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Public Sector employment in Scotland

Some 300,000 public sector workers in Scotland participated in the UK wide public sector strike at the end of November 2011, in response to plans to change pension arrangements, pension links to the CPI, retirement age and contributions. The Government announced a revised arrangement, broadly, although not universally accepted, on 20th December.

Public sector employment in Scotland continues to decline. The latest data (Q3 2011) indicates that there were 588,900 (546,000 excluding public sector financial institutions) employed in the public sector in Scotland, a decrease of 23,500 (3.8%) since Q3 2010. Employment in the devolved public sector declined by 21,200 (4.1%) to 492,000, due mainly to a decline in local government employment (down 13,300 over the year). Public sector employment (headcount and excluding public sector financial institutions) is now at its lowest since Q4 2001 and in percentage terms the lowest in the current data set (1999 - 2011).

As Table 1 and Figure 1 indicate public sector employment (excluding public sector financial institutions) rose between 1999 and 2006, but since 2007 has declined by 42,600. Although the movement of local authority staff both in and out of arms length organizations, typically charities, makes comparisons slightly harder.

Local Government

Table 2 indicates the changes in headcount by local authority and indicates a both decline in Local Authority employment of 13,300 (4.5%) over the year, and some evidence of acceleration in the rate of reduction in employment. Attempts to rely on voluntary measures and natural wastage may prove to be lower than expected, as normally turnover rates ease during a recession, there will be more pressure on other methods to reduce employment levels. Pressures on spending levels will lead to employment reductions. Evidence as to changes in organization and employment policies in Local Government in England suggests a number of approaches to reducing labour costs that may well be adopted in Scotland (Work in Progress (December 2011), The Audit Commission. December 2011). These included:

- The potential for localising pay rates to reflect local market conditions;
- Increased emphasis on part time working – especially for those approaching retirement;
- Less spending on external expert services;

- Reduced use of agency staffs;
- De-layering with an emphasis on cutting more heavily management and senior posts (but recognising the potential loss of organizational memory on efficiency);
- The outsourcing services at reduced costs to voluntary and other associations as well as to commercial organizations;
- The ending of automatic annual pay increments.

The policies of contracting out local government services to the voluntary sector have meant that cuts in local government expenditure have impacted on the voluntary sector. As Cunningham (2011) notes the voluntary sector had been subject to a number of cost pressures in the New Labour Era, leading to job insecurity and pressure on terms of employment, and voluntary organisations were increasingly unable to match public sector salary scales. The current era of public sector cuts increases the pressure on voluntary sector organisations to reduce costs, Cunningham notes that already some local authorities have imposed cuts on providers ranging between 4% and 20%. The report noted that 36% of organisations surveyed had seen a decrease in their annual turnover over the past three years; over half had reported no cost of living increases in their contracts (68%) or their grants (98%). As a consequence pay freezes have been widespread, there have been some wage cuts, but more generally organisations were seeking to reduce wage costs by reducing training, deskilling, cuts to terms and conditions and reduced hours of work.

Education

Changes to the terms and conditions of supply teachers (supply staff have to work for five days at the lowest daily rate of £78 for five consecutive days in the same school before pay rises to the normal rate of £145), designed to save some £60 million lead to councils experiencing considerable problems in meeting both short and long term supply cover. A study Scottish Labour found that 84% of local authorities could not meet all requests for short term cover in 2011/2012 and 52% experienced difficulties in filling long term requests. Inevitably this will lead to further numbers of teachers in non permanent posts considering whether or not to remain in the sector.

Within the education sector the numbers employed in Scottish Further education colleges had declined by 2,000 (11.8%) over the year to Q3 2011 to 15,100) and further reductions are inevitable. 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. Four different structures for the regional model were outlined in the consultation paper: full mergers, regional federations of colleges, lead colleges with

