

Comparing Quarterly Civil Service Employment Estimates with Progress against Departmental Efficiency Programmes

Technical Note

Introduction 1. Estimates of public sector employment are published by the Office for National Statistics (ONS) on a quarterly basis. As these estimates include totals for the Civil Service comparisons are often made between these, and published figures on the employment reduction plans that form part of the Departmental Efficiency Programmes published in the 2004 Spending Review (also known as the Gershon efficiency programme).

2. This technical note serves to explain the differences between the various sets of figures. It particularly focuses on the background to the Efficiency Programme estimates which are updated at each Budget and Pre Budget report.

Public Sector Employment Statistics 3. ONS publishes a time series of quarterly public sector employment statistics, which contain full-time equivalent and headcount estimates for the Civil Service as a whole¹. A breakdown of the Civil Service estimates, including by Department, are published on the Civil Service website maintained by Cabinet Office². A full set of Background Notes on the ONS estimates are published with each quarterly release.

4. ONS figures are produced on a “snapshot” basis and provide an estimate of the total size of the public sector workforce on an end-quarter (calendar year) basis.

5. A time-series of ONS Civil Service workforce numbers, from Q1 2004 (end-March) to Q4 2005 (end-Dec), is reproduced below. These

¹ The ONS First Release is titled “Public Sector Employment” and is available on the National Statistics website (<http://www.statistics.gov.uk>)

² Available at <http://www.civilservice.gov.uk/management/statistics/employment/index.asp>

figures show that at the end of 2005, the Civil Service workforce was 6,000 smaller than Q1 2004 on a headcount basis, and 9,000 smaller on a full-time equivalent basis.

Table 1: ONS Civil Service estimates, Q1 2004 – Q4 2005 (Thousands)

		Civil Service (Headcount)	Change since 2004 Q1 (Headcount)	Civil Service (FTE)	Change since 2004 Q1 (FTE)
2004	Q1	569	-	538	-
	Q2	570	+1	538	0
	Q3	570	+1	538	0
	Q4	565	-4	533	-5
2005	Q1	562	-7	530	-8
	Q2	570	+1	537	-1
	Q3	567	-2	534	-4
	Q4	563	-7	529	-9

Efficiency Programme Figures

6. The 2004 Spending Review published the following targets for workforce reductions, as part of the Departmental Efficiency Programmes that were announced:

- a gross reduction in Civil Service and military posts in administrative and support functions of 84,150 by 2007-08, including a redeployment of 13,550 posts to further support key frontline activities. The total net reduction in posts will therefore be 70,600.

7. The timetable for achieving the workforce reductions is the 4-year period from the beginning of the efficiency review to April 2008 (see paragraph 17). The target relates to England only, with devolved administrations taking responsibility for setting up their own efficiency programmes. The Office for Government Commerce (OGC), an independent office of HM Treasury, is responsible for monitoring and checking progress against all the Efficiency Targets, and reports to the Chancellor and Prime Minister every six months. Efficiency programme figures are reported to OGC by individual Government Departments and are on a full-time equivalent basis.

8. To date, the Government has reported on progress against Efficiency Programme workforce reduction targets in the documents accompanying the Budget and Pre-Budget Report. The 2006 Budget reported the position up to the end of December 2005 as set out in the table below:

Table 2: Workforce reductions across departments

Department	Reductions	Reallocations to frontline roles	Total Reductions
Department for Work and Pensions	14,698	5,594	20,292
Ministry of Defence	8,560	0	8,560
HM Revenue and Customs	3,671	1,560	5,231
Other Departments	7,853	0	7,853
Total	33,237	7,154	40,391

Explanation of Differences

9. Both efficiency programme and ONS estimates provide clear evidence of the success of the Government's aim to reduce the size of the Civil Service and focus resources on front-line service delivery. However, the two sets of estimates are measuring different things, and there are a number of important factors to be borne in mind when making comparisons. This section explains the key differences between the two sets of data.

Transfers within the public sector

10. From time to time, there are **transfers of staff** within the public sector that lead to corresponding changes in the way that ONS record these staff across the different sectors. For example in April 2005, the Magistrates' Court Service was brought together with the Court Service to form Her Majesty's Courts Service. As a result of this change, ONS reclassified the 11,000 (full-time equivalent) former Magistrates staff into the Civil Service from local government. As the purpose of ONS figures is to measure the current size of the Civil Service workforce, however this is defined, it is appropriate for ONS to include these staff in their estimates. However, under the efficiency programme, it would be inappropriate to require an additional 11,000 posts to be cut, purely due to this change. In the same way, any transfers of staff out of the Civil Service should not be (and are not) counted as progress towards the efficiency programme targets, even though these changes might appear in ONS statistics as a reduction.

