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Lockyer, Cliff (2013) *Public sector employment in Scotland [March 2013]*. Fraser of Allander Economic Commentary, 36 (3). pp. 46-50. ISSN 2046-5378

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# Public Sector employment in Scotland

Inevitably interest focusses on the recent trends in public sector employment; however, the themes of cuts, capacity and targets are indicative of more significant current and medium term issues affecting the public sector. Cuts in staffing and capacity (a 30% reduction in staff and loss of experienced managers) were seen as a contributory reason for the failures by the Department of Transport's West Coast rail franchise, as contributing to the failure to pick up the recent food contamination (Local Authorities in England collected some 21% fewer samples in 2011 – 2012 compared to earlier years), and underpinning concerns as to the reduced levels of fire service cover in London. The impact of cuts, capacity and targets on standards of care were highlighted in the publication the Francis Report (The final report of the Mid Staffordshire NHS Foundation Trust Public Inquiry) and we return to this later.

Public sector employment (based on headcount and excluding public sector financial institutions) rose between 1999 and 2006, but since 2006 has declined by 64,300. Although the movement of local authority staff both in and out of arm's length organizations, typically charities, makes comparisons slightly harder.

Public sector employment in Scotland continues to decline, although at a slower rate than previously (see table 1). The latest data at the time of writing this section (Q3 2012) indicates that there were 581,300 (552,100 excluding public sector financial institutions) employed in the public sector in Scotland, a decrease of 11,700 (2.0%) over the year. Employment in the devolved public sector declined by 5,700 (1.2%) to 486,000, due mainly to declines local government employment (5,300) and further education (down 900).

A comparison between headcount and full-time equivalent data suggests that since 2009 the public sector in Scotland has been shedding more part-time than full-time jobs, between Q3 2009 and Q3 2012 headcount (total public sector) employment declined by 51,700, whilst the full time equivalent declined by 39,200.

**Table 1** Number of people employed in Scotland (headcount)

	Total Employment	Private Sector		Public Sector		Public Sector Excluding public sector financial institutions	
	Level	Level	Percentage	Level	Percentage	Level	Percentage
Q3 1999	2,293,000	1,746,300	76.2%	546,300	23.8%	546,300	23.8%
Q3 2006	2,499,000	1,900,700	76.1%	598,400	23.9%	598,400	23.9%
Q3 2007	2,552,000	1,956,100	76.6%	596,100	23.4%	596,100	23.4%
Q3 2008	2,552,000	1,955,300	76.6%	596,700	23.4%	596,700	23.4%
Q3 2009	2,507,000	1,873,700	74.7%	633,000	25.3%	595,600	23.8%
Q3 2010	2,479,000	1,861,300	75.1%	617,700	24.9%	585,600	23.6%
Q3 2011	2,485,000	1,892,300	76.1%	593,000	23.9%	560,800	22.6%
Q3 2012	2,474,000	1,892,700	76.5%	581,300	23.5%	552,100	22.3%

Source: Quarterly Public Sector Employment series, Scottish Government, Office for National Statistics

- Notes Figures have been rounded to the nearest hundred. Total employment has been rounded to the nearest thousand.
- Public sector financial institutions include Northern Rock (classified to the public sector from Q4 2007), Royal Bank of Scotland Group plc and Lloyds Banking Group plc (both classified to the public sector from Q4 2008).

Table 2 indicates the changing levels of employment (headcount) at the broad category level. Over the past year the largest declines in headcount have been in local government (down 5,300), public sector financial institutions (down 3,000) and the civil service (down 2,100). In percentage terms the largest declines have been in public sector financial institutions (down 9.4%) and further education colleges (down 6%).

**Table 2 Public Sector employment by National Accounts classification (headcount) all Q3 2012 figures**

	Total Public Sector	National Accounts Central Government Category						Local Gov.	Public Corp	Public Sector Financial Inst.
		Civil Service	Other Public Bodies	NHS	Armed Forces	Further Education Colleges	Total Central Gov.			
1999	546,300	48,500	14,400	129,700	15,000	15,700	223,400	293,600	29,300	
2006	598,400	52,400	19,200	150,000	12,800	16,700	251,100	320,900	26,400	
2007	596,100	50,000	22,700	154,200	12,200	16,900	256,000	315,200	24,800	
2008	596,700	49,400	23,700	156,500	12,000	16,900	258,400	313,200	25,000	
2009	633,000	51,300	23,900	159,800	11,900	16,000	262,900	304,500	28,100	37,500
2010	617,700	49,100	23,300	158,800	12,300	17,100	260,500	297,700	27,300	32,100
2011	593,000	47,900	21,800	154,500	11,700	15,100	251,000	284,000	25,700	32,200
2012	581,300	45,800	21,900	155,300	11,700	14,200	248,900	278,700	24,600	29,200

Source: Public Sector Employment in Scotland Statistics Quarterly Public Sector Employment series.

