

2025-26 PUBLIC SECTOR RECRUITMENT REPORT

Can AI Solve the Ongoing Budget Constraints in Talent Acquisition?



Foreword

As public service people professionals, we've long recognised the pressures on recruitment due to budget challenges. These pressures remain real and acute. But as this report shows, the issue is no longer just about money — it's about people. Or rather, the lack of them in a world where talent scarcity has become the norm.

AI offers exciting opportunities to improve processes in a crowded market, and I welcome the insight and thinking this report provides. Used well, these tools can free up time, reduce inefficiencies and make better use of the data we already have. But as we turn to automation, we must also ask: are we doing enough to reimagine the work itself? Are we creating roles that attract and retain talent, not just filling vacancies?

This moment calls for a more holistic reset. That means designing jobs that are flexible, fulfilling and future-ready. It means breaking out of rigid role definitions and rethinking what “qualified” really means. And crucially, it means transforming how we attract, assess and value people — from how we write job descriptions to how we welcome new starters.

Technology can be a powerful enabler, but the challenge and the opportunity is broader. The public sector needs not just more efficient hiring, but better jobs and better pathways into them. That's a conversation for all of us — from HR leaders, to managers and policymakers.

This report is an important contribution to that dialogue. I hope it inspires further discussion. Not only in how we use AI, but in how we reshape our workplaces for the people who power them.



Pam Parkes,
President of the PPMA



Introduction

In 2024 we ran a survey that revealed a high level of concern over budget constraints on public sector recruitment. Although the results were somewhat expected, it was surprising and even a little worrying just how many were affected and how negative the outlook was among public sector recruiters and hiring managers. Just over half of all respondents said that staffing challenges, in their view, were leading to organisational failure.

Since last year's survey, there have been no developments in the UK economy to suggest that the public sector's previously reported budget constraints have been resolved. But we were always intending to run the survey again in 2025 (along with some new questions around AI implementation) to see if this trend was continuing or if there were any reasons for optimism.

During May 2025, we, alongside membership association for public services people professionals, [PPMA](#), invited public sector workers, primarily in healthcare, education and government, to answer a series of questions related to their talent acquisition practices and experiences. The results — revealed in this report in full — were surprising.

What we found was that, although budget limitations are still a major issue for public sector organisations, they are no longer the most pressing concern. That position has been taken up, instead, by the challenge of unfilled vacancies, a lack of qualified candidates and talent scarcity.

This is a good reminder of the value of repeating these surveys annually. No matter how well we have our finger on the pulse of the industry, there is always value in speaking to the people that inhabit the public sector and finding out what's actually happening on the ground.

So, what are we to make of this shift in sentiment? Is this the natural consequence of long-term budget restrictions, or is something else happening?

One of the areas we were keen to explore this year was the adoption of AI. In last year's survey, only 4% of respondents indicated that they were "Using AI/machine learning to speed up and strengthen hiring decisions." We were hoping to see an increase in AI use over last year's results (we are a tech firm, after all) so added some new questions to dig deeper into this area.

What we discovered was that, not only is AI adoption up, it appears to have accelerated faster than we could have anticipated.

Is this a sign of better things to come for public sector recruitment? Or is AI adoption already creating a shift in methodologies and outlook?

We explore these questions in this report, but ultimately we encourage you to review the survey results on the following pages and make your own judgment. Because one thing's for sure...

It's no longer a question of *whether* AI will become a standard recruitment strategy across the public sector. It's a matter of when. And for many, their journey into AI adoption is already well underway.

What are your top three resourcing challenges?

The obvious conclusion is that **budget constraints have made it harder to find talent and fill vacancies**, and that this is the expected development of long-term cost-cutting. But it's still significant that budget constraints has fallen from the top spot, even if only by a few votes. Connecting unsatisfactory outcomes with a lack of funds is a reasonable conclusion in this instance. So, the fact that this has dropped to second place may suggest that people are starting to recognise that there are some hiring problems that even money can't fix.

Another possibility for this change could be related to a long-term inability to fill roles in the public sector, leading to ever greater competition, and the observation that **there is a talent shortage**.

"Lack of resource within the team" was identified by almost a third of respondents. This is connected, no doubt, to budget constraints, but is noteworthy because it's a challenge that can most definitely be ameliorated through AI automation (more on this later).

"Getting the right technology/systems implemented" has moved up to fourth place. This, we believe, is fairly easy to understand. The pressure to adopt new recruitment tech, such as AI, is increasing, but inevitably organisations are running into the usual problems around replacing legacy technology, such as slow procurement processes, difficulty getting stakeholder buy-in and, of course, budget limitations. For those that recognise the importance of using the current wave of new tech to stay competitive, this is going to be an obvious frustration.



It's also worth noting that "Poor candidate experience" has jumped from ninth last year, to fifth this year. This also likely relates to the challenge of getting the right technology. There are superb resources and tools available now that have transformed the quality of the candidate experience. As public sector recruiters observe what is now possible and how their competition might be outflanking them, they will become increasingly aware of the limitations of their existing setup.



