From reactive recruitment to strategic workforce planning

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EXECUTIVE SUMMARY

Talent is called strategic. It isn't yet planned that way.

Most CEOs will say talent is a strategic priority, however few organisations seem to treat it that way.

CIPD's Resourcing and Talent Planning Report 2026, supported by Omni RMS, supports this view: 46% of organisations still take an ad hoc approach to recruitment, and only 19% calculate the return on their recruitment investment. Talent is treated as important right up until a role needs filling, and then it becomes urgent instead of planned.

The market has made that gap more expensive to ignore. Redundancies have risen sharply, employment costs and legislation are tightening, and AI is changing which skills an organisation will need next. Waiting for a vacancy before thinking about your workforce is no longer a safe default; it is a cost, a risk, and increasingly a competitive disadvantage.

This paper sets out what strategic workforce planning actually looks like for a growing SME, not a lengthy HR process, but a small number of commercial decisions made ahead of time. It covers where the discipline should sit in your organisation, what both the CIPD's research and Omni's consulting shows is and isn't working elsewhere, how internal mobility and succession protect you from your own hiring market, how AI changes the picture, and the practical steps to take before your next hiring cycle.

46%

recruit on an ad hoc basis

19%

measure the ROI of their recruitment

36%

collect no workforce planning data

Source: CIPD Resourcing and Talent Planning Report 2026

01 If talent is strategic, why is recruitment still reactive?

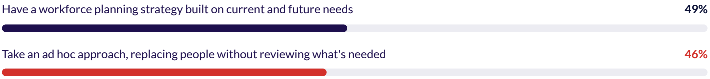
> **"If talent is genuinely strategic, why are so many organisations still managing it tactically?"**

It's a fair challenge to put to any boardroom. Talent, skills and succession now sit alongside AI and productivity as recurring agenda items for leadership teams. Yet the CIPD Resourcing and Talent Planning report finds that 46% of organisations still take an ad hoc approach to recruitment, and only 19% calculate the return on their recruitment investment.

> **"The challenge lies not in recognising talent's importance, but in managing it strategically."**

This paper is about that gap, and it isn't unique to large corporates. For an SME, the stakes are higher; fewer people carry more institutional knowledge, one senior departure can stall a growth plan, and there's rarely a large HR function to absorb the shock of getting it wrong.

One survey, two different answers



Both figures come from the same survey. Intent and practice are running at almost exactly the same rate, which is the gap in one line.

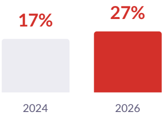
Source: CIPD Resourcing and Talent Planning Report 2026

02 The cost of waiting

Two years ago, the conversation about talent was about scarcity: not enough people, for too many roles. That picture has shifted. Recruitment activity has slowed, and organisations are dealing with rising employment costs, legislative change and rapid advances in AI.

The Resourcing and Talent Planning findings make uncomfortable reading: 27% of organisations made redundancies over the past year, up from 17% in 2024, and 29% put recruitment activity on hold altogether. Progress on the fundamentals remains patchy too: over a third of organisations (36%) collect no workforce planning data at all.

Organisations making redundancies



Source: CIPD Resourcing and Talent Planning Report 2026

Legislation is adding to the pressure. Most employers expect the measures in the Employment Rights Act 2025 to increase their employment costs, 14% to a large extent, and just over a quarter (26%) expect to recruit fewer people as a result. Tighter UK migration rules have already affected resourcing for 37% of organisations.

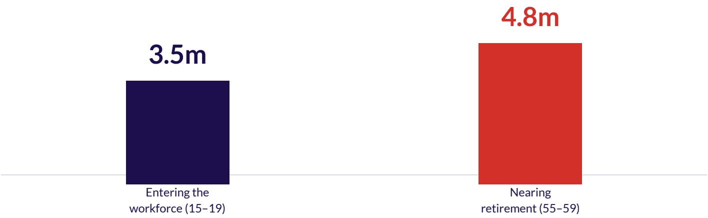
And the slowdown hasn't loosened the market for the people who matter most. Despite it, 52% of organisations report that competition for well-qualified talent has increased over the past year, and 44% that talent is harder to retain. Fewer vacancies has not meant easier hiring.

