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Staffing levels in the Northern Ireland Civil Service

This Briefing Paper is to support the Committee for Finance and Personnel's consideration of options for holding an Inquiry. The first part of the Note presents evidence published by the National Audit Office on staff costs, staffing levels and distribution by grade in the home civil service. The process for approving new posts in the Northern Ireland Civil Service – in particular in relation to the Department of Finance and Personnel's role is presented. Some initial data from DFP's Comprehensive Pay and Grading Review is also discussed.

Key points

- Figures for the total NICS paybill are not available;
- Currently, no overall headcount reduction targets exists for the NICS as a whole, or for individual departments;
- There does not appear to be an explicit role for DFP in co-ordinating the NICS approach to headcount;
- Total headcount in the NICS is slightly higher in 2011 (27,701) than it was in 2000 (27,549), at least in part because of the creation of the Department of Justice;
- Total headcount in the NICS peaked in 2005 at 31,754 – 4,053 higher than it is in the current year;
- The proportion of staff in **all** grades above Administrative Officer/Administrative Assistant has increased since 2000:
 - The proportion of Administrative Officer/Administrative Assistants has declined by 2.6 percentage points; and,
 - The proportion of Deputy Principal/Staff Officers (the largest proportionate increase) has risen by 6.3 percentage points;
- In the last two years 482 posts have been evaluated for grade appropriateness. 86% (or 414 posts) were determined to be correctly graded. 9% (or 42 posts) were regraded down; 5% (or 26 posts) were regraded up. This may suggest that there has not been significant 'grade creep'.

1. The National Audit Office (NAO) findings on the home civil service

It is well known that the current public expenditure climate is radically different from that of the recent past; the Spending Review 2010 has set a different context for both home civil service departments and the Northern Ireland Executive. For the next few years, at the very least, budgets are diminishing in real terms more or less across the board.

On 11 March 2011, the NAO published a report *Managing staff costs in central government*.¹ The report presented findings in relation to three key areas:

- Recent trends in civil service staff costs;
- Central control of staff costs; and,
- Departments' and agencies' management of staff costs.

The NAO reached the following conclusion:

*Total expenditure on central government staff costs has increased by 10 per cent in real terms over the ten years to March 2010. The majority of this change is attributable to increases in higher grade staff. This shift in grade composition has not been a planned process, with variable practices across departments and agencies and an absence of central control. There is evidence of poor control over the numbers and roles of higher grade staff, inadequate management information to support effective staff cost management including a lack of time recording systems and skills information, and a lack of a structured approach to staff cost reduction. Work on identifying potential savings has begun but risks to value for money will remain if the above weaknesses are not addressed.*²

The 10-year period to March 2010 was one that was characterised by significant public expenditure growth in the UK. This perhaps provides an explanation – despite requirements from central government for ‘efficiency savings’ – for the lack of emphasis on staff cost control uncovered by the NAO.

The NAO's key findings

- Recent trends in civil service staff costs:
 - There were 493,000 full-time equivalent civil servants in March 2010; a 1 per cent decline on numbers at March 2001;
 - Over the same period civil service staff costs rose by 10 per cent in real terms;

¹ NAO (2011) 'Managing staff costs in central government' available online at: http://www.nao.org.uk/publications/1011/staff_costs_in_government.aspx (accessed 28 November 2011)

² NAO (2011) 'Managing staff costs in central government – full report' available online at: http://www.nao.org.uk/publications/1011/staff_costs_in_government.aspx (accessed 28 November 2011) (see page 7)