Budget constraints have made it harder to find talent and fill vacancies"

RECOMMENDATIONS

- ✓ Tackle the competition by improving the employer value proposition you offer or better highlighting what you already do well. The stability of public sector work and the satisfaction of public service is something the private sector struggles to match.
- ✓ Broaden your candidate search by focusing on skills over previous roles, or specific qualifications. A sharp, enthusiastic new hire can often get up to speed very quickly and negate the problem of limited experience. Oleeo's **SkillsAssess** tool can help with this by using AI to identify candidates who match the skills you're looking for.
- ✓ Look for technological improvements to your candidate experience that can be implemented cost effectively, quickly, and easily without the need for an entire system overhaul. **OleeoQ**, for example, is an AI-powered chatbot that is trained on your own resources and FAQs and can instantly respond to candidate questions in natural language.

How are you currently trying to make your recruitment more efficient?

Internal mobility and talent pipelining are still the most popular routes, doubtless because they offer significant cost savings over external hiring. But the big takeaway here is that use of AI and machine learning to improve efficiency has increased, from 4% last year, to 39% in 2025.

This is arguably the most significant shift in this year's survey, representing an increase of more than 1000%!

Yes, AI adoption is increasing quickly in all areas of industry, private and public, but this is still an extraordinary shift and validates our decision to introduce new questions into this year's survey around the subject of AI.

Beyond the trend for using AI to improve efficiencies in the workplace, this abrupt adoption may be a result of budget constraints pushing people down this route out of necessity.

AI isn't just a convenience, it's also a money-saver, allowing you to do more with less.

Finally, it's worth noting that "Embedding good practice" has dropped, from second place in 2024, to eighth place in 2025. When you have limited funds, it makes sense to explore areas that can be improved with minimal or no financial cost. Does the fact that this has moved down in priority indicate that the focus is further shifting toward tech?

Maximising internal mobility (e.g., staff progression and retention schemes)



Using data to drive automated processes



Talent pipelining and building talent communities



Automating candidate nurturing through candidate relationship management systems



Using AI/machine learning to speed up and strengthen hiring decisions



Automating and streamlining pre-employment checks



Using operational dashboards to create reports (e.g., board reports and status updates)



Embedding good practice to guide recruiters and hiring managers

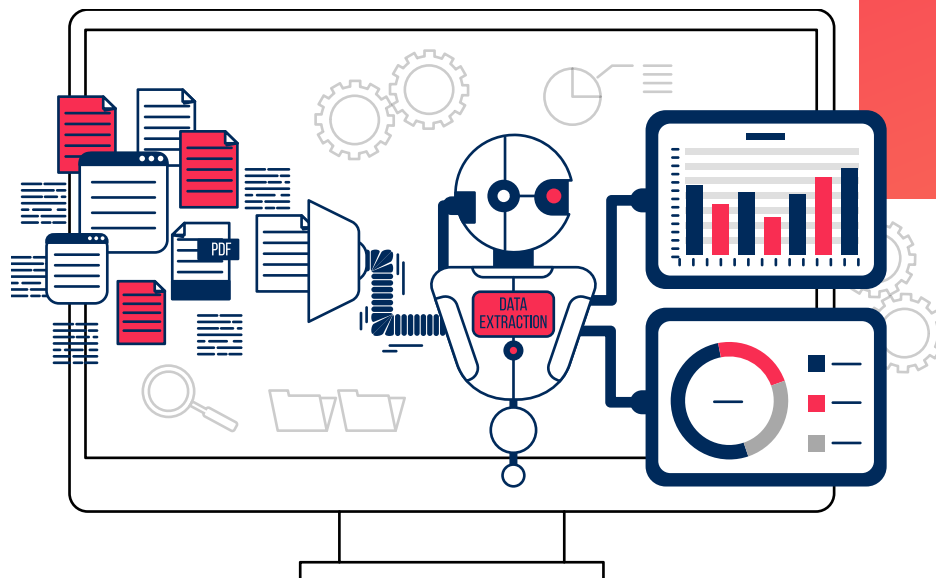


Using tools to support de-biasing



RECOMMENDATIONS

- ✓ Invest in AI. It's no longer a "nice to have" but essential to keep up with modern recruitment expectations.
- ✓ Don't ignore "good practice". If what you already do is working well, AI should enhance this, not replace it.
- ✓ Get feedback from candidates to find out what's working, what isn't and, crucially, where you didn't meet their expectations in terms of application, interviewing and onboarding processes.