The demographic maths behind the shortage

There's a structural reason this pressure won't ease on its own. Roger Martin-Fagg, the behavioural economist who presented Vistage's Economic Update in September 2026, points to the shape of the UK's own population. In the population pyramid he presents, the five-year cohorts now approaching retirement run to around 4.8 million people each; the cohorts now entering the workforce in their teens are close to a million smaller, around 3.5 million. Over the next ten years, more people will leave the UK workforce through retirement than will enter it from education. Unless AI delivers a genuinely significant substitution effect, Martin-Fagg's conclusion is blunt: organisations will not be able to recruit their way out of the shortfall.

> *"Unless AI can deliver significant labour substitution, we will need more immigrants."*
>
> Source: Roger Martin-Fagg, VISTAGE Economic Update, September 2026

UK population nearing retirement vs. entering the workforce



Source: Roger Martin-Fagg, VISTAGE Economic Update, September 2026 (UK population data, selected five-year age bands)

That has two practical implications for the workforce plans. First, retirement itself needs rethinking: phased retirement, flexible hours and roles redesigned around what older employees can keep doing well are no longer a wellbeing nice-to-have, they are how organisations keep experienced people in the workforce for longer. Second, it strengthens the case for treating internal mobility and succession as seriously as external attraction. If the market cannot reliably supply the people you need, the organisations that plan ahead for retention, redeployment and succession will be the ones still fully staffed when others are not.

One challenge, though, hasn't changed; securing the skills and capability an organisation needs to succeed. If anything, it has become harder to predict, because AI is changing the roles and skills that will matter in two to three years faster than most workforce plans allow for.

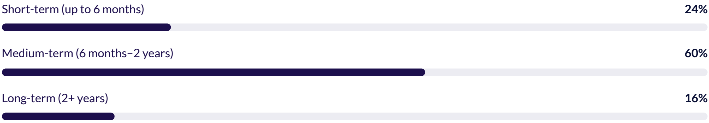
This is a trap many organisations fall into: because hiring feels quieter right now, workforce planning can feel less urgent. A slower market is exactly when forward-thinking organisations build the plan, the pipeline and the data they'll need when conditions change again, because the people you'll need in two to three years will be more expensive and harder to find the longer you wait to identify them.

03 What the research shows

> *"More organisations are taking at least a medium-term approach to workforce planning, although there remains considerable variation in their outlook. Overall, 24% take a short-term approach (up to six months), down from 31% in 2024, while 16% are planning more than two years into the future."*
>
> Source: CIPD Resourcing and Talent Planning Report 2026

Even so, three-quarters of organisations are still planning six months out, or less, in a market AI is changing on a much longer timeline than that. The gap is sharper still for smaller organisations, as the same report notes, "large organisations tend to have a longer-term outlook than SMEs, reflecting their larger workforce requirements."

How far ahead organisations plan their workforce needs

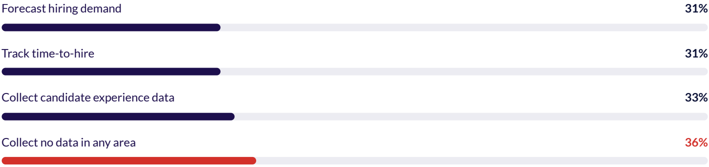


Source: CIPD Resourcing and Talent Planning Report 2026

> *"Data collection is increasing in specific metrics, such as forecasting hiring demands (31%), tracking time to hire (31%) and candidates' experience (33%). Despite these small improvements, 46% of organisations still take an ad hoc approach to recruitment and only 19% calculate the return on investment of their recruitment processes."*
>
> Source: CIPD Resourcing and Talent Planning Report 2026

You don't need to build an analytics team. It's the knowledge, stored in one place, of which roles are business-critical, who's at risk of leaving, and where your next gap is likely to come from.