- The increasing proportion of higher-grade staff in the civil service is the principal cause of the cost increase – in particular a 67% increase (around 14,000 posts) at grades 6 and 7;
 - Although some of the change in grade mix can be attributed to an intended reduction in administrative activity, the increase in higher grades has not been a planned growth; and,
 - [The NAO estimates] that 35 per cent of the real terms increase in staff costs is due to increases in salaries and performance-related pay.
- Central control of staff costs:
- The delegated pay system is not designed for central control of the overall paybill;
 - The system of delegated pay setting has resulted in pay divergence across the civil service;
 - The centre of government has announced a range of immediate central actions in response to spending pressures, including time-limited freezes on cross-government recruitment and pay;
 - It is too soon to evaluate the consequences that may arise from central action, including risks to staff engagement and retention; and,
 - The 2010 Spending Review period will see a reduction in the Human Resources profession across central government from over 8,000 to 4,000 staff.
- Departments' and agencies' management of staff costs:
- Departments and agencies will be responsible for delivering the sustainable reductions in staff costs required by the 2010 Spending Review;
 - Organisations do not have a comprehensive understanding of their own staff costs in order to support staff cost reduction activity;
 - The required headcount reductions in the civil service will not be achieved by the natural turnover of staff; and,
 - Staff skills risk being underutilised or lost due to poor management information in this area.

These findings are wide ranging, and the Committee may be interested in establishing whether or not similar considerations apply in Northern Ireland.

2. Pay and grading in the Northern Ireland Civil Service

The staffing landscape is rather different in the Northern Ireland Civil Service (NICS) from that in the home civil service (which incorporates all civil servants in England, Scotland and Wales). The home civil service has a system of delegated authority whereby there are no government-wide pay agreements.

Each department establishes reward structures and pay scales which meet its own particular needs. Annual increases in pay scales are then negotiated with the Treasury in the form of an annual 'pay remit'.

Generally speaking, there is a broad level of consistency across home civil service departments. This is to prevent too much 'migration' from one department to another in search of better pay.³

In the NICS there is a single grading structure. Pay is negotiated for civil servants generally, so there is no variation in terms of pay scales between departments. The Treasury provides DFP with a pay remit which sets the scope for its negotiations on the behalf of the Executive.

2.1. Headcount in NICS departments

In the previous CSR period (2008-11) all NICS departments had efficiency-saving targets. Administration costs were centrally controlled, and the primary means of controlling these costs is managing headcount.

There is currently no NICS-wide target for total numbers of staff or staffing 'complement'. Staff numbers are driven by budget. Essentially if a department can afford to pay for a member of staff (i.e. has sufficient budgetary cover within its Resource DEL) it can create a post.⁴

Individual departments have different methods of controlling 'headcount'. Some departments require approval for new posts at Departmental Board level. In others, decisions can be taken at Departmental HR level.

DFP's role in headcount is therefore one of monitoring. Corporate HR (within DFP) has a workforce planning team which receives quarterly returns from departments on their levels of Full-Time Equivalent (FTE) staff. This enables the HR directorate to judge, for example, whether departments are seeking to reduce staff numbers in a way and in a sufficient number that may lead to a requirement for redundancies.

³ Source: <http://www.civilservant.org.uk/pay.shtml> (accessed 28 November 2011).

⁴ Source: personal communication with DFP official

Budgetary control

DFP's Central Expenditure Division monitors departmental spending against various control totals (i.e. capital and resource DEL). As noted Until Budget 2011-15 was agreed, departments' spend was also controlled against an Administrative Cost Control total. Previously, if departments wished to switch money from their programme funding into administration, they needed approval from the Northern Ireland Executive.

Since the abolition of this control total departments still report to DFP's Central Expenditure Division against their administrative costs. So DFP would know if a department were seeking to increase administration significantly, and could report to the Executive accordingly.⁵ It might be argued that this reporting regime is less transparent than was previously the case.

It should be noted, however, that these data are not completely lost to scrutiny: administration cost data were published alongside the Minister of Finance and Personnel's October Monitoring Round statement to the Assembly. Table F showed changes in administration spend against budget (and overall a 2.5% decrease on what was expected for October 2011).⁶

Total staffing numbers⁷

Figure 1 shows total headcount in the NICS on 1 January each year since 2000. Members should note that this is a **total** headcount figure **not** Full Time Equivalent (FTE). This means that if the nature of employment has significantly changed – e.g. the proportion of part-time or job-share workers has greatly increased or decreased – then the shape of the chart would be different if adjusted to FTE.

Figure 1 shows that from 2000 headcount in the NICS increased for five years in a row peaking in 2005 at 31,754.

Headcount subsequently declined each year to 2009 reaching a low of 27,349. Headcount increased slightly in both 2010 and 2011 reaching 27,701 this year. This is slightly higher than the figure in 2000 of 27,549.