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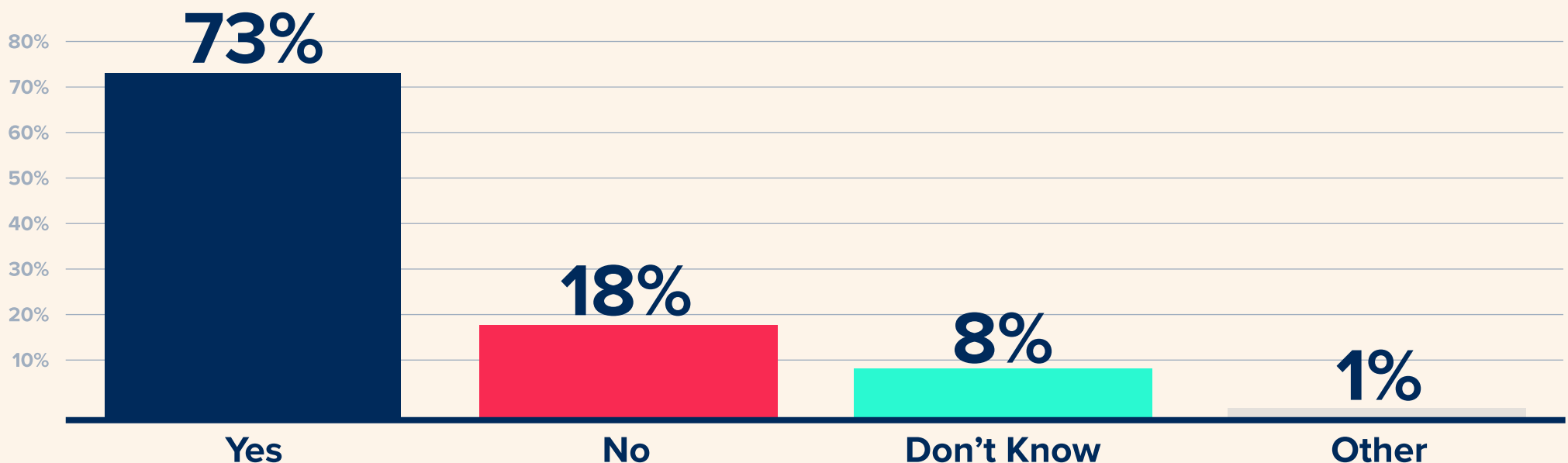
Do you believe staffing/people challenges are leading to organisational failure?

This is the gut punch question that no one in the public sector really wants to ask. And worryingly, the “Yes” response has increased significantly, from 58% in 2024, to 73% in 2025.

To put this in stark terms, almost 3 out of 4 public sector recruiters believe staffing challenges are so fierce that they’re heading towards organisational failure.

We still believe that AI adoption is going to be helpful in tackling this problem. But if use of this tech has increased AND even more people still believe they’re heading towards disaster, they’re either not yet seeing the benefits of the AI or they believe the problems are more deep-seated.

Whichever way you cut it, public sector recruiters are clearly struggling to resolve this problem.



RECOMMENDATIONS

- ✓ Treat recruitment as a strategic risk, rather than a mere function. This might require “speaking truth to power”, but if you believe the problem is a serious one, make sure the people who have the authority to prioritise recruitment are aware.
- ✓ Upskill hiring managers to improve their ability to find the right candidates with the tools you already have. This can be done through training and you should encourage all hiring managers to participate, even if they’ve been in the role for many years.
- ✓ Prioritise improving recruitment infrastructure and long-term pipelines. Oleo’s **SkillsAssess** tool can help with this because it has the ability to help you pinpoint exactly which candidates have the skills you’re looking for.

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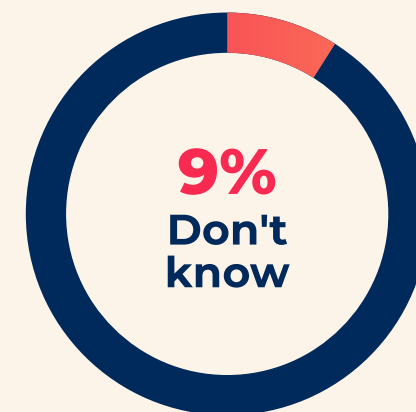
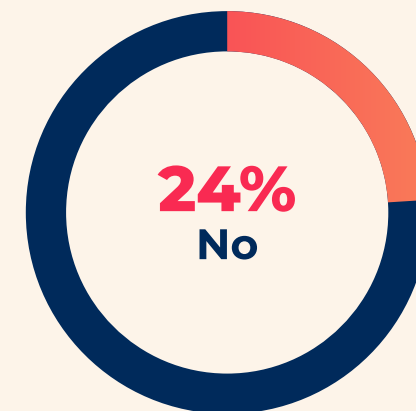
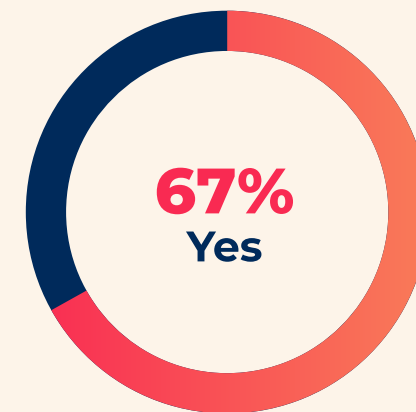
Are you currently using AI within your recruitment process?

This further confirms our view that AI adoption is rapidly increasing. Although there's no directly comparative question in the 2024 survey, if only 4% were using AI for efficiency, it stands to reason that if we'd asked this exact question the "yes" response would have been considerably lower.