What organisations track, and how many track nothing



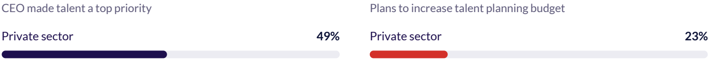
Source: CIPD Resourcing and Talent Planning Report 2026

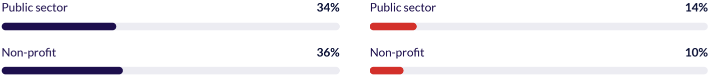
> *"Nearly half (49%) of private sector respondents report that talent management has been a top priority for their CEO, compared with just over a third of public sector (34%) and non-profit (36%) respondents. Looking forward, 23% of private sector organisations anticipate an increase in their talent planning budget compared with 14% of the public sector and 10% of non-profits."*
>
> Source: CIPD Resourcing and Talent Planning Report 2026

If you lead a private organisation, that's encouraging, your peers already rank this as a CEO-level issue, and budgets are more likely to follow. The open question, worth asking inside your own leadership team, is whether that priority is translating into a plan, or staying a talking point.

That figure needs one qualification. The respondents are HR and resourcing professionals reporting what they believe their CEO's priorities to be, not CEOs answering for themselves. The honest question for your leadership team is whether that belief is backed by a plan, or just assumed.

Private sector CEOs prioritise talent, and back it with budget

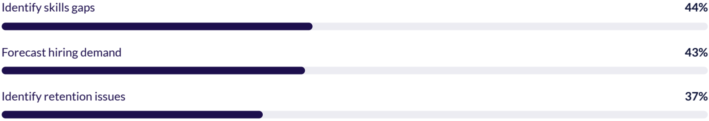




Source: CIPD Resourcing and Talent Planning Report 2026

> *"Just over a third (36%) are not collecting data in any of the areas explored. Even among larger organisations, which are more likely to collect data in all the areas explored, data collection remains limited: only 44% of organisations with 250+ employees collect data to identify skills gaps, 43% to forecast hiring demands, and 37% to identify retention issues."*
>
> Source: CIPD Resourcing and Talent Planning Report 2026

Even large organisations (250+ employees) fall short



Source: CIPD Resourcing and Talent Planning Report 2026

The lesson here should reassure you, even large, well-resourced organisations are working from thin data. You don't need enterprise-grade HR analytics to get ahead of most of the market; you need one place where the numbers above live, with someone accountable for keeping them current.

04 Where should workforce planning sit in your organisation?

This is the question we're asked most often by CEOs, and it explains why so many organisations stay reactive despite good intentions. Talent acquisition teams are usually measured on how fast they fill today's vacancies, not on how well they've prepared for tomorrow's. HR directors are frequently in the room for the conversation but not always given a mandate, or a seat at the table, to lead it. The result is a strategic issue managed with operational tools.

This is an opportunity as much as a challenge for the people profession:

> **"This is one of the most significant opportunities the people profession has faced in decades."**

That opportunity won't be seized by accident, and it isn't HR's to seize alone. Workforce planning that isn't sponsored from the top rarely survives contact with the next hiring freeze or budget round.

Three things need to be true in your organisation.

- **Someone senior needs to own it.** In most growing organisations that's the CEO or another executive with the authority to connect workforce decisions to the business plan, rather than a task delegated entirely downward.
- **HR or People needs to lead the process,** translating business strategy into a workforce plan and keeping the

data current.

- **Line managers need to supply the ground truth.** They know which roles are hardest to fill, who's a flight risk, and where a gap is about to open, insight that rarely reaches the boardroom unless someone asks for it systematically.

