



Cutting the civil service

How best to slim down and save money

Alex Thomas

Savings from the civil service will be tiny relative to other budgets, but there is room to strip back if the prime minister and chancellor decide to make cuts there. Here is how to do it.

Introduction

The newly installed Sunak-led government has warned of tough choices ahead for public spending across all departments and a wide range of public services. The prime minister and his chancellor are right to avoid disingenuous claims that “efficiency savings” are the answer, and to be honest with MPs and the public that cuts will be painful and affect the public services on which we all rely. And although it makes up a very small part of the overall budget, whenever the Treasury embarks on a [round of savings](#) the civil service is a prime target.

Boris Johnson’s administration had put the civil service in its sights – or at least in its media grid. Unfocused plans to cut 91,000 jobs, rows about permanent secretary appointments and Jacob Rees-Mogg’s passive-aggressive notes about working from home all made headlines, but none made sense.

Liz Truss’s fleeting premiership continued the theme, with attacks on “Treasury orthodoxy” and hints that civil servants were part of what she labelled, if broadly, an “anti-growth coalition”. This followed a confused “war on Whitehall” during her leadership campaign, where she seemed to forget that a proposal to save billions by introducing regional pay would hit nurses and teachers across the country more than any Whitehall mandarin.

All this has contributed to a crash in morale in the civil service. So it was welcome that Sunak's summer campaign had struck a more constructive tone, even if some of his reform plans were unoriginal or already being implemented.¹ He promised to improve performance management and interchange between the public and private sectors, and to continue with [civil service relocation](#). More recently he has said that he will not pursue the Johnson government's 91,000 civil service job cut target, and sensibly said that a suspension of the graduate fast stream would end.

But much of that was before cost-cutting became the overriding priority. On that score there are savings to be made, and even if dropping the headline 91,000 target Sunak and his chancellor will be looking at where to make them in the civil service. Real savings from administrative budgets will be small (the whole of the civil service paybill is only around 1% of total government spending), but every little helps. More importantly if the whole public sector is suffering pain, the civil service, closest to the centre of government and symbolically important, needs to show leadership and take the chancellor's medicine.

There are cuts to be made in some parts of the civil service

There is room to cut if ministers choose to do it and are prepared to manage the consequences. The civil service has grown by 25% since 2016, and by 10% between 2020 and 2021 alone. By contrast between 2010 and 2016 it shrank by 25%. There are now more lawyers, project delivery specialists, communications officers and property experts working in government, while the number of civil servants working on policy has nearly doubled in the last six years, from 16,570 to 32,020. The Cabinet Office has almost doubled in size, growing by 6,000 staff; the Department for Education has doubled, growing by 5,300 in the same time.

Brexit work means the civil service has new responsibilities

But before wielding the axe, ministers do need to be clear that the civil service is bigger than it was in 2016 in part because of the repatriation of EU functions. Data on exactly how much of the increase is because of Brexit is not available, but there are some useful proxies. Approaching half (45%) of the growth of the civil service has been in agencies and public bodies that have absorbed new responsibilities from the EU. For example, UK Visas and Immigration is spending 55% more on staffing than in 2016. A third of the business department's growth was in its core offices, where most of the temporary roles to prepare for EU departure were based; the other two thirds are likely to be mostly permanent new roles in agencies like the Competition and Markets Authority and Ofgem.

Our best estimate is that around half of the growth of the civil service relates to new, permanent post-Brexit functions; the rest was in response to Covid and Brexit transition (including 'no deal' planning), with staff largely now moved to fill other vacancies as they have arisen. As Brexit transition and the pandemic demands begin to recede from being part of the normal business of government this suggests that there is some

genuine fat to cut. There will also – as always in any large organisation – be processes to improve and proper efficiencies to be made. Removing duplication, closing down projects when they have finished and adopting new technology to reduce overheads requires constant effort and attention. No efficiency programme is ever truly finished. So if ministers choose to do so, there is room to slim down.

However, making cuts will also mean limiting what the government can do. All those new policy advisers are still doing a job for ministers and the public. Whether the work is worthwhile or not is for ministers and senior officials to judge, but a meaningfully smaller civil service will be able to do less so ministers will have to be clear about their priorities.

The right way to make cuts

How should a programme of cuts be implemented? Luckily there is a good deal of experience from previous efforts that will help thoughtful ministers make cuts happen while avoiding wrecking the departments needed to make the government run. Here are six ways to help do that.

1. New Cabinet Office ministers should be boring and constructive

First, prioritise calm competence. Calling for that is not usually controversial, but after Rees-Mogg's eye-catching but ultimately trivial interventions on civil service cuts and working from home, another period of turbulence in the management of the civil service would be particularly unwelcome.

As prime minister Rishi Sunak has made two important Cabinet Office appointments: Oliver Dowden as chancellor of the Duchy of Lancaster and Jeremy Quin as paymaster general and minister for the Cabinet Office. Also in the department are Nadhim Zahawi as Conservative Party chair, Johnny Mercer as veterans minister and Gavin Williamson in a perplexingly yet-to-be-determined job – but it is Dowden and Quin who will have most influence over how the government runs.

Dowden is likely to spend most of his time brokering between departments and resolving internal arguments on behalf of the prime minister. Quin is the day-to-day ministerial manager, in charge of civil service reform, government efficiency and oversight of government 'functions' like HR, digital, property and communications.