This might be a reflection of how much recruitment tools have matured in the last year or two. No longer something to be viewed with cynicism or a "wait and see" attitude, **AI in recruitment is now a proven, reliable resource that is becoming increasingly affordable.**

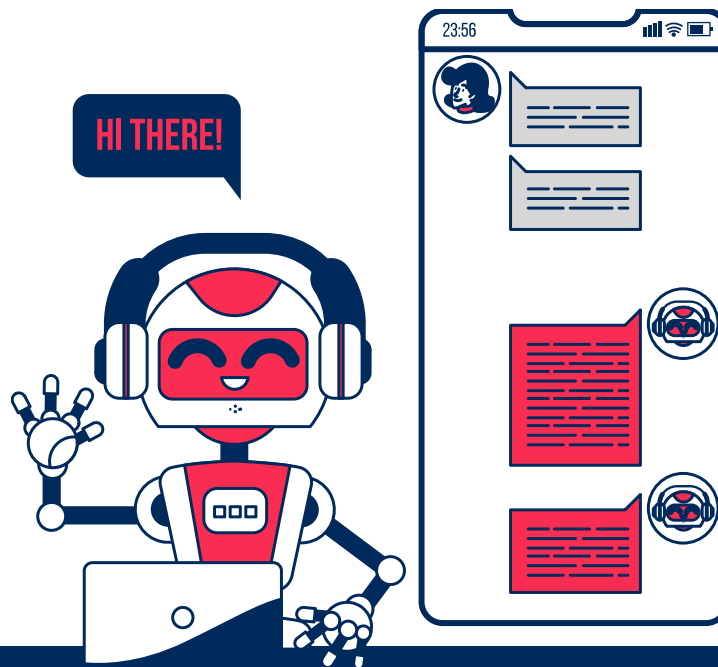
Of course we shouldn't get carried away. 67% still means that a third of respondents have yet to adopt AI in any meaningful way.

It's interesting that 9% said they "don't know" if they're using AI as part of their recruitment. It could simply be that some of the respondents aren't familiar with the entire hiring process and so don't feel able to say definitively one way or the other. Or it could be that people are still finding it hard to define exactly what classifies as AI.



RECOMMENDATIONS

- ✓ If you're already using AI as part of your recruitment process, schedule an audit to check for bias issues and to ensure transparency (the next question in the survey demonstrates why this is so important). It's also important to measure the outcomes of the new tech you're using to be sure it's providing the desired benefits.
- ✓ If you're yet to experiment with AI, start with something easy to employ and test. As previously mentioned, candidate FAQ chatbot, **OleeoQ** is a great, low-risk way to dip your toes in the waters.



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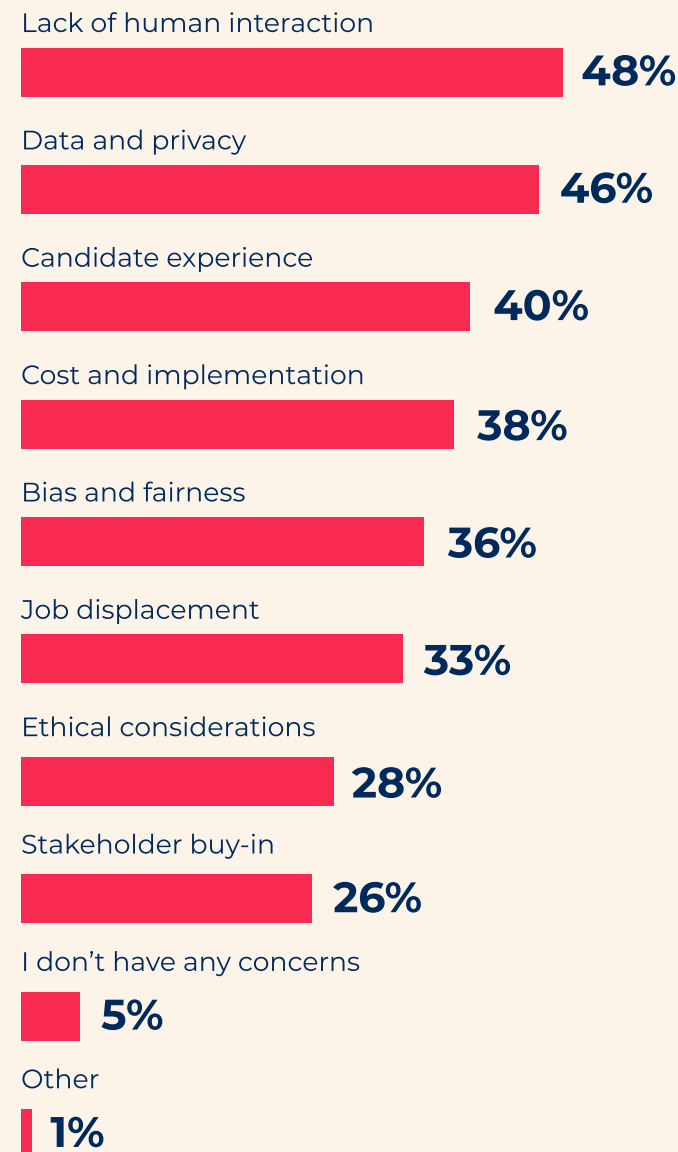
What are your biggest concerns around the use of AI in public sector recruitment?

