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Report finds civil service capability hindered by pay cuts

The government has been criticised by the Institute for Government for making insufficient progress on improving civil service capability.

The new report by the think tank Institute for Government highlights particular concerns over “entrenched” high staff turnover and a consistent fall in staff morale since 2020 linked to significant falls in real-terms pay.

It reports that high staff turnover is a longstanding and worsening problem, which it says is undermining productivity and efforts to build up expertise. It found that over one in ten civil servants either moved between departments or left the civil service in 2022/23.

It raises concerns that the numbers of those that move within departments aren’t recorded but are known to be much higher and have a destabilising impact on departmental teams.

Similar concerns were raised by the Public Accounts Committee in March, which noted that chronic pay issues were putting recruitment and retention of staff at risk.

PCS has long been raising concerns that real-terms pay cuts and the removal of pay progression has meant that civil servants see moving roles or switching departments as the only way to improving their income.

The Institute for Government (IfG) claims that sharp pay decline at each grade has led to a trend which it calls ‘grade inflation’ whereby civil servants are promoted to reward them for good performance but also as a way of keeping them from leaving the civil service. It views this practice as unsustainable as it has confused the civil service’s grading structure.

It concludes that holding down pay may not have saved the government much money in any case: “If the civil service had the same grade composition in 2023 as it did in 2010, the total pay bill would be approximately £1.6bn lower than it is

(£15.4bn, rather than £17.0bn).”

Staff morale has decreased since the pandemic – which it links to the worsening economic conditions and the political tumult of 2022 that saw three different prime ministers, and 67 cabinet appointments in a calendar year. The Cabinet Office had experienced a nose-dive in staff morale during that time and has only recovered enough for an engagement score barely above HMRC, the lowest scoring department, while the Treasury has experienced the sharpest recent decline.

The IfG also focused on staff numbers, where growth is attributed mainly to Brexit and Covid. However, it does highlight that the four largest departments are smaller now than they were in 2010, which is reflected in the workload pressures being experienced by PCS members working in the Ministry of Justice, DWP, HMRC and the Ministry of Defence.

The IfG also raises concerns that despite efforts to make the civil service less London-centric, staff numbers in the capital have grown by 20% in the last 13 years – the most of any region. It also stated that while the civil service is becoming more diverse, the senior civil service still falls short, particularly for ethnic minority and disabled workers.

Commenting on the report, PCS general secretary, Fran Heathcote said: “The damning verdict of yet another report that finds poorly paid civil servants are suffering low morale and leaving in droves, will come as no surprise to our long-suffering members.

“The next government needs to learn from the failures of the last 14 years and ensure that civil servants feel valued for their hard work with pay increases that keep up with the cost of living and solve the worsening recruitment and retention crisis.”

Read the Institute for Government’s report, “The precarious state of the state: The civil service”