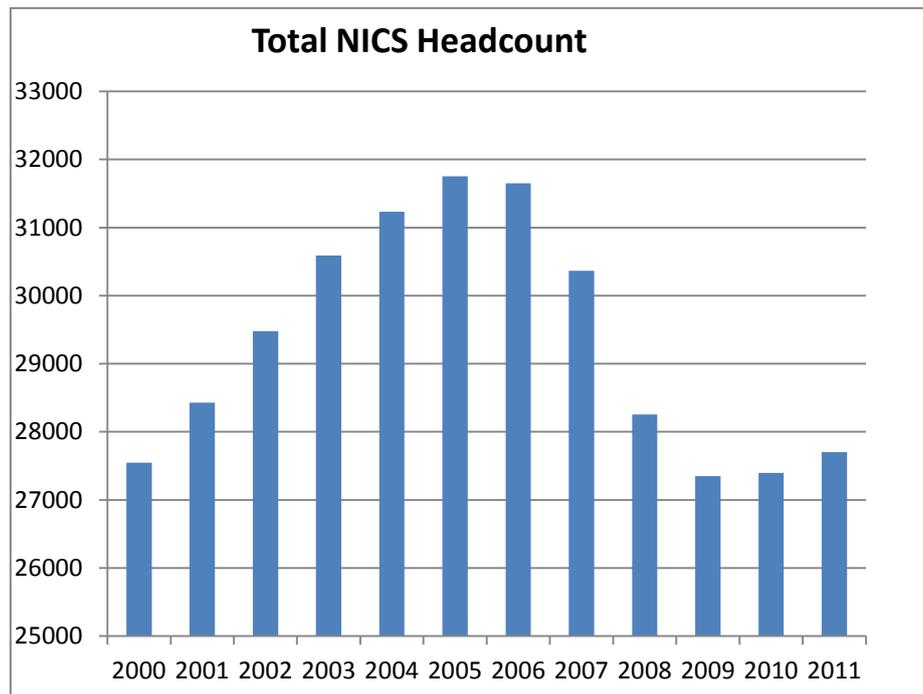
The increase in 2011 on 2010 can at least partially be explained by the devolution of policing and justice. The 2011 figure includes administration staff in both the Department of Justice and the Prison Service. It does **not** include, however, the uniformed staff of the Prison Service. Previous years' figures will have included at least some of the DoJ staff but in other agencies. For this reason it is difficult to assess exactly how many additional staff are attributable **purely** to devolution.⁸

⁵ Source: personal communication with DFP official

⁶ October Monitoring Round statement to the Assembly, Table F.

⁷ Source: DFP

⁸ Source: personal communication with NISRA official

Figure 1: Total NICS Headcount 2000 to 2011

Grade distribution

Figure 2⁹ shows the percentage of staff in non-industrial grades since 2000. The proportion of staff in industrial grades has declined from 11.2% in 2000 to 4% 2011

The Committee should again note that the data is by staff number, not by FTE. This means that it is not adjusted to reflect, for example, two members of staff job-sharing a single post at the same grade. Instead, the individuals are counted simply as two members of staff.

Comparing 2011 with 2000, the following observations may be made about the grade distribution. The proportion of:

- Senior managers (G7 to G5 and above) has increased by 1 percentage point;
- Middle managers (DP and SO and analogous) has increased by 6.3 percentage points;
- Junior managers (EOI and EOII and analogous) has increased by 2.3 percentage points; and,
- Administrative grades (AO/AA and analogous) has fallen by 2.6 percentage points.

