

PRIME MINISTER

You asked about the CSD's work on "staffing formulae".

The attached note sets out the CSD's interest both in work measurement to settle staffing levels and (right at the end) in management formulae. It is the management formula point which arose from the unemployment benefit study.

The CSD say that they do not have individual specialists dealing with these questions, but they are one responsibility of the divisions who monitor the general staffing activities of departments.

Would you like to be informed of the outcome of the review now in progress on the management formula for DHHS local offices?

Yes not

YAD

11 November, 1980

THE CSD AND STAFFING AND MANAGEMENT FORMULAE

Staffing Formulae

Staffing formulae are used to relate staffing requirements to workloads in some local office networks where the work is repetitive, homogeneous and susceptible to measurement. For work of this kind, a formula is a good means of ensuring tight and uniform standards of complementing. Relatively small samples can represent the whole. Falls as well as rises in the level of work are automatically reflected. The work of assessing and correcting the formulae is detailed, precise and time consuming, but necessary.

Areas Covered

2. The main areas are:

- i. Inland Revenue: About 68,000 staff in the Taxes, Valuation and Collection Services Networks.
- ii. Department of Health and Social Security: About 65,000 staff in Social Security Local Offices.
- iii. Department of Employment Group: About 35,000 staff in Unemployment Benefit Offices and Local Offices of the Manpower Services Commission such as Jobcentres.
- iv. Lord Chancellor's Department: About 5,000 staff in County Courts.

The total number of staff covered by these formulae is about a quarter of the Civil Service. It is therefore very important to get them right.

Method of Operation

3. There are three main stages in constructing formulae. The first is the measurement of the time a civil servant takes to perform a particular unit of work such as assessing a claim for supplementary benefit or amending a taxpayer's records. The second is forecasting the total number of these work units that is expected in a given period. The final stage is calculating the total number of staff required by relating the expected workload to the amount of time required to perform each work unit.

4. A number of recognised work measurement and statistical techniques are used in these three stages. The way in which the staffing formulae are calculated or used is generally agreed with departmental Staff Sides, as are changes in their operation.

CSD Role

5. In order to control Civil Service manpower, the CSD must be satisfied that these formulae are sound. There is a natural tendency to inflate them, eg as a result of Staff Side pressure. We therefore require departments to submit any proposals for a new formula, or

for changes to an existing formula; and exercise the right for our own work measurement specialists to examine a new or revised formula. CSD also requires departments to maintain a regular check on the operation of their formulae by means of staff inspection. CSD staff inspectors regularly take part in such inspections so that we can check the working of the formulae "on the ground". These processes enable us to ensure, among other things, that a decline in workload is accurately reflected by a commensurate decline in staff.

6. CSD is at present engaged in a programme of reviews of the formulae in four departments:

- i. A review of the Unemployment Benefit Offices in the Department of Employment was completed earlier this year and resulted in recommendations for reductions of about 1,400 staff due partly to the introduction of more accurate measurements and partly to the introduction of ADP. It is this reduction of staff, at present being implemented, which has provoked Staff Side resistance. Following the introduction of Fortnightly Payments, further work has now started from which further substantial savings should accrue;
- ii. In the County Courts of the Lord Chancellor's Department where, though no firm conclusions have yet been agreed, savings of the order of ~~4%~~⁵ (some ~~200~~²⁵⁰ staff) should emerge;
- iii. In the Valuation Offices of Inland Revenue where a similar order of savings is likely;
- iv. In the tax offices of Inland Revenue where work has just started; and,
- v. In DHSS where a revised formula for local office complementing is now under scrutiny to see whether it can be tightened.

In all these cases CSD work measurement specialists are involved in the reviews themselves and in the subsequent discussion and agreement by CSD Manpower Division of the proposed changes in staff levels.

7. C(80)56 on Civil Service Manpower pointed up the large numbers of extra staff required to cope with rising unemployment - up to 2,000 new staff for every 100,000 unemployed above 2 million. In addition to detailed discussions between officials about a possible further tightening of the formulae, the Lord President has asked us to consider whether any other short-term action could be taken to limit staffing in the local office networks affected. There are industrial relations problems here since work measurement cannot be done without a minimum level of co-operation by the staff. But we shall be reporting to him shortly on possible moves.

Management Formulae

8. In departments such as DHSS and DE the complementing systems also set a ratio between the number of senior staff and junior staff in a local office: these are known as "management formulae". They differ from staffing formulae in that they are based not on measurement but on pre-determined ratios of one grade to another.

9. The DHSS management formula affects about 3,000 staff in DHSS local offices in the HEO, SEO and Principal grades. The present version of the formula was established in 1974 by a collective Ministerial decision of the previous Administration after intense Staff Side agitation. CSD had subsequently to judge the right time to press for a review of the formula, which we believe is over-generous. This was done in the context of the 1978/79 Estimates. The review has taken some time to mount because of the need for DHSS management to carry their Staff Side with them on an extremely sensitive matter. A report of the review will be ready within the next month.