If experience means success then these two choices make sense. Both have worked in the centre of government before. Dowden was David Cameron's deputy chief of staff and later minister for 'implementation'. Quin was a whip and then Cabinet Office minister for the government's commercial function. He also spent two years in the Ministry of Defence working on military procurement – and there are few more thankless jobs in government than that. So both understand how the machine works.

Dowden would be well advised to drop his culture warrior persona, which always seemed slightly conflicted, and to co-opt the civil service into his priorities for government. He knows the cabinet secretary, Simon Case, well and they will need to work closely together to run the government administration. If he does that, he and Quin

have the chance to reset relationships and to build on Michael Gove's 2021 work, [that had been starting to bear fruit](#), to implement sustained efficiencies and government reform while slimming down the civil service too.

2. Target 'pounds not people'

Second, target budget savings not headcount reductions. The temptation to reach for a media-friendly headline figure is strong, as is the suspicion that internal resistance to headcount reduction is the civil service protecting its own. Both must be resisted. As Henry Newman, until recently a senior special adviser to Michael Gove and Boris Johnson, [told us](#) "a top-down target to reduce the size of the civil service was utterly ludicrous and would have led to cost increases in the short term and the worst possible distortive behaviours".

A headcount target means that talented, cheap, younger and mobile staff leave. Expensive, less mobile and – sometimes – weaker performers stay. Pausing the fast stream recruitment programme, cutting off low-cost and high-potential new recruits, is an example of how not to make savings. Cuts fall where vacancies just happen to open up and are not targeted at the lowest priority areas. It also means more focus on people and less on areas like estate use and other overheads where more efficiency savings will be available. Fewer permanent officials makes it more likely that consultants are called in at huge expense. And when the going gets tough all the incentives are to reclassify civil servants, punting them out into arm's length bodies and other quasi-government organisations rather than make real savings.

It will be far more effective to give departments targets to save money on administrative budgets. If set at the right levels that will mean job cuts – but incentivised so that it is the costly poorer performers, in lower priority areas, that leave.

3. Have a long-term plan for cuts and efficiencies

Third, think long term. The pressure is on to find fast savings, particularly with a general election fast approaching, but ministers and officials must work out the size and shape of workforce needed over the next 5–10 years. One of the main reasons for low capability and limited experience in the civil service is the 'boom and bust' in recruitment and retrenchment. Defra shrank by a third between 2010 and 2016, losing staff with expertise that proved to be much-needed after Brexit. Since the referendum the department has nearly doubled – reversing the cuts and adding more than 5,000 staff.

The new joiners had energy and drive, but lacked experience in Defra's core work and in government generally. An incremental efficiency programme, including regular redundancies when needed, but in a less volatile way, would lead to better government and save more money in the long run. It would also allow officials to protect capacity to respond to emergencies and to avoid reaching so quickly for those expensive consultants when the unexpected inevitably happens.

4. Motivate and reassure the staff who stay

Fourth, send a clear signal about who you want to stay. The numbers suggest it is the policy profession that is likely to feel the heat first, with operational service delivery

teams coming under pressure if savings are to be found from longer-term automation. So, reassure digital and data specialists, scientists, engineers, analysts and project delivery experts that if they perform well their jobs are safe. There is always pressure to run down contingency planning and resilience activity too – that would be a bad mistake. Keeping people with these rare skills is essential [as the pandemic has amply demonstrated](#).

More generally, civil service morale is already low and risks being ground down further if there are widespread job cuts during a cost of living crisis. Civil servants, as well as other public sector workers, are already finding things tough with the PCS union saying that one in 12 civil servants is using food banks.² Those officials who remain after a programme of cuts need to know that they are valued and will be looked after with fair salaries and terms and conditions.

5. Be prepared to invest to save

Fifth, allocate some resources to efficiency investment and use it to make careful and clear choices. The most valuable efficiency savings always require up-front spending, normally in new digital services and platforms. Cutting budgets for digital, project management, or reducing the civil service finance capacity would save money in the short term but lead to a less effective and more expensive state over time. Digital investment in particular must be protected to improve service provision and release genuine efficiency savings as staff can either be made redundant or reallocated to the jobs that only humans can do well.

6. Make brave decisions about stopping activity to protect priority services

Finally, differentiate clearly and honestly between making efficiencies and stopping activity. A smaller civil service will be able to do less. Piling more responsibilities onto over-stretched teams will normally mean that the work just gets done less well. Trying to paper over creaking civil service organisations and top-slicing budgets without stopping activity will lead to more public frustration over service backlogs. If ministers want to avoid more DVLA and Passport Office style anger at other public body performance, or protect 'boots on the ground' frontline prison officers and jobcentre operatives, they need to accept that services elsewhere will have to be cut.

It is in ministers' best interest to maintain civil service skills and capability

The nation is at a financially perilous moment and the chancellor has decided that he needs savings to reassure UK creditors. Job cuts are coming across the public sector. Even if the prime minister has, sensibly, dropped the undefined headline target of cutting 91,000 civil servant jobs there is room to find efficiencies and to reduce the capacity of the civil service. But it is in nobody's – least of all government ministers' – interests for the civil service's skills and capability to degrade too.

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References

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