National Audit Office

INSIGHT

Government workforce planning – lessons learned

Cross-government

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Summary

Workforce planning in government

1 There are more than six million public sector workers in the UK, with total public sector staff costs of £260 billion in 2024-25. Workforce planning is crucial to the government because so much of its activity depends on people. When done well, workforce planning supports the effective delivery of public services and the government's ability to achieve its priorities and objectives.

2 Public sector employment levels have faced significant scrutiny in recent years. Total public sector employment stood at 6.2 million in December 2025. This was an increase from 5.6 million at the end of 2019, with public sector staff numbers having risen year on year over that period.[1] Future workforce numbers will be affected by factors including demographic changes and digital and artificial intelligence (AI) adoption. Digital technologies, in particular, are expected to fundamentally change how government organisations carry out their work and the staffing required.

3 Headline trends mask a complex mix of workforce decisions and factors. The government is seeking to reduce public spending by reducing civil service staff numbers, while at the same time increasing recruitment to support priority public services and tackle skills gaps. In 2025, the Cabinet Office reduced its headcount by 1,225, the Ministry of Defence by 880, and the Department for Environment, Food & Rural Affairs by 860. However, other departments increased recruitment in some areas. During 2025, HM Revenue & Customs (including the Valuation Office) increased its headcount by 4,570 as it strengthened its compliance workforce, and the Department for Work & Pensions' headcount rose by 1,385. Civil service staffing at the end of 2025 was 555,000, its highest level since 2006.[2]

4 Government workforce planning seeks to ensure organisations have the right level of staff for their needs, with the necessary capabilities, at an affordable cost. Cabinet Office guidance identifies the following types of workforce planning.[3]

- **Resource or tactical planning** focuses on meeting short-term resourcing needs (up to nine months ahead). For example, this could involve reallocating existing staff to deal with surges in service demand.

1 Office for National Statistics, *Dataset: Public sector employment*, December 2025 edition (published March 2026). We have used headcount numbers from this dataset.

2 Office for National Statistics, *Dataset: Public sector employment*, December 2024 edition (published March 2025) and December 2025 edition (published March 2026). We have used headcount numbers for departments from Table 8 HC of these datasets.

3 Cabinet Office, *Strategic Workforce Planning Playbook* (unpublished civil service guidance), April 2023.

- **Operational workforce planning** takes a medium-term view, often aligned with the annual business planning process, and considers the workforce required to deliver organisational objectives over the next nine months to two years.
- **Strategic workforce planning** is concerned with meeting longer-term future workforce needs (two years and beyond). It seeks to identify what would be needed to achieve long-term organisational strategies, such as restructuring roles or reskilling in response to digital change.

5 Responsibilities for workforce planning sit at different levels across government. Individual departments and public sector bodies are the employers of their staff and are responsible for workforce planning within their own organisations. This includes assessing long-term workforce needs and ensuring they have the skills and capability required to deliver their objectives. Some workforce planning is carried out at system or sector level, such as for the NHS workforce.

6 The Cabinet Office oversees the civil service workforce as a whole, within a system where departments are delegated staffing responsibilities as employers. The Cabinet Office issues guidance and shares good practice on workforce planning, and prepares the civil service strategic workforce plan on the basis of individual departments' workforce plans. HM Treasury influences workforce planning through its public spending oversight, setting funding limits and approving departmental budgets.

7 In this report, we explore the main challenges the government faces in carrying out workforce planning and using it effectively. We highlight examples of good practice and innovation to support learning and knowledge sharing across government. We draw on insights from our previous work, both to identify workforce planning challenges and to set out the way forward for the government.

8 This report complements our separate guidance on conducting workforce planning, *Government workforce planning – audit framework*.[4] This guidance has been updated and republished alongside this report.

9 The lessons in this report are directed at government senior leaders and those involved in making workforce decisions. They are intended to highlight where organisations need to focus their efforts to ensure workforce planning supports the government's strategic aims. We highlight in particular the implications of adopting digital technologies expected to result in major changes to how organisations carry out their work. **Figure 1** on pages 6 and 7 summarises our lessons, which are structured around four key areas.

- How workforce planning can support increased productivity, particularly fundamental process and service improvements from digital and AI adoption.
- The relationship between workforce planning and organisational resilience.
- How workforce planning can contribute to better financial management.
- Improvements needed to workforce planning capability and coordination across government.

4 National Audit Office, *Government workforce planning – audit framework*, July 2026. Available at: *www.nao.org.uk/insights/government-workforce-planning-audit-framework/*

Figure 1

Summary of workforce planning lessons and insights

Our past work offers lessons for public sector leaders on using workforce planning to improve workforce productivity, resilience and financial management

i. Workforce planning and productivity

Lesson 1: Use workforce planning to identify and plan for productivity gains

- Leaders need to base workforce decisions on transparent, realistic and credible productivity assumptions, especially where they want to plan for productivity gains.
- Leaders need to ensure productivity assumptions are not over-optimistic. For example, they need to allow sufficient time for new recruits to become fully productive.
- Leaders should focus on the workforce changes needed to realise productivity benefits from AI and digital transformation. They need to reflect the impact of major technological change in their long-term workforce planning – for example, on workforce size, roles/grades, tasks and skills.