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

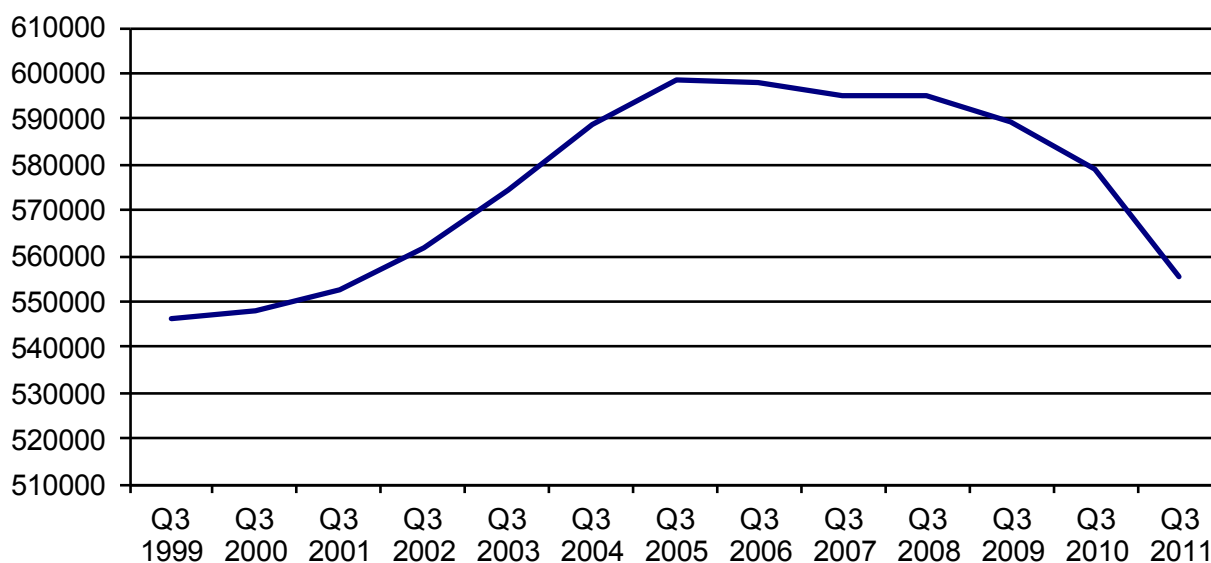
	Total Employment	Private Sector		Public Sector		Public Sector <i>Excluding public sector financial institutions</i>	
		Level	Level	%	Level	%	Level
Q3 1999	2,293,000	1,746,600	76.2%	546,000	23.8%	546,000	23.8%
Q3 2000	2,355,000	1,807,000	76.7%	548,200	23.3%	548,200	23.3%
Q3 2001	2,345,000	1,792,800	76.4%	552,700	23.6%	552,700	23.6%
Q3 2002	2,352,000	1,790,500	76.1%	562,000	23.9%	562,000	23.9%
Q3 2003	2,408,000	1,833,400	76.2%	574,100	23.8%	574,100	23.8%
Q3 2004	2,441,000	1,852,200	75.9%	588,600	24.1%	588,600	24.1%
Q3 2005	2,456,000	1,857,300	75.6%	598,500	24.4%	598,500	24.4%
Q3 2006	2,499,000	1,901,300	76.1%	597,800	23.9%	597,800	23.9%
Q3 2007	2,552,000	1,956,800	76.7%	595,300	23.3%	595,300	23.3%
Q3 2008	2,552,000	1,957,000	76.7%	594,900	23.3%	594,900	23.3%
Q3 2009	2,507,000	1,878,700	74.9%	628,100	25.1%	589,400	23.5%
Q3 2010	2,479,000	1,866,500	75.3%	612,400	24.7%	578,800	23.3%
Q3 2011	2,486,000	1,896,800	76.3%	588,900	23.7%	555,200	22.3%

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

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. Between Q3 2010 and Q2 2011 estimates for the civil service include temporary field staff recruited to carry out the 2011 census.

Figure 1: Number of people employed in the public sector in Scotland (headcount) excluding public sector financial institutions



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

Local Government

Table 2: Local Government employment by local authority (headcount) Q3 207 – Q3 2011 (Not seasonally adjusted)