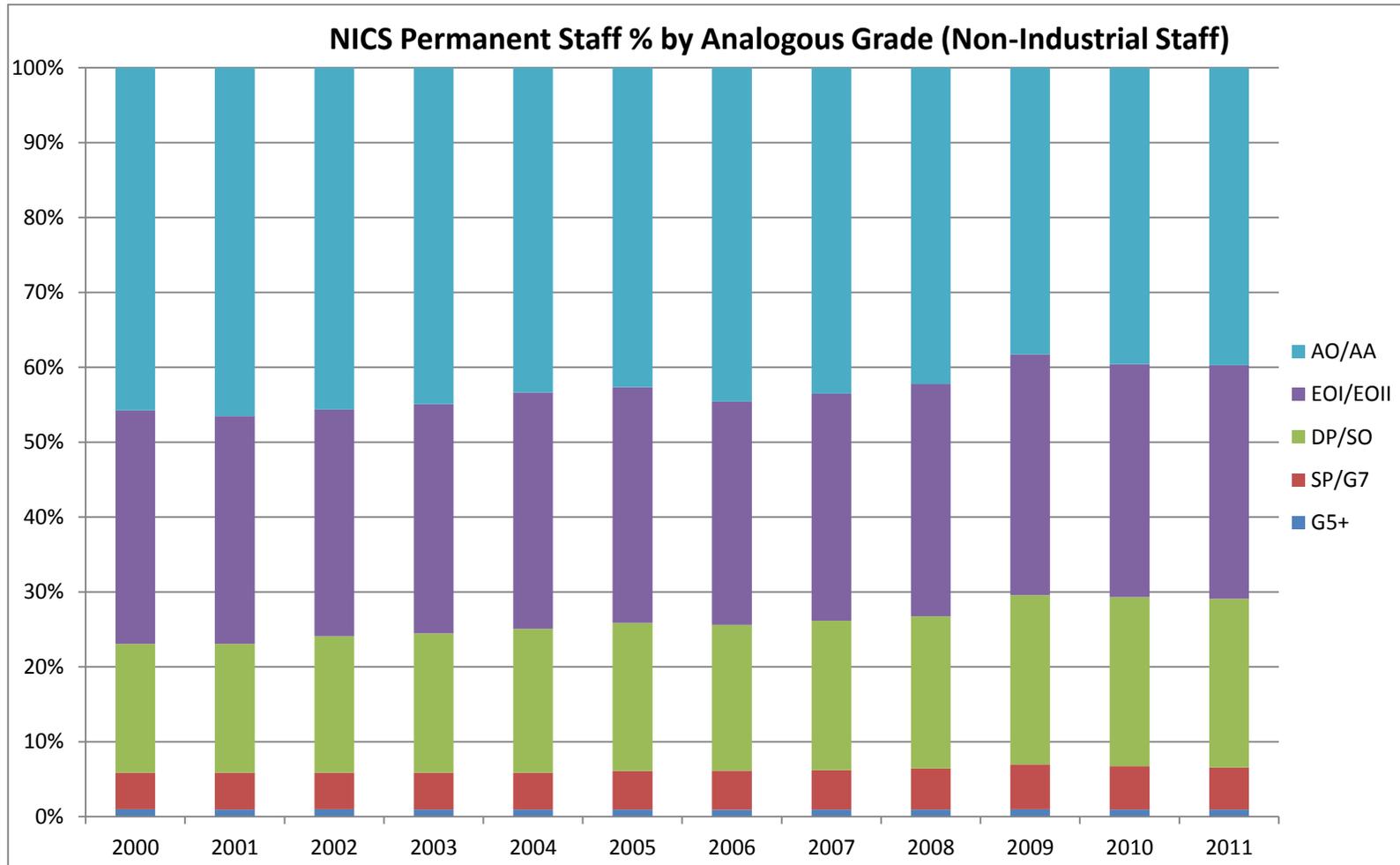
The slight decline in headcount at the lower two grades and the slight increase in headcount in all the higher grades does **not** indicate the kind of explosion in higher grades (i.e. the 67% increase at grades 6 and 7) identified in the NAO study of the

⁹ Source: DFP

home civil service. There may nevertheless be a question as to why the distribution has altered in this way.

It might perhaps be that the nature of NICS work has changed somewhat – for example with the outsourcing of some HR/payroll functions to HRConnect. There may equally be other explanations.

Figure 2: NICS Non-industrial staff by analogous grade 2000-2011



2.2. The grading of posts

One of the concerns raised by the NAO report into the home civil service is that work is being conducted by staff in a higher grade than previously. This is referred to as 'grade drift'. This section presents how the grade of a post is determined.