That only 5% of respondents are confident enough in AI tech not to have any concerns isn't entirely surprising. It's fair to say that AI adoption is perhaps happening faster than people's ability to become comfortable with the changes and consider all the ramifications.

The top concern was "Lack of human interaction", selected by almost half of all respondents. Some of that could be down to misunderstanding the way in which **AI complements the personal touch rather than replacing it**. Remember that around a third of people answering this question are not currently using AI so their concerns may be based on supposition rather than experience.

Another possibility for this being the main sticking point is that public sector work is often, by its very nature, very human-centric. Hiring managers in the public sector, at least for the time being, may find it harder to make their peace with automation than the private sector.

"Data and privacy" is almost as popular a response, selected by 46%. This is a reasonable concern to have because, even though AI tends to be designed with these considerations in mind, the public sector can't afford to be lackadaisical in this area. It's right that they scrutinise this carefully and take nothing for granted.



RECOMMENDATIONS

- ✓ AI recruitment tech isn't intended to replace the work that hiring managers do. **The human element in recruitment remains paramount.** While AI handles the heavy lifting and the repetitive tasks, recruiters are freed up to focus on building genuine connections with candidates and making those crucial, nuanced hiring decisions.
- ✓ Provide candidates with an AI policy statement that outlines the data you're gathering, how it's stored and how it's protected. This will help both the employer and the candidate to feel more confident with the process.
- ✓ Work only with AI providers who understand UK public sector data obligations. [Oleeeo](#), for instance, is the leading provider of recruitment tech to the UK public sector, and is this year celebrating its 30th birthday. We're well-equipped to help public sector recruiters handle their statutory requirements. For more information on AI Governance, you can read our guide [here](#).



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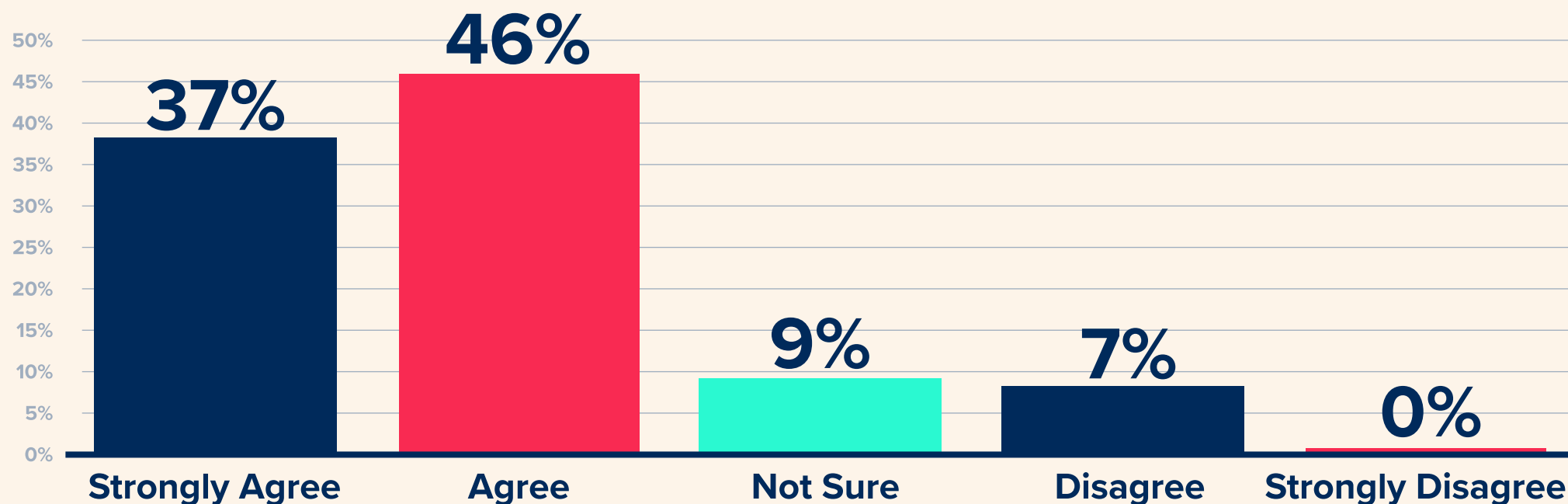
Budget reductions have hindered our ability to recruit new staff

The percentage of people who broadly agree with this statement is down only slightly on last year (83% versus 86%), but more significantly the percentage who “strongly agree” has dropped from 56% to 37%.

In other words, overall opinion hasn’t really changed, but the intensity of the sentiment has decreased.

It may be that budget constraints have been in place for so long that hiring managers have simply become accustomed to the state of play. But it could also be that there is greater awareness of other challenges that are coming to the fore.

If a talent shortage is now seen as more significant than budget constraints (see Q1) this might explain why a lack of funds is not as pressing a concern.



RECOMMENDATIONS

- ✓ Double-down on internal mobility. It's a great way to cut through the talent shortage, reduce hiring costs and improve internal morale. Implementing training and coaching to help your employees develop is the smart move.
- ✓ Invest in cost-effective, high-impact recruitment tech. With the right selection, your investment could pay for itself faster than you think. **Oleeo's AI-powered ATS** is a good place to start your journey.