Year Quarter	2007 Q3	2008 Q3	2009 Q3	2010 Q3	2011 Q3	Annual Change Headcount	Annual Change %
Local Authority / Joint Board							
Aberdeen City	11,600	11,500	9,400	8,900	8,800	-100	-0.7%
Aberdeenshire	13,600	13,800	14,600	14,500	13,900	-600	-4.3%
Angus	5,700	5,800	5,700	5,600	5,500	-200	-2.9%
Argyll & Bute	5,300	5,300	5,400	5,200	4,800	-400	-7.9%
Clackmannanshire	2,900	2,900	2,800	2,800	2,600	-200	-7.6%
Dumfries & Galloway	8,300	8,200	8,300	8,200	7,800	-400	-4.6%
Dundee City	8,300	8,300	8,100	8,000	7,300	-800	-9.5%
East Ayrshire	6,900	6,800	6,700	6,600	6,500	-100	-1.6%
East Dunbartonshire	4,800	4,900	5,000	4,900	4,300	-500	-10.5%
East Lothian	5,000	4,900	5,000	4,800	4,700	-100	-2.9%
East Renfrewshire	4,800	4,800	4,800	4,600	4,500	-100	-2.2%
Edinburgh, City of	20,500	20,100	19,000	18,500	17,800	-700	-4.0%
Eilean Siar	2,600	2,600	2,600	2,500	2,500	0	-1.6%
Falkirk	7,900	8,000	8,100	7,900	7,400	-500	-6.8%
Fife	22,500	22,500	22,800	22,400	21,100	-1,300	-5.7%
Glasgow City	33,500	31,800	23,300	22,300	21,600	-800	-3.4%
Highland	12,600	12,700	12,800	12,700	12,100	-600	-4.9%
Inverclyde	5,200	4,800	4,800	4,600	4,400	-200	-4.3%
Midlothian	4,600	4,700	4,700	4,800	4,600	-200	-3.9%
Moray	4,900	5,100	5,200	5,100	4,900	-100	-2.9%
North Ayrshire	7,500	7,500	7,300	7,100	6,800	-400	-5.1%
North Lanarkshire	18,000	17,900	18,200	17,200	16,300	-900	-5.2%
Orkney Islands	2,200	2,400	2,400	2,400	2,300	-100	-3.2%
Perth & Kinross	6,000	6,100	6,100	6,000	5,900	-100	-2.0%
Renfrewshire	9,100	8,800	8,600	8,300	7,500	-900	-10.4%
Scottish Borders	5,800	5,800	5,700	5,700	5,600	-100	-1.7%
Shetland Islands	3,700	3,800	4,100	4,200	4,000	-200	-5.2%
South Ayrshire	5,700	5,700	5,600	5,600	5,300	-300	-5.1%
South Lanarkshire	16,000	15,800	15,900	15,500	15,100	-400	-2.6%
Stirling	4,500	4,400	4,400	4,500	4,100	-300	-7.3%
West Dunbartonshire	6,200	6,300	6,600	6,100	6,100	-100	-1.3%
West Lothian	8,300	8,400	8,500	8,400	7,800	-500	-6.4%
Total Fire Joint Boards	5,700	5,800	5,800	5,700	5,600	-100	-1.5%
Total Police Joint Boards	23,600	23,800	24,700	24,700	23,900	-900	-3.5%
Total Valuation Joint Boards	700	700	700	600	600	0	-3.7%
Total Regional Transport Partnerships (SPT)	700	700	700	700	600	0	-4.6%
SCOTLAND	315,200	313,200	304,500	297,700	284,500	-13,300	-4.5%

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. There are minor adjustments to police numbers for Dumfries and Galloway and Fife
 5. Figures for Dundee City and Falkirk reflect some transfer of staff to charitable trusts

Developments in England give some indications as to the areas where the new national police force may seek to reduce staffing costs in addition to reducing the numbers of police officers and police staff. In January the home secretary accepted a set of proposals designed to reduce police staffing costs in England, these included, in addition to the changes affecting most public sector employees (a pay freeze and increased pension contributions), a two year freeze on officers automatically moving up pay scales and the abolition of special priority payments. Potentially more significant will be contained in the second part of the current review which will consider the current pay negotiating arrangements basic pay, career length and pensions. Interestingly the Police Arbitration Tribunal did not accept the recommendation to reduce the rate of payment for overtime working, nor a reduction to accept a lower on-call allowance.

The Chancellor's autumn statement indicated the introduction of a 1% cap on public sector pay following two years of a pay freeze and the potential 3% increase in employee pension contributions. Already public sector workers have, as a consequence of inflation, experienced a cut in real earnings of nearly 8%. But, continued pay restraint and increased pension contributions have lead a number of unions to suggest that this will mean cuts of up to 15% in real terms for public sector employees by 2014/5.

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February 2012

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