

Moving On

The costs of high staff turnover in the
civil service

Summary



About this report

Civil servants in the UK change roles more quickly than their equivalents in other countries or private sector organisations. This rapid movement of staff around Whitehall is deeply ingrained in Whitehall's workforce model. It has been criticised for more than 50 years. But in the last two decades it has accelerated, with the opening up of the internal jobs market with few controls on movement, and the imposition of a pay freeze and cap, meaning that most staff have to change roles to get a promotion and a pay rise.

This report argues that the current workforce model is unfit for the challenges the civil service faces. The civil service needs to replace it with a system which values specialists as well as generalists; and rewards those who stay in post, build experience and see through projects, as well as those who move through a wide range of roles.

Chapter 1 draws on data available for the first time to set out how quickly staff in different departments, professions, grades and roles move through the civil service.

Chapter 2 describes the problems that high staff turnover causes.

Chapter 3 explains what is causing staff to change roles too frequently.

Chapter 4 assesses the civil service's efforts to address high turnover.

Chapter 5 contains our recommendations for managing the workforce better.

Summary

At a moderate level, staff turnover is healthy and refreshing. But when every year, crucial departments like the Treasury lose up to a quarter of their staff; when most senior managers leave their roles every two years, disrupting work and leaving ministers to maintain institutional memory; and when, in just three years, multi-billion pound projects can cycle through five project directors and whole policy teams turn over almost entirely, staff turnover in the civil service is not healthy but debilitating.

Such constant upheaval in Whitehall's workforce has been criticised by civil servants for more than 50 years.* But in the last two decades – with the introduction of an open internal market for jobs and the imposition from 2010 of a pay freeze and cap – it has accelerated. While some staff will always leave the civil service for roles outside, an increasing proportion of staff turnover is due to staff switching departments and switching roles.

In some parts of the civil service – Whitehall, the senior civil service, and among commercial, operational delivery and policy roles – staff turnover is consistently at an excessive level. Several London-based departments consistently lose 20–25% of staff each year.¹ In six departments, a new minister will find four in 10 of their senior officials have been in post less than a year, while permanent secretaries only average around three. Such brevity in role compares poorly with other civil services around the world and equivalent private sector organisations.²

This level of personnel change creates four problems. First, it is very expensive. We estimate that excessive turnover in departments costs the civil service between £36 million and £74 million each year in recruitment, training and lost productivity. But this figure only represents a small part of the problem.

Second, excessive turnover harms Whitehall's ability to make policy – a core task. Whitehall struggles to retain knowledge and expertise in key policy teams. The Coalition Government lost almost all of its experts on homelessness in two or three years after 2010, for example. Ministers, who themselves often move around quickly, frequently complain that they know more about a policy area than the officials who advise them. The quality of policy advice suffers for lack of experience and expertise.

Third, excessive turnover disrupts the implementation of policy in major projects. Universal Credit went through five senior responsible owners (SROs) in less than a year

* In 1968, Lord Fulton criticised excessive turnover in a landmark report on the composition of the civil service: 'It cannot make for the efficient despatch of public business when key men rarely stay in one job longer than two or three years before being moved to some other post, often in a very different area of government activity', he concluded. Lord Fulton, *The Civil Service Vol. 1 Report of the Committee 1966-68*, HM Stationery Office, 1968, www.civilservant.org.uk/library/1968_fulton_report.html

between May 2012 and May 2013, for a variety of reasons including poor workforce management.* This is just one example where very rapid senior turnover has contributed to muddled project management and missed targets – and ultimately wasted millions of pounds. When project managers change very quickly, it also undermines accountability because those responsible for failures have often left by the time Parliament calls departments to account.

Fourth, excessive staff turnover undermines the effectiveness of the Treasury, which is responsible for ensuring public money is spent well. Around a quarter of the Treasury’s workforce leaves every year, often for better paid roles elsewhere. Some spending review teams, which oversee departmental spending, experience 90% turnover from one review to the next, while the department struggles to retain staff in key areas such as financial services.

Brexit recruitment is making turnover higher across Whitehall – and is illustrating Whitehall’s difficulties with getting staff into key roles and keeping them there. While staff have had to be moved to work on Brexit, some are using the new roles as a promotion opportunity before moving on quickly. This is both bad for Brexit work and disruptive for the areas these staff leave behind.

In 2012, the civil service recognised once more that staff ‘moving from job to job too quickly’ is a major problem.³ It has proposed solutions including improving workforce management through the functions,** improving bonuses and restricting pay increases for those who move. But these measures are failing to curb excessive levels of personnel change because they do not tackle the underlying causes.