There are two separate approaches that departments can follow when they are seeking to establish the appropriate grade for a post which are presented below.

When a department creates a new post or upgrades an existing one, officials at Grade 5 (head of division level) or above sign off on a *Funding and Headcount Approval Form*. This form contains the following assurances:

- I have obtained necessary headcount approval for the creation of this new/upgraded post;
- I have obtained approval for the grading of this new/upgraded post;
- I have agreed funding arrangements for this new/upgraded post; and,
- I have organised any additional accommodation requirements.¹⁰

Given that there are no overall headcount-reduction targets under Budget 2011-15, it might immediately appear curious that senior officials are required to confirm that they have 'headcount approval.' It may simply be that this is a hangover from the previous control regime on administrative costs.

Grading guidance

The first approach for determining the correct grade for a post is to apply the 'grading guidance.' This guidance is a DFP responsibility (and will be reviewed and updated as part of the ongoing Comprehensive Pay and Grading Review – see below).¹¹

The grading guidance provides a description of each grade and the nature of responsibilities that fall within those grades.

Job Evaluation & Grading Support

The second approach is Job Evaluation & Grading Support (JEGS). This is a more detailed method that assesses aspects of each role and can be used where a post is borderline or where the grade has been challenged.

The Cabinet Office describes the process as follows:¹²

¹⁰ Source: HR Connect form provided by DFP officials

¹¹ DFP (2011) 'NICS Comprehensive Pay and Grading Review: Terms of Reference' available online at: http://www.dfpni.gov.uk/terms_of_reference-2.pdf (accessed 28 November 2011)

¹² Cabinet Office (2007) 'Job Evaluation Good Practice Guide' available online at: http://www.civilservice.gov.uk/wp-content/uploads/2011/09/JEGS2007_tcm6-2421.pdf (accessed 29 November 2011) (see page 5)

- 1. Collect Evidence
 - Role holder completes Job Analysis Form
 - Any background information or research
 - Interview
 - Write up and agree with postholder and line manager, evidence that will form the basis of the evaluation
- 2. Analysis
 - Using the JEGS factor descriptors and software, including the outputs such as profile challenges and points score
- 3. Quality Assurance
 - Comparisons for consistency between roles and between evaluators.

DFP officials have noted that some departments use the JEGS process for *all* grading exercises, whereas some apply the grading guidance first and only use JEGS in borderline cases.¹³

2.3. DFP's coordinating role

DFP's Central Personnel Group has oversight of grade standards and the JEGS and JESP processes. (JESP, or Job Evaluation of Senior Posts, is used for evaluating roles in the Senior Civil Service (SCS).) It provides centralised training for all of the NICS grading practitioners. There is an inter-departmental group of grading practitioners that monitors standards and conducts service-wide reviews of grading issues.

The JEGS system is web-based and the NICS has a limited number of licences. It is therefore only a limited number of practitioners that can carry out an evaluation. There is an approval and checking process integral to JEGS that provides a degree of quality assurance. When SCS posts are subject to JESP evaluations, these are moderated centrally.

2.4. Pay costs in the NICS

It was noted above that departments do not have central control totals for numbers of employees. Costs in departments are largely driven however by their payroll.

Total staff cost

DFP was unable to provide data on total NICS staff costs. In the absence of these figures it is not possible to compare, for example, the rate of change in the NICS payroll

¹³ Source: personal communication with DFP official

with the home civil service. Departments report spending to DFP against economic categories. The category in which pay is included also includes other spend. In addition, DFP could not establish with certainty which spend was related to the core departments and which related to non-departmental public bodies (NDPBs)

A further complication arises from classification changes introduced by HM Treasury from time to time. The result is that DFP was not able to provide reliable figures over a time period comparable to those for staff headcount.¹⁴

NICS pay scales

Although aggregate pay costs are not available (as noted above) a recent Statistical Bulletin published by the NI Statistics and Research Agency *Pay Statistics for the Northern Ireland Civil Service - 2011* contains some information that may be of interest in this context:¹⁵

- For both the AA and AO grades, the top of the salary scale is higher than those for comparable grades in similar organisations (although the bottom of the scale is lower than some of the comparators);
- For the EO/EOII grades, the top of the salary scale is higher than all comparators except the Foreign and Commonwealth Office and HM Revenue and Customs (although, again the scale minimum is lower than a number of the comparators);

This situation may be somewhat anomalous, as from Staff Officer grade up, through Deputy Principal, Grade 7 and Grade 6, the pattern begins to reverse. At Grades 7 and 6, the scale maximum is higher in **all** the comparators. Indeed, this may indicate an NICS policy of providing better pay in the lower grades at the expense of those in the higher grades.