Notes

- 1 Figures have been rounded to the nearest hundred. Total employment has been rounded to the nearest thousand.
- 2 Public sector financial institutions include Northern Rock (classified to the public sector from Q4 2007), Royal Bank of Scotland Group plc. and Lloyds Banking Group plc. (both classified to the public sector from Q4 2008).
- 3 Local Government category revised to include SPT.
- 4 A number of local government staff have transferred to arm's length organisations which are part of the private sector. This largely explains the decrease in local government employment between 2008 and 2009.
- 5 Information for further education colleges is based on actual information from Q4 2010.

## Local Government

Table 3 indicates the changes in headcount by local authority and indicates a decline in Local Authority employment of 5,300 (1.9%) over the year. The majority of authorities have now published budgets with proposals for further employment reductions, increased charges for services and reductions in the range and depth of services. Developments in English local authorities highlight the increasing use of outsourcing, accounting for some 60% of the value of all public sector outsourcing contracts. It is estimated that 50% of council waste management services and 23% of HR, IT and payroll functions are now outsourced.

## Education

Scottish Further education colleges have declined by 900 over the year to Q3 2012, and by 2,700 since Q3 2008 and further reductions are likely. As noted in previous Commentaries the publication of the Scottish Government's Reform of Post 16 Education and subsequent consultation paper outlined the Government's proposals for a very rapid restructuring of 35 colleges into 12 regions with a programme of mergers, collaboration, sharing services and courses. Three Glasgow colleges, John Wheatley, North Glasgow and Stow, have now signed a partnership agreement and are likely to merge in the second half of the year. In Edinburgh the newly created Edinburgh College (a merger of Telford, Jewel & Esk and Stevenson colleges) raised concerns as to the impact of funding reductions on staff numbers and the range of courses provided "the current pace of financial cuts runs the risk of creating a funding crisis and short-term staffing and educational difficulties" (Edinburgh College submission to the Scottish Parliament's education committee).