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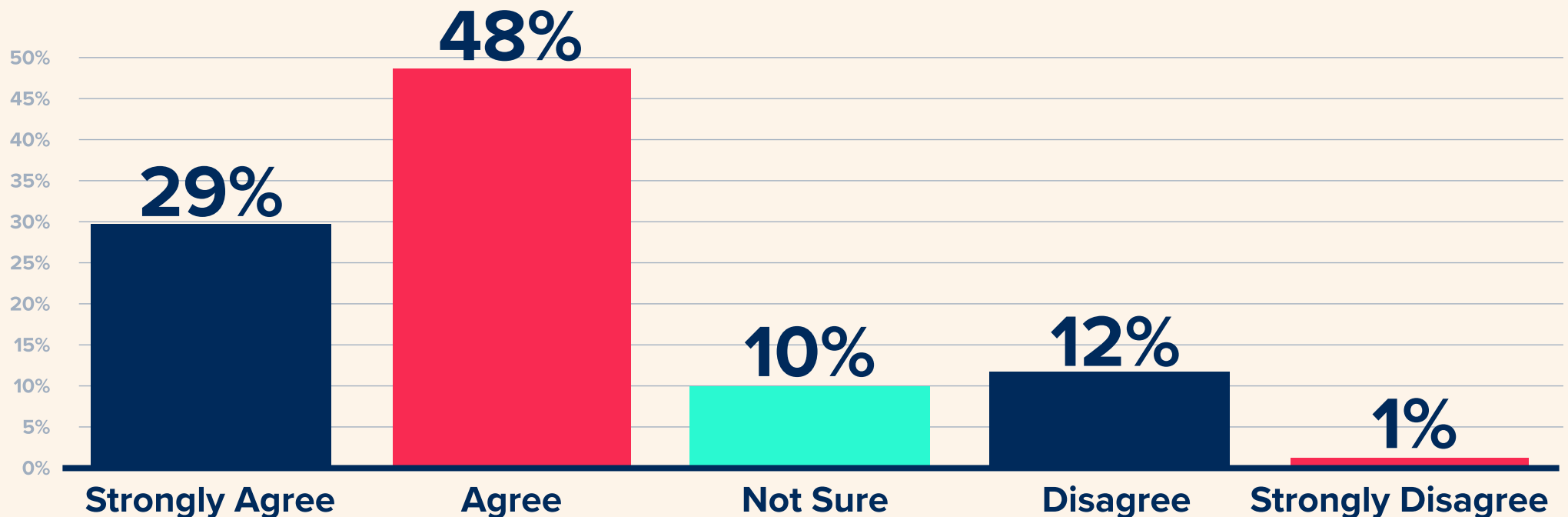
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We often find it difficult to find candidates with the right skills and qualifications

As with Q6, broad agreement with this statement is similar (77% in 2025 compared with 83% in 2024), but sentiment is less intense.

The difficulty in finding suitable talent may, as this survey has indicated, be a significant problem right now. But it should be noted that public sector employees often need highly specific skills at a level that isn't as stringent in the commercial sector. Strength of sentiment will likely fluctuate from year to year depending on current market conditions, but the challenge for hiring managers in the public sector has always been there to some degree and probably always will be.



RECOMMENDATIONS

- ✓ Broaden the definition of “qualified”. If you have the resources to train people on the job or expand the onboarding process you can quickly widen your candidate pool.
- ✓ Do you have an existing employee (or employees) who can be upskilled to handle the duties of a vacant role instead of finding an entirely new hire?
- ✓ In line with the first recommendation above, use technology to spot hidden talent. Oleeo’s **Candidate Navigator** tool uses pattern recognition to identify hidden diamonds in your candidate pool.