Such considerations are likely to be a part of the remit of the ongoing Comprehensive Pay and Grading Review which is introduced in the following section.

¹⁴ Source: personal communication with DFP official

¹⁵ NISRA (2011) 'Pay Statistics for the Northern Ireland Civil Service – 2011' available online at: <http://www.nisra.gov.uk/publications/Pay%20Statistics%20for%20the%20NICS%20-%202011.pdf> (accessed 12 December 2011) (see pages 8-11)

3. NICS Comprehensive Pay and Grading Review

In March 2011 the NICS and Trade Union Side agreed Terms of Reference (ToR) for the Review. The ToR state that:

The main purpose for [the first] stage of the review is to modernise the current pay and grading structures in the NICS for non-industrial staff below the Senior Civil Service to ensure that known and potential inequities are addressed.¹⁶

Further to this primary purpose of attempting to identify and mitigate against any future risks in relation to inequalities in pay, the Review has a number of priority areas to address:

- (a) Examination of the Executive Officer II grade within the review process;*
- (b) The structure of pay scales;*
- (c) Arrangements for pay progression including length of pay scales and the need to avoid risk of discrimination;*
- (d) Overtime arrangements related to certain grades;*
- (e) Overlapping pay bands – where staff can earn more than those in grades higher than their own;*
- (f) Leap frogging – where staff in lower grades can be promoted to a higher point on the promoted grade pay scale than staff already at the higher (promoted) grade;*
- (g) Ensuring that where anomalies in the level of pay for analogous grades exist, that they can be justified; and*
- (h) Revisit the outputs from the 2005 NICS Equal Pay Audit¹⁷*

3.1. Grading review exercises by NICS departments

As part of the data-gathering process to inform the Review, DFP has collated information from across the NICS on re-grading exercises conducted by departments over the last two years. Essentially this data shows where particular posts have been reviewed for grade appropriateness. Those reviews may either have been conducted because of internal efficiency reviews, or because of a challenge by Trade Union Side or perhaps by the postholder.

¹⁶ DFP (2011) 'NICS Comprehensive Pay and Grading Review: Terms of Reference' available online at: http://www.dfpni.gov.uk/terms_of_reference-2.pdf (accessed 1 December 2011) (see paragraph 5)

¹⁷ DFP (2011) 'NICS Comprehensive Pay and Grading Review: Terms of Reference' available online at: http://www.dfpni.gov.uk/terms_of_reference-2.pdf (accessed 1 December 2011) (see paragraph 6)

Table 1 presents the grade-by-grade analysis by DFP of those exercises. The headline figure is that of 482 posts assessed, 414 (86%) remained unchanged. In these cases, therefore, the assessment – whether by use of grading guidance or JEGS – determined that the post was appropriately graded.

Of the remaining 68 assessments, in 42 cases (9% of the total) the post was re-graded down. In 26 cases (5% of the total) the post was re-graded up.

These data suggest that in the clear majority of cases examined NICS posts are appropriately graded and in line with the grading framework. It should be noted that it is quite possible that these figures *overstate* the number of posts that are wrongly graded; the sample is partially drawn from posts which have had some degree of doubt cast on the grading (i.e. those that were challenged). DFP is not able to split these figures by cause or motivation for review, so it is not possible to comment on the degree to which there may or may not be an overstatement.

The sample of nearly 500 from a total of around 28,000 is large enough to suggest that generally speaking the results are robust.