Omni's own workforce planning methodology, developed with clients across the private and public sector, breaks the process into four phases, and treats them as a continuous cycle rather than a one-off exercise:

A CONTINUOUS CYCLE, NOT A ONE-OFF EXERCISE

The four phases of strategic workforce planning

01
Requirements
Forecast

02
Talent availability
and gaps

03
Strategic
interventions

04
Measurement
and realignment

↻ measurement and realignment feed straight back into phase 01

Strategy · Operations · HR · Customers · Employees · Stakeholders

Omni RMS strategic workforce planning methodology

Two things about that model matter more than the four boxes. The first is the loop; measurement and realignment feed the next cycle, which is what stops a workforce plan becoming a document nobody revisits. The second is who's in the room: strategy, operations, sales and HR alongside employees, customers and wider stakeholders. Workforce planning done inside HR alone produces a plan the rest of the organisation doesn't recognise.

This doesn't need a large HR function. It needs a clear owner and a standing conversation on the leadership agenda.

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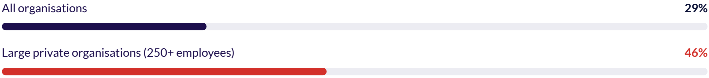
05 AI hasn't made this easier, it's made it more urgent

AI is already changing headcount, not just job descriptions. Over the last year, 29% of employers replaced some jobs with technology and automation, and among large private organisations that rises to 46%, close to one in two. AI is changing which roles and skills matter faster than annual planning cycles can keep up with, which makes forecasting harder, not less important.

Jobs replaced by technology and automation in the last 12 months



Source: CIPD Resourcing and Talent Planning Report 2026

> **"The next decade will not be defined by which organisations implement the most AI or automate the greatest number of processes. It will be defined by which organisations are best able to align people, skills, technology and culture around a shared vision for the future."**

There's growing evidence that the rush to automate is running ahead of the basics, many organisations investing in AI and agentic tools haven't yet got the underlying data and workforce plans in place to support them, and are still unclear on the real cost and return of the technology they're adopting. AI investment without a workforce plan behind it rarely delivers the return expected, because the fundamentals it was meant to build on were never in place.

Before deciding what AI can do for your organisation, decide what your people need to do. That means revisiting your critical roles and the skills behind them at least once a year, not once every restructure, because in an AI-shaped market, the shelf life of a skill set is shortening, and the cost of discovering a gap late is rising.

GUEST FEATURE

Why the people you need next are already on your payroll

By Rob Dixon, CEO and Founder, Dixon AI

So you have a workforce plan, or you are about to write one, and the market is telling you two things at once. Fewer people are coming. And the work is changing under your feet. Section 02 of this paper set out the first problem with some care. Roger Martin-Fagg's demographic arithmetic is hard to argue with: the five-year cohorts approaching retirement run to around 4.8 million people, the cohorts entering the workforce are closer to 3.5 million, and over the next decade more people leave the UK workforce than join it. His conclusion is that unless AI delivers significant labour substitution, we cannot recruit our way out.

I want to take the second problem, because I think it changes the answer to the first.

The bottleneck has moved

For most of the last fifty years the scarce resource in a knowledge business was expertise. There were never enough people who knew enough to do the analysis and make the call. We built organisations around that constraint: hire deep experts, wrap process around them so their output is consistent, and promote the people who run the process reliably. It worked, because knowledge was the bottleneck.

Generative AI has made expertise manufacturable. When a model can produce the analysis, the report, the code, or the contract in minutes, knowledge stops being the constraint on what a business can do. The bottleneck moves to purpose: knowing what is worth doing, why it matters, and whether the result is acceptable. I set this argument out in full in From Knowledge to Purpose, but you do not need the paper to see it. You can see it in your own inbox. The scarce thing now is a good question, and someone willing to stand behind what comes back.

Jensen Huang, who runs NVIDIA and has every commercial reason to be an optimist about AI and jobs, made his optimism conditional when Axios pressed him on it: "If we have no new ideas, and the work that we're doing is precisely all that needs to be done … and no more than what humanity will ever need, then when we become more productive, the warning would be absolutely correct." Read that as a CEO. If nobody in your organisation is finding new things worth doing, productivity gains arrive as headcount reduction, and nothing else.