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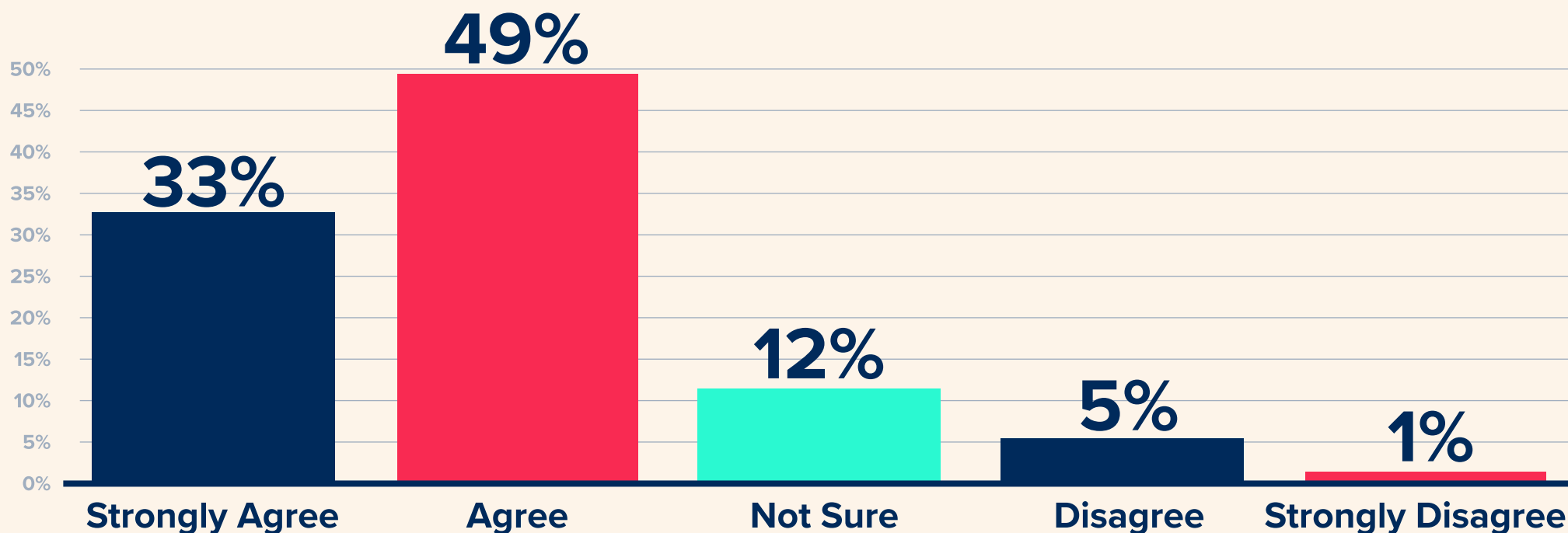
Budget cuts have impacted our ability to sufficiently advertise job vacancies

The link between budget cuts and a reduced ability to advertise job vacancies is a straightforward one. What's not so clear is why the number of respondents who agreed or strongly agreed with this statement has increased from 57% in 2024 to 82% in 2025. That is a sizeable jump.

One possibility for this shift is that job advertising budgets have been cut further since last year. This tracks because many organisations, when faced with a need to reduce

expenditure, make the oft-criticised decision to start by reducing the marketing and advertising spend.

A compounding factor could be that free job advertising channels are not working as well as they used to. A popular business social media platform has been suffering for a while with a high volume of spam job posts that are drowning out legitimate vacancies.



RECOMMENDATIONS

- ✓ Explore other free and low cost job advertising routes such as employee introduction incentives and partnering with local colleges.
- ✓ It may be necessary to face the fact that cutting advertising is not in the best long-term interests of the organisation. Consider other cost-cutting measures that won't impact your ability to hire essential personnel.
- ✓ Review Oleeo's **Multi Posting** tool which uses smart algorithms to select the best advertising channels for jobs, with built-in access to global online channels at a reduced cost. It also provides assistance in creating better-targeted job descriptions to help you attract the right person for the role.

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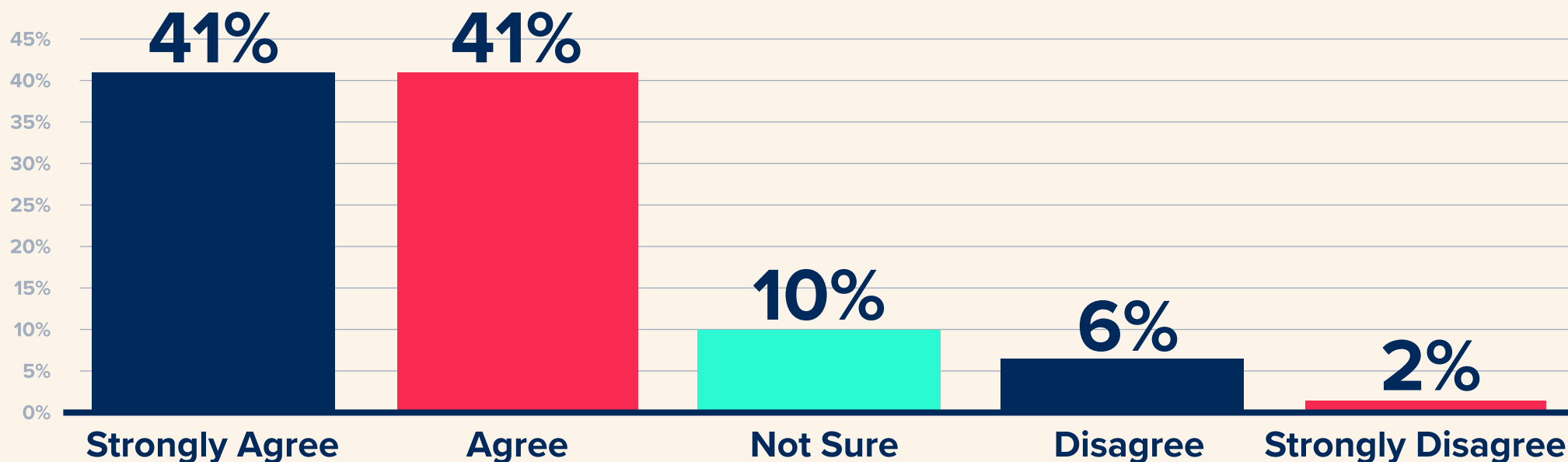


Our recruitment process is data-driven (online tests, video interview scoring etc.)