**Table 3 Local Government employment by local authority (headcount) Q3 2006 – Q3 2012 (Not seasonally adjusted)**

Year	2006	2007	2008	2009	2010	2011	2012	Annual	Annual
	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Change	Change
								H count	%
Local Authority / Joint Board									
Aberdeen City	11,600	11,600	11,500	9,400	8,900	8,800	8,700	-100	-1.2%
Aberdeenshire	13,300	13,600	13,800	14,600	14,500	13,900	13,500	-400	-2.9%
Angus	5,700	5,700	5,800	5,700	5,600	5,500	5,400	-100	-1.0%
Argyll & Bute	5,500	5,300	5,300	5,400	5,200	4,800	4,700	-100	-1.2%
Clackmannanshire	2,800	2,900	2,900	2,800	2,800	2,600	2,600	0	1.4%
Dumfries & Galloway	8,400	8,300	8,200	8,300	8,200	7,800	7,700	-100	-1.7%
Dundee City	8,400	8,300	8,300	8,100	8,000	7,300	7,300	0	0.7%
East Ayrshire	6,900	6,900	6,800	6,700	6,600	6,500	6,200	-300	-4.1%
East Dunbartonshire	4,600	4,800	4,900	5,000	4,900	4,300	4,300	-100	-1.3%
East Lothian	4,900	5,000	4,900	5,000	4,800	4,700	4,600	0	-0.2%
East Renfrewshire	4,600	4,800	4,800	4,800	4,600	4,500	4,500	0	0.4%
Edinburgh, City of	20,600	20,500	20,100	19,000	18,500	17,800	17,700	-100	-0.5%
Eilean Siar	2,500	2,600	2,600	2,600	2,500	2,500	2,400	-100	-3.4%
Falkirk	7,700	7,900	8,000	8,100	7,900	7,400	7,500	100	1.4%
Fife	23,400	22,500	22,500	22,800	22,400	21,100	20,400	-800	-3.7%
Glasgow City	37,800	33,500	31,800	23,300	22,300	21,600	20,700	-900	-4.3%
Highland	12,700	12,600	12,700	12,800	12,700	12,100	10,000	-2,100	-17.4%
Inverclyde	5,200	5,200	4,800	4,800	4,600	4,400	4,300	-100	-1.7%
Midlothian	4,200	4,600	4,700	4,700	4,800	4,600	4,500	-100	-1.8%
Moray	5,000	4,900	5,100	5,200	5,100	4,900	5,000	100	1.3%
North Ayrshire	7,300	7,500	7,500	7,300	7,100	6,800	6,700	-100	-0.8%
North Lanarkshire	18,500	18,000	17,900	18,200	17,200	16,300	16,200	-100	-0.8%
Orkney Islands	2,100	2,200	2,400	2,400	2,400	2,300	2,400	0	0.1%
Perth & Kinross	5,900	6,000	6,100	6,100	6,000	5,900	5,900	0	0.4%
Renfrewshire	9,300	9,100	8,800	8,600	8,300	7,500	7,800	300	4.0%
Scottish Borders	5,700	5,800	5,800	5,700	5,700	5,600	5,500	-100	-2.3%
Shetland Islands	3,600	3,700	3,800	4,100	4,200	4,000	3,800	-200	-4.1%
South Ayrshire	6,000	5,700	5,700	5,600	5,600	5,300	5,200	0	-0.5%
South Lanarkshire	16,600	16,000	15,800	15,900	15,500	14,700	14,800	100	0.7%
Stirling	4,400	4,500	4,400	4,400	4,500	4,100	4,200	0	0.8%
West Dunbartonshire	6,000	6,200	6,300	6,600	6,100	6,100	5,700	-300	-5.3%
West Lothian	8,300	8,300	8,400	8,500	8,400	7,800	8,000	100	1.9%
Total Fire Joint Boards	5,800	5,700	5,800	5,800	5,700	5,600	5,400	-200	-3.1%
Total Police Joint Boards	24,200	23,600	23,800	24,700	24,700	23,900	23,900	100	0.4%
Total Valuation Joint Boards	700	700	700	700	600	600	600	0	-1.8%
Total Regional Transport Partnerships (SPT)	700	700	700	700	700	600	600	-100	-8.2%
SCOTLAND	320,900	315,200	313,200	304,500	297,700	284,000	278,700	-5,300	-1.9%

**Source:** Joint Staffing Watch Survey, Scottish Government

**Notes:** 1. Figures are rounded to the nearest hundred.

2. Totals may not add up to the sum of the parts due to rounding

3. Figures for fire service staff exclude volunteer and retained fire-fighters

4. Police and Fire Service staff in Dumfries and Galloway and Fife, who are not covered by Joint Boards, are included within the figures for Joint Boards for consistency.

A continuing problem for universities has been the reduction in the numbers of overseas students and hence income, due in part to the UK Government seeking to reduce numbers of migrants seeking to enter the UK. Data for 2011 – 2012 suggests significant declines in the numbers of students from India, Nigeria and Pakistan coming to Scottish universities, although there was some improvement in numbers from other countries. Concerns have also been voiced that a number of the proposals in the Post – 16 Education (Scotland) Bill could reduce the autonomy of Scottish universities.

## **Transport**

The issue and provision of free bus travel remains a concern. It is estimated that £34 million of the £180 million spent on free bus passes in Scotland went to people still working, and concerns remain that the provision will be reduced. A number of possible reductions to bus routes were announced following a cut in funding for the Scottish Government's free bus scheme, the rate is to be cut by 13% over two years – but eased by a £10 million emergency investment in 2013 – underlying this is the funding shortfall of £13 million in 2012/2013 as demand exceeded the £187 million available. Proposed industrial action by RMT over new flexible work patterns being proposed by Serco, the new operators of Orkney and Shetland ferries, was suspended in December. Elsewhere ferry fares to the Western Isles, Coll and Tiree will increase by 10% in 2013.