> *Roger's right that we can't recruit our way out of the demographics, and AI is the substitution he's pointing at. But it doesn't substitute evenly. It takes execution, the part of knowledge work we've spent fifty years hiring experts to do. It leaves purpose and judgement, which a smaller, older workforce makes scarcer. So the capability to build now is people who can point AI at the right problem and stand behind the answer.*
>
> Rob Dixon, CEO and Founder, Dixon AI

What it does to a role

Split any knowledge role into three parts: purpose, deciding what to do and why; execution, doing it; and judgement, deciding whether what has been done is right and fit to release. That is the Purpose, Execution, Judgement framework, and the reason it matters for workforce planning is that AI does not take the three parts evenly.

Execution goes first. It is where the expert used to earn their keep, and with every model release the machine does more of it. That leaves the human with the other two, and both grow. Purpose grows because somebody has to point the new capability at something worth doing, and the people closest to customers and problems are best placed to do it. Judgement grows because AI produces more output than any organisation has ever had to review, and somebody has to decide what goes to a client, a regulator, or a production line.

Put that next to the demographics in section 02 and the two pressures connect. AI is taking execution work, while the shortage of people falls on purpose and judgement. You will have fewer people to choose from, and a different mix of work for the people you keep.

The talent you've been promoting against

Purpose and judgement are high-agency capabilities. They belong to people who find new ways of doing things and will take accountability for the call. In most organisations we would call that entrepreneurial, and we do not usually expect to find entrepreneurs inside a business.

They are there. For fifty years we have selected, developed, and promoted for the opposite: the reliable executor, the strong process manager, the safe pair of hands. Look at who was promoted into critical roles in your organisation in the last three years and ask what they were promoted for. If the honest answer is "they ran the plan well", your succession pipeline is optimised for the capability AI is absorbing.

That made sense while knowledge was the bottleneck. It also means most organisations are already carrying a good deal of the capability they now need, unrecognised, in people who were never given the room to show it. The CIPD data in this paper is consistent with that: 7% of organisations collect any data on whether their selection methods predict performance, so the great majority have no way of knowing what they have been selecting for.

Four changes, no new system

Four changes to criteria will do it, without an analytics function.

Recruit for it. For critical roles, ask candidates for evidence they have changed how something is done. Doing the work well is table stakes. Changing it is rarer.

Promote for it. Make "found a better way, owned the outcome" an explicit criterion for the next three years of appointments into critical roles.

Measure it. Of the improvements your organisation actually shipped this year, how many originated below the leadership team? If the answer is almost none, the capability is either absent or suppressed, and in most organisations it is the second.

Reward it. If objectives, reviews, and bonuses pay for running the existing model, that is what you will get. Make room in them, explicitly, for finding the next one.

> *Before you fill in the succession grid, define 'ready'. If it means 'has done the job below for long enough', you're assessing the capability AI is absorbing. If it means 'has changed how something works with AI and owned the result', you're assessing the capability you'll actually need. The organisations building AI capability fastest noticed who in their team could set direction and take the call, and gave them the tools and the room.*
>
> Rob Dixon, CEO and Founder, Dixon AI

The final sections of this paper make the case for looking inside before you look outside, on cost and on speed. I would add a strategic reason: the market cannot supply the people you need, and a good deal of the capability is already on your payroll. Find the people in your team who can set direction and take the call, and give them the tools and the room.

Rob Dixon is CEO and Founder of Dixon AI, an AI consultancy and training provider that builds AI capability through people, and holds a part-time academic role at Manchester Metropolitan University.