Table 1: outcome of grading reviews of posts by NICS departments in last two years

| Analogous Grade Before | Grade before review | No Change | | Regraded Down | | Regraded Up | | Grand Total |
|------------------------|-------------------------------|-----------|------------|---------------|------------|-------------|------------|-------------|
| | | Number | % of Total | Number | % of Total | Number | % of Total | |
| AA | Administrative Assistant | 16 | 70% | | | 7 | 30% | 23 |
| | AA/AO | 1 | 100% | | | | | 1 |
| | Typist | 1 | 50% | | | 1 | 50% | 2 |
| | Support Grade Band 2 | 2 | 100% | | | | | 2 |
| AO | Administrative Officer | 63 | 95% | 2 | 3% | 1 | 2% | 66 |
| | Technical Grade I | 1 | 100% | | | | | 1 |
| | Support Grade Band 1 | 1 | 100% | | | | | 1 |
| EO2 | Executive Officer II | 75 | 85% | 6 | 7% | 7 | 8% | 88 |
| | Grade C | 29 | 97% | 1 | 3% | | | 30 |
| | Executive Officer | 1 | 100% | | | | | 1 |
| | ICT Level 3 | 1 | 100% | | | | | 1 |
| | Support Manager 3 | 1 | 100% | | | | | 1 |
| EO1 | Executive Officer I | 62 | 79% | 12 | 15% | 5 | 6% | 79 |
| | Assistant Information Officer | 1 | 100% | | | | | 1 |
| | PTO | 2 | 100% | | | | | 2 |
| | Inspec. Group 2 | 1 | 100% | | | | | 1 |
| SO | Staff Officer | 59 | 92% | 3 | 5% | 2 | 3% | 64 |
| | Grade B2 | 1 | 100% | | | | | 1 |
| | Information Officer | 1 | 100% | | | | | 1 |
| | ICT Level 5 | 1 | 100% | | | | | 1 |
| | HPTO | 3 | 100% | | | | | 3 |
| | Inspec. Group 4 | 1 | 100% | | | | | 1 |
| | Agric. Grade III | 1 | 100% | | | | | 1 |
| | Senior Instructional Officer | 1 | 100% | | | | | 1 |
| DP | Deputy Principal | 38 | 93% | 3 | 7% | | | 41 |
| | Grade B1 | | | 1 | 100% | | | 1 |
| | Senior Information Officer | | | 1 | 100% | | | 1 |
| | ICT Level 6 | 1 | 100% | | | | | 1 |
| | SPTO | 2 | 100% | | | | | 2 |
| | LA (B1) | 2 | 50% | | | 2 | 50% | 4 |
| | PP (B1) | | | 10 | 100% | | | 10 |
| | Deputy Principal Statistician | 1 | 100% | | | | | 1 |
| Gr 7 | Grade 7 | 13 | 81% | 2 | 13% | 1 | 6% | 16 |
| | Grade A | 2 | 100% | | | | | 2 |
| | Principal Information Officer | 1 | 100% | | | | | 1 |
| | PPTO | 1 | 100% | | | | | 1 |
| | SLA (Grade A) | 25 | 100% | | | | | 25 |
| Gr 6 | Grade 6 | 1 | 50% | 1 | 50% | | | 2 |
| Grand Total | | 414 | 86% | 42 | 9% | 26 | 5% | 482 |

4. Concluding remarks

There has not been the explosion in managerial numbers in the NICS that was found by the NAO to have occurred in the home civil service. There has been some re-profiling of total NICS staff by grade, but the change has **not** been especially dramatic.

The Comprehensive Pay and Grading Review data give some assurance that departments are correctly applying grading guidance and JEGS. This suggests that there is **not** widespread 'grade creep' in the NICS.

DFP was not able to provide data on the total NICS paybill over a comparable period to the figures on headcount. It seems an obvious point that for the Executive and the NICS to be able to manage tighter budgets over the Budget 2011-15 period it would be helpful if it were able to examine the aggregate costs arising from pay.

This point, in addition to the different approaches to grading posts taken by different departments, suggests a system that somewhat lacks central co-ordination. Presumably this is to allow Ministers and their respective departments to make managerial decisions rather than having them centrally imposed. Nevertheless, in the current expenditure climate one might perhaps expect a more explicit monitoring role for DFP.