The main drivers of excessive levels of turnover are Whitehall’s open internal jobs market coupled with managers’ inability to reward those who stay in post, and a culture which values those who move quickly above those who develop expertise and see through projects; anyone can apply for any job at any time and managers have little means with which to encourage them to stay. This pits departments against one another in a war for talent. Movement of staff around Whitehall appears to be largely unplanned;*** driven by individuals’ perceptions of how they can most quickly advance their career rather than where the organisation needs skills and experience.

Recommendations

As a first step to address excessive turnover, Whitehall must reform pay. Before 2010, almost all staff across the public sector automatically increased their pay each year, regardless of performance. Now civil servants have to move jobs to increase their pay.**** Neither is desirable.

* One of the senior responsible owners, Philip Langsdale, tragically died in December 2012. However, others left because the department failed to get the right person in or managed them poorly. National Audit Office, *Universal Credit: Early progress*, 2013, www.nao.org.uk/wp-content/uploads/2013/09/10132-001-Universal-credit.pdf; Timmins N, *Universal Credit: From disaster to recovery*, Institute for Government, 2016, www.instituteforgovernment.org.uk/publications/universal-credit-disaster-recovery

** Functions are key parts of the workforce, including commercial, finance and digital, that work across departments.

*** Unfortunately we were not able to access data on the proportion of planned or unplanned moves.

**** A very small number of civil servants (22 in 2017/18) receive temporary pay increases through the Pivotal Role Allowance. We discuss these in Chapter 4.

Instead, Whitehall should implement targeted pay progression, which means those who perform well or acquire extra skills or capabilities are able to increase their pay while staying in post. This is standard in the private and third sectors, and has already been introduced in some parts of government, such as in digital roles and in a national security department. Once introduced, it would be no more expensive than the current system. The Cabinet Office and the Treasury have both expressed a desire to move towards targeted pay progression, but have yet to outline concrete plans for getting there.⁴

- **The Government should introduce targeted pay progression throughout the civil service by 2021. The Chief People Officer, Rupert McNeil, should work with the Treasury, heads of function and permanent secretaries to agree models that work for each profession, department and grade.**

Beyond pay, however, Whitehall needs a HR and career progression system fit for the workforce it requires: one that rewards the right mix of specialist skills, policy knowledge and generalist capabilities; and creates a culture that encourages some officials to move through a wide range of roles, while ensuring others stay in post longer, build deeper expertise and complete key projects.

Two key changes are needed to transform how the Whitehall workforce is managed. First, senior leaders in departments need to be made accountable for reducing turnover and improving workforce management. Currently there is no requirement for departments to publish data, which means permanent secretaries have often not taken the issue seriously enough.

- **Permanent secretaries should be required to publish key workforce data annually – including turnover levels for the department, individual directorates and key roles – and they should be accountable when departments experience excessive levels of personnel change.**

Second, Whitehall needs to move away from the current weak role that HR still has in most departments towards a more strategic one that addresses long-term staffing needs, retention, succession planning, talent management, corporate culture, skill levels and employee performance – as opposed to just payroll, job adverts and background checks. This will rely on improving HR capability and giving it a stronger role in departments.

- **Every department should appoint its HR Director to its board, to ensure HR has sufficient capability and a voice at the top table so that it can play a key role in the running of the department.**

Stronger HR teams in departments, working with functional heads, will be able to do much more to intelligently manage the way the workforce moves around Whitehall. We offer six recommendations that departmental HR teams should put into practice:

- Identify roles that require longer tenure and those that don't.

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- In roles that require longer tenure, hire people who want to do the job long term and give them specific contracts and opportunities for career development.
 - Create specific roles that meet demands for expertise, including at senior levels.
 - Use the new recruitment framework* to reward those who build experience and expertise.
 - Monitor turnover by team and chain of command, and implement special measures if it exceeds a particular level within a fixed period.
 - Establish processes for succession planning and handover.

* The civil service is rolling out a new recruitment framework, 'Success Profiles', for scoring interviewees, which includes experience and specific knowledge as categories, unlike the previous 'competency-based' approach. We describe these frameworks in Chapter 4.

References

Summary

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- 4 Cabinet Office, Government evidence to the Senior Salaries Review Body on the pay of the Senior Civil Service, 2018, www.gov.uk/government/publications/government-evidence-to-the-senior-salaries-review-body-on-the-pay-of-the-senior-civil-service--2; Swinford S, 'Blanket public sector pay rises to be based on performance', *The Telegraph*, 21 October 2018, www.telegraph.co.uk/politics/2018/10/21/blanket-public-sector-pay-rises-will-come-end-treasury-tells/#Echobox=1540188406

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