

Key messages

Scotland's public sector workforce



 ACCOUNTS COMMISSION

 AUDITOR GENERAL

Prepared by Audit Scotland
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Key facts

Number of whole-time equivalent (WTE) staff employed directly by councils, the NHS, the Scottish Government and other central government bodies in Scotland in March 2013

Estimated staff costs in public sector bodies 2011/12

Total reduction in staff costs between 2009/10 and 2011/12

373,400¹

£12.7 billion

£1 billion (8%)

15,816 (4%)²

9,664 (3%)²

Minimum number of staff (WTE) who left through an early departure scheme between 2009/10 and 2012/13

Number of WTE jobs transferred between 2009/10 and 2012/13 to arm's-length or other bodies who deliver services that are paid for, at least in part, by public money

Notes:

1. Calculated by Audit Scotland from Office for National Statistics and Information Services Division data.
2. Percentage of 2009 workforce.

What's this report about?

This report examines how councils, the NHS, the Scottish Government and other central government bodies have changed their workforces since 2009. It looks at how they have made changes, what savings they have made and what they need to do in the future.

Key messages

1 From March 2009 to March 2013, the Scottish public sector workforce reduced by 26,600 WTE (seven per cent) to 373,400. These changes helped public bodies reduce their staff costs by an estimated £1 billion (eight per cent) between 2009/10 and 2011/12. Some of the reduction in staff costs will be offset by other payments to arm's-length external organisations (ALEOs) and other non-public sector bodies to deliver public services.

- 15,816 WTE staff (four per cent of the 2009 workforce) left through early departure schemes ([paragraphs 24-27, main report](#)) (PDF) .

- Another 9,664 WTE staff (three per cent) transferred to ALEOs or other non-public sector bodies. These staff may still deliver services paid for by public money, but they are no longer included in public sector employment figures ([paragraphs 21-23, main report](#)) (PDF) .
- Councils reduced staff costs by £813 million (12 per cent) in real terms to £6 billion. The NHS reduced staff costs by £136 million (two per cent) to £5.5 billion in 2011/12. The Scottish Government and 65 other central government bodies reduced staff costs by around £83 million (seven per cent) to at least £1.2 billion ([paragraphs 37-41, main report](#)) (PDF) .

2 Our 80 survey bodies had used a range of approaches to manage workforce numbers and costs. Each of the nine fieldwork bodies planned, at a service level, when changing their workforces. NHS bodies also produce single organisation-wide plans bringing together their service-level workforce plans. Eight fieldwork

bodies had used an early departure scheme but none had fully tested their schemes before using them. Fieldwork bodies did not routinely collect information on the costs and savings of their workforce change programmes.

- All nine fieldwork bodies had planned their workforces well at a service level with the details included in individual service or departmental plans ([paragraphs 44-48, main report](#)) (PDF) .
- Early departure schemes were widely used. Before introducing schemes, fieldwork bodies had not fully tested them, by modelling different terms and conditions of their schemes or different levels of uptake by staff ([paragraph 67, main report](#)) (PDF) .
- Not all fieldwork bodies were routinely collecting information on the savings they made from wider changes to the workforce, or the costs of the changes ([paragraphs 73-78, main report](#)) (PDF) .

3 Public sector finances will be under pressure for the foreseeable future although this varies between sectors. Given the challenges ahead, public bodies will need to make further workforce changes. Without service reform these are unlikely to deliver the savings needed. Public bodies need to think differently about how they deliver services, for example by prioritising and redesigning services and increasing joint working and collaboration. The Scottish Government has a number of reforms under way that could help deliver the change needed.

- By 2015/16, councils' revenue funding will reduce by £281 million. Revenue funding for the NHS will increase by £101 million. The Scottish Government and other central government bodies' revenue funding will increase by £123 million ([paragraph 83, main report](#)) (PDF) .
- Only 58 of 80 surveyed bodies were able to predict workforce numbers and costs for 2014/15. They expect staff numbers to fall by 3,122 WTE up to 2014/15, but overall costs are expected to rise by £209 million in cash terms ([paragraphs 88-90, main report](#)) (PDF) .
- Public bodies may need to consider changing work patterns and negotiating agreements

on workforce flexibilities. They also need to think differently to find new ways to make savings, for example, through service redesign; cross-organisation and cross-sector working ([paragraphs 95-105, main report](#)) (PDF) .

Key recommendations

The Scottish Government and the Convention of Scottish Local Authorities (COSLA) should:

- work with public bodies to improve the consistency and accessibility of the data they collect on public sector employment and staff costs. This would provide more clarity on the relationship between staff numbers and costs and the impact of changes in these on disposable income and workforce availability
- provide strategic guidance on how bodies can redesign services and work better together to jointly plan and deliver services
- improve strategic planning of public sector workforces to identify and plan for future skills needs, gaps and challenges.

Where they have not already done so, councils, the NHS, the Scottish Government and central government bodies should:

- develop and use organisation-wide workforce plans, informed by a series of service or departmental plans that are consistent in their structure and content. Senior managers and boards or elected members should scrutinise and monitor these plans
- assess the impact of different terms and conditions on the likely costs and uptake of their departure schemes before they put a scheme in place
- collect information on the costs and net savings from their workforce programmes and report these details to boards and elected members
- forecast expected staff numbers, skill needs and costs on a rolling three-year basis, using scenario planning where necessary
- make better use of existing mechanisms, such as community planning partnerships, to identify opportunities to share resources, including workforces.

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