This is one final example of how quickly technology is shaping public sector recruitment. Last year, only 27% of respondents agreed with this statement. This year that number has ballooned to 82% — a 3x increase.

Some of this may be down to an osmosis-driven increase in understanding of what “data-driven” recruitment is. Hiring managers may have already been using related technology without realising that it comes under this category.

But the extent of the increase, coupled with the earlier statistic showing a marked increase in adoption of AI-based tools, strongly implies that these types of technological recruitment processes are now standard fare. We’ve seen this adjustment in the commercial sector, and it now appears that the public sector has almost fully caught up.



RECOMMENDATIONS

- ✓ Make sure your training programs for your recruitment staff have been updated to include effective and careful use of these tools. They're incredibly powerful but they need to be operated correctly to get the most out of them.
- ✓ Beware of turning your recruitment platform into a Frankenstein of assorted tech that winds up being held together with digital duct tape. Integrate new tools carefully and always look to future-proof where possible. **Oleeeo's ATS** is designed for high-volume recruitment, can be easily configured to public sector requirements and contains a suite of well-integrated, data-driven tools. Including AI automations, candidate screening, diversity promotion, and job post creation. Please feel free to [speak to Oleeeo](#) to arrange a demonstration.

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Modern Public Sector Talent Acquisition (5 Critical Trends)

There are a thousand “maybes” and “possibles” we can pull out of this report, but where possible we’ve tried to pin down some firm conclusions that you can actually use to make decisions over the coming weeks and months.

To start with, it’s unlikely that anyone would argue against the notion that the 2024 and 2025 surveys paint a picture of an evolving recruitment landscape. The problems themselves aren’t necessarily new, but their severity is. And the way in which public sector hiring departments are tackling these challenges, through tools such as AI, is unprecedented.

Budget constraints and talent scarcity issues are not going to substantially improve any time soon. Which means, in our view, that AI is no longer a luxury or a curiosity, but rather an indispensable tool for achieving more with less. **Pairing this technology with strategic adjustments to internal hiring and methods of candidate attraction are going to be critical to surviving a sluggish economy.**



With these highlights in mind, here are the five main takeaways from this report, and the practical steps we believe you should be considering to improve your recruitment outcomes:

1 Talent scarcity and skill gaps are more than just a budgetary issue

Key Action Step: Broaden your definition of “qualified” and leverage technology to identify untapped talent.

Oleeo Tools to Consider: Oleeo’s *SkillsAssess* uses AI to pinpoint key skills and estimate competency scores in applicant answers. This can, for example, help you find candidates that may have been overlooked because of a lack of specific experience but have a strong aptitude for learning new skills.

2 Investment in AI and automation can pay for itself very quickly

Key Action Step: If a complete replacement of outdated recruitment software is not currently an option, explore *AI-driven solutions* that will complement your core recruitment processes.

Oleeo Tools to Consider: Oleeo’s *ATS* is purpose-built for high-volume recruitment and is designed to be customisable for public sector hiring, potentially reducing time-to-hire by up to 50%. It automates repetitive tasks, freeing up valuable administrative time.

3 Poor candidate experience in the public sector is an ongoing concern

Key Action Step: Aim to improve your own candidate experience above that of your core competition to attract the best talent

Oleeo Tools to Consider: *OleeoQ* (candidate FAQ chatbot) handles up to 90% of routine candidate enquiries 24/7, providing instant, personalised responses. See how Police Scotland is benefiting from OleeoQ [here](#).

4 Budget cuts are impacting job advertisement reach and free tools are losing efficacy

Key Action Step: Even low-cost job advertising can cut out spam posting, so explore other cost-effective job platforms, and work on creating better-targeted job descriptions.

Oleeo Tools to Consider: Oleeo’s *Multi Posting* tool allows users to advertise the jobs to multiple external job boards at the same time. It also gives the user recommendations on where to advertise the job based on which job boards are providing the highest number of applications and which are giving the highest number of hires.

5 Data-driven recruitment can give you an edge, but will soon be essential just to keep pace

Key Action Step: Embrace data-driven strategies and tools, but be sure to create a robust *AI governance plan* for ethical and transparent use.

Oleeo Tools to Consider: All of our tools are based around Oleeo’s commitment to responsible and ethical AI. We know the industry and we know how to implement modern recruitment tools into your recruitment process that respect your internal and statutory guidelines.

About PPMA

The Public Services People Managers Association (PPMA) is the first-choice association for people professionals across public services.

For over 50 years, we have been the collective voice of a highly skilled, passionate, committed, and diverse public service Human Resources (HR) and Organisation Development (OD) community. We play a critical role in influencing key decision-makers and stakeholders involved in people management and workforce strategy — ppma.org.uk

Oleeo

About Oleeo

Oleeo provides talent acquisition technology to help companies attract, engage and hire amazing diverse teams. Using data-driven automation and machine learning, organisations can recruit smarter and more efficiently than ever before. Highly configurable to meet unique needs, Oleeo is trusted by many leading brands — oleeo.com

