

Britain: Leaked report reveals plans to slash 80,000 civil service jobs

Julie Hyland
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A confidential report leaked to the *Financial Times* has revealed plans to slash 80,000 civil service jobs and significantly rationalise public services.

The 195-page report was drawn up by Sir Peter Gershon as part of a government-commissioned review that is due to report publicly in April, for possible incorporation into the government's three-year spending review in July.

Gershon was selected by the government to advise on "efficiency savings" and "value for money," for which the former head of BAE operating systems has been paid a salary of £250,000 per annum—making him Britain's highest paid civil servant.

According to the *Financial Times*, Gershon's proposals include slashing 80,000 middle ranking civil service jobs, dismantling regulatory frameworks and plans to further deskill those working in health and education.

The leaked document projects that up to £15 billion can be saved by "transforming regulation, inspection and funding", and measures to "revolutionise" Whitehall.

But the proposals are more than just cost savings schemas. As the *Financial Times* notes, "If implemented, the programme would represent as big a change in the way the government does business as the privatisation of the 1980s and 1990s."

The analogy is revealing, for it was during those two decades that the welfare state established as part of the post-war settlements began to be dismantled. Under the banner of "rolling back the frontiers of the state", Conservative Prime Minister Margaret Thatcher privatised large swathes of British industry, with the loss of tens of thousands of jobs. Big business made major encroachments into areas of public life that were previously administered by the state, such as health,

education and welfare. The mantra was that the role of government was no longer to provide social services, but to "facilitate" their provision by others—i.e., private capital.

The Labour government under Prime Minister Tony Blair has continued this policy, through such schemes as the Private Finance Initiative (PFI)—effectively backdoor privatisation whereby private corporations build and then lease schools, hospitals, etc., to the public sector.

Gershon's review, which was jointly commissioned by the prime minister and the treasury, aims to further extend such measures into central government and the local authorities.

"World class" buying industries are to be created to improve the £120 billion currently spent on government procurement. These would cover virtually every area of public sector spending—from defence, transport and social care, to housing and office supplies.

"Their job will be to balance supply and demand, understand the market better and give companies clearer indications of what future government business might be as well as leveraging in economies of scale," the newspaper reports.

Those leading the new purchasing agencies should be offered "substantial incentives and rewards" to prove their cost-efficiency, the report states. Those failing to do so can be fired.

"Clusters" are to be created in central government and local authorities, with departments sharing services, "while local government would move into consortia to buy a range of services." These can be as diverse as street cleaning and housing maintenance, and will have the benefit of reducing the number of purchasers to as few as four in each service.

Compelling social services, for example, to purchase

care on a regional basis, would also “provide standardisation and ‘ultimately break down current local authority boundaries’ to rationalise service contracts,” the *Financial Times* reports.

From his discussions with “interested parties”—such as the government, the Confederation of British Industry, trade unions and several major corporations—Gershon has also concluded that “there is an entire industry based on regulation, which desperately needs to be rationalised.”

Private sector regulation costs £7 billion and employs more than 5,000 staff in more than 500 organisations. These include agencies such as the Health and Safety Executive, responsible for overseeing standards of safety in business, and regulatory bodies in the utilities industry.

Gershon complains that the cost of such regulation on business is “many times higher,” as companies are obliged to show how they are fulfilling government targets and can be subject to inspections, on some occasions by different teams working in different areas.

The duties of inspectors and regulators should be “co-ordinated”, Gershon states, to prevent duplication.

Spending on central government could also be reduced by making it compulsory for those that are “E-friendly”, i.e. those with Internet-access, to communicate with government departments and pay bills, and even receive welfare benefits, electronically. This is a proposal no doubt warmly welcome by the likes of computer giants Hewlett Packard and others who were involved in Gershon’s review.

But the bulk of savings identified are to be made by cutting jobs and wages. Gershon’s review identifies “human resources” as the key area for “efficiency” savings.

The public sector currently spends more per employee on human resources than the private sector, Gershon complains. Consequently it is this area that needs to be “simplified, standardised, shrunk and shared”.

Immediately this means cutting 80,000 middle ranking civil service jobs through “natural wastage”, as well as cuts in the number of those working in administration in local government and health.

Gershon claims savings from his proposals could be reinvested into “frontline services” such as health and education. Some 36,000 civil servants could be

retrained as teaching assistants, police case managers, or “para-professionals”, such as health care assistants.

These could take the “burden” off the backs of professionals in these services, Gershon claims. “High level” classroom assistants, for example, would free teachers up to “teach very large classes”, he states.

Finally, Gershon’s report queries whether the government has the necessary political will to take “the hard decisions ahead”, and warns that it may lack the “change management capacity” to deliver the programme.

The latter is a coded reference to anticipated opposition from public sector employees at the cut backs, as well as more broadly based public hostility.

However, such considerations did not prevent the government from using Gershon’s recommendations to prove its determination to “think the unthinkable” as regards public services.

In a much trailed statement, Shadow chancellor Oliver Letwin announced Monday, February 16 that a future Tory government would make cuts of up to £80 billion in public spending over the next parliament. But his plans were overshadowed by the leaking of Gershon’s report the same day. Rather than appearing bold, the media commented that the Tories had been left trailing in Labour’s wake. Especially as Letwin’s proposals for “streamlining” the civil service were virtually the same as Gershon’s.

Robert Chote from the Institute of Fiscal Studies pointed out that Letwin’s cuts were by no means ambitious. In fact, “It is actually relatively modest compared to the fall in public spending which occurred early in Labour’s term of office,” Chote said.



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