissioners code of fair and open competition. We tested all the improvements we have identified in Appendix 1 with the Civil Service Commissioners who agree that they are compliant with the existing Recruitment Code. The replacement to the current Code is expected to provide a degree of clarification, though as a principle-based document the onus will continue to be on departments to ensure that their processes are compliant.

Potential benefits

3.19 The improvements identified in Appendix 1 are opportunities for all organisations to improve their service delivery, regardless of whether all, part or none of their recruitment activity is outsourced. These are potential improvements only and do not include any implementation costs such as new capital, staff changes or the costs associated with implementing an organisation-wide change programme. Implementation costs will range from minimal for a simple change to significant for those changes that are associated with new IT systems and major organisation restructures. Successful process changes may also require changes in management approach, behaviours and practices to achieve and sustain the proposed improvements. In addition, as the recruitment system is dynamic, the cumulative impact of the potential changes could be less than the sum of the individual parts.

3.20 Our analysis estimates the potential benefits and ease of implementation for each of the major proposed solutions and suggests that there are a number of improvements which can be relatively easy to implement or achieve a high impact. The applicability of the proposed solutions to all central government organisations will depend upon existing levels of recruitment maturity and the type of recruitment undertaken. Based on our assessment of the potential benefit from changes in the overall approach to recruitment and in detailed process steps at HM Revenue & Customs and the Ministry of Justice we estimate the proposed changes could reduce internal staff costs by up to 68 per cent and the cumulative time to recruit by up to 60 per cent. If we are to assume that similar improvements can be achieved in most central government organisations, the potential internal staff saving across central government could amount to around £35 million for high volume, generalist recruitment. The ease of implementation will be different for each organisation depending upon its size, complexity and its degree of recruitment maturity, but all will be able to deliver improvements.

APPENDIX

Summary of opportunities to improve external recruitment

Type of concern	Issue	Impact
Time	A lack of strategic level demand management and workforce planning does not give enough lead time to recruit staff into vacant roles. The forecasting of likely demand is poor and is not always made visible to recruitment teams. Recruitment becomes reactive.	Candidates are not available when recruiting managers need them. Roles are vacant for longer than necessary which can have an impact on service to the organisation's customers. Recruitment teams are overburdened by being asked to fulfil unplanned recruitment drives.
Time	It takes too long to set up campaigns (new adverts and job descriptions are written each time) and for security clearance.	Recruiting managers have to wait longer for vacancies to be filled. Candidates lose interest or find another job. Candidates get a poor perception of the organisation.
Cost	Parts of the recruitment process are too resource intensive. For example setting up campaigns, sifting applications and interviewing applicants all consume too much staff time.	Staff complete unnecessary work. Too many people, or too highly skilled staff, perform roles in the recruitment process. The cost of non-recruitment team staff time for recruitment activity is often lost within the costs of the day job.
Time / Cost	Unsuitable candidates are processed through the recruitment process for too long. Unnecessary time and effort is consumed.	Recruitment teams and other staff in the organisation waste time dealing with candidates who are unlikely to be successful.
Quality	Interview panels are conducted inconsistently within an organisation. Local offices develop their own ways of working or alter the standard process.	Candidates experience regional variations. The organisation does not have a consistent approach to tracking a recruitment exercise and judging success.
Quality	Candidates are not always assessed against the qualities and competencies required for the job and do not get a proper insight into the organisation or the job.	Recruiting managers receive candidates that are not suited for the role. Candidates leave as the role is not what they expected.

Solutions	Level of benefit	Ease to implement
Implement **better workforce planning** to understand and level annual demand for recruitment. Improve the collection and use of management information to support demand planning.	High	Hard
Use regional and role-specific demand data so that candidates can be recruited in advance and are ready to join the organisation nearer to the time they are needed.	High	Medium
A continuous **rolling recruitment** campaign to meet a more level demand profile.	High	Hard – Medium
Introduce and use **standard adverts and job descriptions**.	High – Medium	Medium – Easy
Use demand data to recruit candidates in advance so that they are through the security checks by the time the recruiting manager needs them.	High	Medium
Use **conditional appointments** to offer roles prior to completion of security checks.	High	Easy
Introduce and use standard adverts and job descriptions.	High – Medium	Medium – Easy
Use the appropriate amount of resource for the role being recruited (for example **use 1:1 interviewing** for generalist roles). **Use telephone interviews** where telephone skills are key to performing the role effectively. Also consider using recruitment teams to assess candidates. Adopting these approaches must be balanced against the requirement that decisions taken to hire staff are made by two people, either in person over the course of the entire process or through appropriate sampling checks of interview recordings. Ensure that appointments are made on merit and on the basis of fair and open competition and in line with equal opportunities legislation.	High	Easy
Record non-recruitment team staff time accurately to improve visibility of the true recruitment costs.		
Sift earlier in the process using killer questions to knock out unsuitable candidates and reduce the effort processing their applications.	High	Easy
Issue and use a **standard guidance pack** for panel members. Use a standard checklist to ensure that the necessary information is given and received from the candidate.	High	Easy
Systematically collect and record the output from the interview panel including, for example, candidate ratings against each of the assessment criteria.		
Assess candidates on the skills required for the **job using real scenarios**.	High	Hard
Assess candidates **using real scenarios at the location where the job is based**. Candidates can build a picture of what it will be like to work for the organisation in the proposed role including the expected commute.	High	Hard

Printed in the UK for the Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office
6044468 02/09 7333

Recruiting civil servants efficiently

A report by the Comptroller and Auditor General

Published by TSO (The Stationery Office) and available from:

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ISBN 978-0-10-295461-6

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