Methodological changes and differences

11. **Methodological changes** to the workforce data published by ONS and Cabinet Office will impact on published estimates of the size of the Civil Service, but do not impact on workforce reductions under the efficiency programme. Although the aggregate ONS estimates in Table 1 are methodologically consistent, it is important to note that when comparing workforce numbers at a Departmental level, published data include staff on paid maternity leave only from Q4 2004 onwards. As an example, this had the effect of increasing the workforce estimate for DWP by around 1,100, even though there was no underlying change in the workforce. Again it is appropriate for ONS to continually refine their methodology, but not for this to impact on required workforce reductions.

12. Whilst ONS record and publish data on both a full-time equivalent (FTE) and headcount basis, many commentators have compared estimates on a **headcount basis** only, with efficiency programme reductions that are solely measured on an **FTE basis**. Again, whilst a headcount definition may be an appropriate way of measuring the overall size of the Civil Service it is more appropriate to measure progress against the efficiency targets on a FTE basis only. This is because it represents the true staff resource needed to produce a Department's outputs. For example, if a Department removed a post currently shared by two part-time staff, then this would be counted as a reduction of two staff on a headcount basis, but the true reduction in resource and efficiency terms is one full-time equivalent.

Geographical coverage

13. The **geographical coverage** of the two sets of figures is different. Workforce reduction figures from the efficiency programme represent efficiencies made in England only. ONS figures for the Civil Service include Civil Servants in devolved administrations. It is for devolved administrations to formulate strategies improving the efficiency of their workforce.

Scope of the efficiency programme

14. The **scope of the efficiency programme** is different from ONS figures. The efficiency programme sets targets for workforce reductions in administrative support functions that are not included in the ONS definition of the Civil Service. For example, the workforce reduction target of 15,000 posts for the Ministry of Defence includes significant reductions in military administrative and support roles. Progress against these planned reductions is included in the progress reported in Table 2 above, but as these staff are not classified as Civil

Servants by ONS, do not appear in ONS Civil Service estimates in Table 1.

15. Elsewhere, the scope of each Department's efficiency targets was agreed at the start of the Spending Review period, to take account of certain key front-line functions in priority areas. For example, although staff in the Security and Intelligence Services are recorded as Civil Servants by ONS, there are no workforce reduction targets in this key front-line area, and indeed the Government has responded to increased security needs and pressures by expanding the workforce here.

Controlled expansion for new burdens

16. Efficiency programme figures also make adjustments for **controlled expansions in key frontline areas** for Departments that are covered by the scope of the programme. The key principle is to control for the functions of the Civil Service that existed at the start of the efficiency programme. If the work of the Civil Service has expanded, due to factors that were unforeseen at the start of the efficiency programme, or replacing functions previously carried out by other parts of the public sector, then Departments can make a case to have these additional posts excluded from progress against their efficiency programme. An example of an agreed expansion is the appointment of additional Highways Officers, which fall in scope for the Department for Transport's efficiency targets. These additional staff have taken on functions formerly carried out by the Police, which has freed up Police resources to concentrate on other areas.

Early Delivery

17. Under the efficiency programme a small number of departments have agreed that progress against their target will be measured starting from a point prior to the normal base line of April 2004. This has been agreed where departments had already begun delivering workforce reductions under their efficiency plan. It would be illogical to penalise departments for **early delivery**, and doing so could have led to incentives to artificially delay the start of individual efficiency programmes, which would be counterproductive. For example the Department for Work and Pensions began making workforce reductions from March 1, 2004 as efficiency plans were implemented.

Timing differences

18. **Timing differences** between the two sets for figures also make comparisons difficult. ONS figures represent Civil Service employment at the end of each quarter, which are published approximately three months after the latest time period they represent.

However, due to differences in data collection procedures and publication cycles, latest estimates for workforce reductions under the efficiency programme typically pre-date latest ONS estimates (though it should be noted that development work at ONS is currently examining ways to improve the timeliness of the published data). When making comparisons it is therefore important to bear in mind the precise time period against which latest progress is being presented.

Conclusion

19. The trend in Civil Service numbers reported by the ONS provides further evidence of the Government's progress to meet the workforce reduction targets set out in the 2004 Spending Review. However, the **many differences between efficiency programme and ONS figures make simple comparisons erroneous and misleading.** This is why the Government set up a separate system of monitoring progress through Departmental returns to the Office of Government Commerce, against which the success of the workforce reductions programme are judged.

20. Further information on overall performance by Departments against their Gershon efficiency targets can be found on individual Departmental websites.