## **Health**

Concerns over the contamination of processed food coincided with an Audit Scotland Report 'Protecting Consumers' a review of councils' trading standards services. The report noted the reductions in staffing and budgets and concluded the long-term viability of councils' trading standards services is under threat. Councils are increasingly targeting their resources at the highest risk areas and reducing work on the lowest risks, but this requires good intelligence, which is not always available. "However, the reduction in consumer advice and support means that some consumers will not get the help they need when things go wrong. Nearly a quarter of the Scottish population now live in areas where they will not necessarily receive support for civil matters from councils' trading standards services." (Audit Scotland).

The numbers (headcount) employed in the NHS rose by 800 to 155,300 Q3 2011 – Q3 2012 (see table 2). As we noted in the previous Commentary NHS spending in Scotland is currently roughly a third of the annual Scottish budget. As the Audit Scotland's report noted the NHS budget rose by £232m in 2011-12 in cash terms. "The Scottish government's 2011 spending review outlined a 4.2% real-terms decrease in NHS funding in the five years to 2014-15." There are clearly pressures building in the system from increasing costs, rising expectations and increasing demand and changes to policies are increasingly inevitable.

The adverse impact of performance management has been evident in two reports into the National Health Service. First, Audit Scotland (February 2013) noted 'the combination of shorter waiting times targets and increased numbers of patients added to waiting lists means NHS boards are facing increasing challenges to treat patients within the required time. It found evidence of the application of false periods of unavailability to patient records to appear to meet waiting time targets' (para. 4 p 3), and a culture of managerial pressure on staff to find ways around the system to avoid failing to meet targets (see part 2 of the report pages 21 – 30 for examples).

Secondly, the Francis Report (The final report of the Mid Staffordshire NHS Foundation Trust Public Inquiry) highlighted a series of major failings which led to poor standards of care and contributed to the premature deaths of hundreds of patients. Francis noted (para. 76 Executive Summary) "Stafford was not an event of such rarity or improbability that it would be safe to assume that it has not been and will not be repeated or the risk of a recurrence was so low that major preventative measures would be disproportionate". As the president and vice presidents of the Royal College of Physicians of Edinburgh noted "the contributing circumstances have the potential for this to occur in any hospital under pressure, and leave no room for complacency... the lessons learned are too important to ignore, must be acted upon and result in cultural change to avoid repetition".

The Francis report highlighted issues of poor leadership, tensions between medical and management staffs, a negative culture, inaccurate self-declaration of its own performance, a failure of professional

associations to support staff who voiced concerns and failure of external agencies to accurately monitor performance.

The unintended and negative failings of performance management target systems, especially when coupled with performance based pay (either organizational or individual) is well documented in management literature, as contributing to a 'tick box culture' and a focus on outputs rather than processes. It is questionable whether the best route to raise or ensure compliance with fundamental standards is best served by a combination of SMART objectives and incentives.

## **Emergency Services**

As noted in the November 2012 Commentary the appointment of the new chief constable for the Scottish national police force led to some clarification as to the scale of initial job losses, with up to 3,000 mainly support jobs (in HR, finance and procurement etc.) to be lost, mainly by voluntary redundancies and early retirement, and to proposals to reduce police estates by 20%, implying some reductions to the number of police stations. It is likely that some of the civilian job losses will lead to police officers taking back some of this work, and the trend towards a more porous divide between police officers and civilian staffs, a feature of future years, reduced in the period to 2015. The protection of police officer numbers may well be by standardising terms and conditions and at the expense of reductions in hours, overtime and conditions.

Issues of management control and responsibility arose in a well-publicised disagreement between the Scottish Police Force and the Scottish Police Authority, as to the implications of the new legislation in terms of the control of HR, finance, other back office functions and civilian staffs. Concerns that the SPA would not delegate control of staff to the new Police force would make it much harder for the new chief constable to effectively manage staff and resources and in recognition of this a number of finance and HR staff will now be placed under the chief constable's control. Audit Scotland, in its Overview Report into best value in police authorities, echoed these concerns: "It is critical that the respective roles of the Scottish Police Authority, the Police Service of Scotland, local authorities and their partners are clearly understood and that policing services are managed in accordance with well-established principles of good governance and accountability" (overall conclusions para. 22).

The Fire Services in England are responding to reduced budgets by shifting to fire prevention and risk analysis, Greater Manchester has been reported as reducing front line staff by a third, but its chief fire officer noted the advantages of initiating changes in more buoyant economic times, and argued that there was no quick fix for slimming the public sector without damaging the services the public receives. Resources had been successfully taken out of the system by managing a reduction in demand, but there are obvious limits to such policies.

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February 2013