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06 What to measure, and why almost nobody does

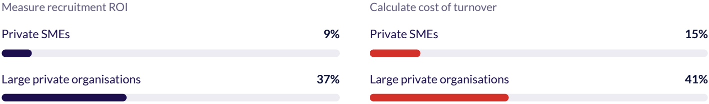
The CIPD Resourcing and Talent Planning report, supported by Omni, is consistent on one point; measurement is the weakest link in workforce planning, at organisations of every size. Only 19% of organisations calculate the ROI of their recruitment process, and over a third collect no workforce planning data at all.

The pattern gets sharper once you break it down by size. Most large private organisations (37%) measure recruitment ROI, against just 9% among private SMEs. The same holds for the cost of turnover: 41% of large private organisations calculate it, versus 15% of private SMEs. That's a reason to start now; the organisations ahead of you got there by tracking a handful of numbers consistently, not by building a data function.

Of the organisations that measure recruitment ROI, 70% track cost per hire. Across the whole sample, just 7% collect data on whether their selection methods actually predict performance. Most of the profession is measuring the cost of a hiring decision far more often than its quality, and in a market where the capability you are hiring for keeps changing, that is the wrong way round.

Source: CIPD Resourcing and Talent Planning Report 2026

The measurement gap widens with size



Source: CIPD Resourcing and Talent Planning Report 2026

Six numbers to start with

You don't need a dashboard to start. Six numbers will tell you more than organisations currently track:

01 Time-to-hire for your genuinely business-critical roles, not every role, the ones that would hurt if left open.

02 The cost of getting a critical hire wrong, versus the cost of the process to get it right.

03 Retention of your hardest-to-replace people over the next 12 months.

04 The proportion of vacancies filled internally rather than from the external market.

05 The proportion of critical-role appointments in the last three years, internal and external, made on evidence the person had improved how something works, rather than on tenure or reliable delivery.

06 One forward-looking number: your best estimate of headcount and skills needed 12–24 months out.

07 Internal mobility, succession, and why retention matters as much as attraction

Recruiting well is only half the job. Losing someone you didn't need to lose is one of the most expensive mistakes in workforce planning, yet the CIPD Resourcing and Talent Planning report suggests retention still isn't getting the deliberate attention it needs:

> *"Overall, 37% of organisations took steps to improve retention over the last 12 months. This is slightly down on our findings from 2024 (42%) and corresponds with the slight fall in the proportion of organisations that report talent has been more difficult to retain over the last year (44%, down from 56% in 2024)."*
>
> Source: CIPD Resourcing and Talent Planning Report 2026

Fewer organisations finding retention difficult sounds like good news, until you notice that fewer are also doing anything active about it. Retention isn't self-solving; it's usually the result of a deliberate choice to invest in the people you already have. And of the organisations that hold turnover data, only 24% calculate what that turnover actually costs them, so most are making that choice without knowing what's at stake financially.

> *"Succession planning for business-critical and leadership roles is more common than talent planning for early-career roles. Both are more widespread than average in larger private sector organisations."*
>
> Source: CIPD Resourcing and Talent Planning Report 2026

That's a gap smaller, growing organisations can close by being deliberate rather than waiting to grow into it. You don't need a formal succession programme; you need an honest answer, for each business-critical role, to one question: if this person left tomorrow, what would we do?

For every business-critical role, who's ready, and who isn't?

- **Ready now**
- **Ready in 1–3 years with support**
- **Longer-term prospect**
- **No answer: your real risk**

It's a discipline Omni works through with CEOs directly, mapping who's ready to step up now, who could be ready with support in one to three years, who's a longer-term prospect, and, most usefully, where there's no answer at all. That last category is your real succession risk.

> **"Omni partners with CEOs to build resilient leadership pipelines through targeted growth and succession strategies."**

Source: Omni RMS

Done well, this pays off in four ways; it increases loyalty and retention, reduces the cost and time of external hiring, strengthens cultural alignment, and future-proofs your leadership team.

A skills or succession gap only earns its keep once it's matched to a decision. Phase 04 of the Omni model, Strategic interventions, is where that happens, and it uses the 7Bs workforce model to make sure recruitment isn't the default answer to every gap.

The 7Bs workforce model

Seven ways to close a capability gap before you reach for a job advert.

Build

Learning, development and reskilling the people you already have.

Buy

Recruiting specialist skills the organisation genuinely lacks.

Borrow

Consultancy, secondments and partnerships for short-horizon needs.

Bind

Retaining critical talent, so the vacancy never happens at all.

Bot

Technology and automation where the work, not the role, is the answer.

Bridge

Redeployment and internal mobility across teams.

Bounce

Managing redundancy and poor performance fairly, when headcount needs to shrink.

Of the seven, bind is the one most often overlooked and usually the most effective, investing to keep the critical people you already have. Treating all seven as outcomes of one ongoing conversation, not separate initiatives running in parallel, is what turns a skills exercise into a genuine workforce plan.

A simple test for your leadership team.

Can you confidently name which roles would actually hurt the organisation if they became vacant tomorrow, who could step into them today, who could be ready within one to three years with the right support, and what you're actually doing about the gap in between? If the room goes quiet on any of those, that's this quarter's priority.

08 Four things to do before your next hiring cycle

You don't need to build a full workforce planning function to close the gap between saying talent is strategic and acting like it. Four steps will move most growing organisations from reactive to planned.

01 **Name an owner**

Workforce planning needs a named executive sponsor and a process owner in HR or People, not a job everyone assumes is happening somewhere else.

02 **Identify your critical roles**

Name the roles that would actually hurt the organisation if they became vacant tomorrow. Start there, not with a full organisation chart.

03 **Start measuring, imperfectly**

A spreadsheet tracking time-to-hire, cost and retention for your critical roles beats no data at all, which is what the Resourcing and Talent Planning report suggests most organisations still lack.

04 **Look inside before you look outside**

Internal mobility, reskilling or redeployment often close the gap faster and cheaper.

This doesn't need a bigger HR team or a new system. It needs fifteen minutes on the leadership agenda, on a standing basis, not only when a role falls vacant. It's also close to what the report itself recommends; close the gap between intent and execution, prioritise a small number of meaningful metrics, and link workforce planning directly to business outcomes.

09 Where Omni RMS can help

Omni RMS works with CEOs and leadership teams to turn workforce planning from an HR exercise into a commercial one, connecting future business strategy to hiring decisions, internal mobility and measurable outcomes, rather than reacting to vacancies as they arise. Our Talent Strategy work covers exactly the ground this paper has set out: workforce planning and forecasting, succession planning and internal mobility, alongside employer brand, assessment design and salary benchmarking.

> *"After over 20 years focusing on strategic workforce planning my biggest learning has been that you do not need a complex and time consuming process, you just need to take time to explore your current environment and challenges and create a variety of solutions to support your businesses strategic goals. Simple additions, like targeted retention or specific capability upskilling, can be cost-effective and really improve business outcomes.*
>
> *The straightforward Omni RMS approach allows you to identify and focus on the most important areas for your business and develop activities which will support your strategy."*
>
> Source: Corinna Fletcher, Chief People Officer and Strategic Workforce Planning Consultant

We believe, simply, that talent is everything, and that the organisations winning the next decade will be the ones who plan for it rather than react to it.

If this paper has raised more questions than it's answered about where your organisation stands, that's usually the sign a conversation is overdue.

Let's talk about what strategic workforce planning looks like for your organisation.

www.omnirms.com

SOURCES

All statistics quoted in this paper are drawn from the CIPD Resourcing and talent planning report 2026, supported by Omni RMS and published in September 2026. Now in its 25th edition, the survey (formerly the CIPD Recruitment and retention survey) has been running since 1997, and this edition is based on 1,014 UK-based HR and people professionals surveyed online by YouGov UK plc between 2 April and 2 May 2026. Figures on the cost of labour turnover are based on those organisations aware of their turnover data.

Citation: Hogarth, A. and McCartney, C. (2026) Resourcing and talent planning report 2026. London: Chartered Institute of Personnel and Development.