Lesson 2: Identify future skills needed to unlock more productive public services

- Leaders need to use workforce planning to identify and plan for future skills needs, particularly for critical roles and new skills needed to unlock increased productivity.
- Leaders should assess skills needs and existing capability regularly to develop effective plans to meet anticipated skills gaps.
- Leaders face key skills challenges in adapting their workforces to technological, policy and other external change. They need to identify where both upskilling and reskilling are required across their workforces. Leaders also need to secure the specialist digital and AI skills needed to implement transformational digital change.

ii. Workforce planning and resilience

Lesson 3: Strengthen organisational resilience by addressing staffing shortfalls early

- Leaders need to identify staffing shortfalls early to avoid workload pressures on staff, burnout and increased turnover.
- Leaders can then plan appropriate responses to workforce gaps, such as putting recruitment pipelines in place or managing demand in a planned way.
- Leaders can manage short-term staffing pressures by changing service expectations or work priorities, but they need to clearly understand the trade-offs involved.
- Leaders should establish arrangements to flexibly deploy staff or use surge capacity to manage peaks in demand.

Lesson 4: Use workforce modelling to manage uncertainty around future workforce needs

- Leaders should use workforce models to help them make more informed workforce decisions in situations of uncertainty, such as where future service demand is subject to change.
- Leaders should seek to understand risks and trade-offs of different workforce approaches. They can use workforce models to test assumptions and explore a range of future scenarios.
- Leaders should ensure workforce modelling is real-time and dynamic, to be most useful for decision-making. This in turn requires good-quality data inputs.

iii. Improving financial management

Lesson 5: Understand workforce needs to gain a firmer grasp of staff costs

- Leaders should use workforce planning data to give them a clearer sense of future staff costs, across a range of scenarios where appropriate.
- Leaders need to understand the determinants of staff costs. Relevant cost factors include staffing levels, pay assumptions, grade/role mixes, locations, skills needs and performance or productivity assumptions.
- Leaders should manage staff costs by using data on workforce needs to identify cost drivers such as regional staff variations or consultancy use.

Lesson 6: Integrate workforce planning with wider business and financial planning to develop more informed and realistic plans

- Leaders should use workforce planning insights to make more informed decisions on resource levels and allocations needed to achieve organisational priorities and objectives.
- Leaders need to ensure that workforce, business and financial planning processes are aligned and that they all reflect strategic objectives consistently.
- Leaders should use workforce needs assessments to test the realism of financial plans, following the example of Spending Review processes which now better integrate workforce and financial planning.

iv. Workforce planning capability and coordination

Lesson 7: Build strong capability and robust data systems to enable better workforce planning

- Leaders need to prioritise building strong workforce planning capability among their staff, including workforce modelling skills where appropriate.
- Leaders should take up support to develop workforce planning capability offered by the Cabinet Office, Government Internal Audit Agency and Government Actuary's Department. This includes workforce planning tools and metrics to enable organisations to benchmark performance.
- Leaders need to focus on improving workforce data collection, as better data will result in more reliable and relevant workforce planning.

Lesson 8: Coordinate workforce planning across sectors and systems

- Leaders should coordinate workforce planning and decisions where strong interdependencies exist across organisations within wider systems, such as the criminal justice system or a local area.
- Leaders need to identify where decisions made in one organisation or sector affect other workforces. This includes workforce decisions such as pay and recruitment, as well as policy decisions such as immigration policy.
- Leaders need to focus on stronger partnership working, improved sharing and consistency of workforce data, and shared ownership of workforce risks.

Source: National Audit Office (NAO) analysis of past NAO reports and good practice guides

10 We also make specific recommendations to the Cabinet Office and HM Treasury related to their central roles in workforce and financial planning processes (paragraphs 11 to 13). These recommendations focus on where the Cabinet Office and HM Treasury could support departments and organisations further to improve workforce planning.

Recommendations

11 The Cabinet Office should set out clear expectations for what departments need to include in their workforce planning to address current areas of weakness, and review departments' strategic workforce plans when they are updated to ensure expectations are being met. Workforce planning expectations should include:

- **how organisations expect workforce needs to change as a result of AI and digital change;**
- **robust workforce data, including on skills assessments and skills needs; and**
- **well-evidenced workforce modelling based on reasonable assumptions and different scenarios, to help organisations plan for future uncertainty.**

This recommendation is intended to improve the quality and consistency of workforce planning across government. It recognises that the Cabinet Office has usefully set out workforce planning principles and targets to departments as part of Spending Review 2025. The recommendation extends this principle to expectations for raising the overall quality of workforce planning, by addressing known weaknesses.

12 HM Treasury and the Cabinet Office should embed workforce planning requirements into future Spending Reviews and the annual strategic plans that departments are now required to produce.

This recommendation reflects the importance of departments developing spending and strategic plans with a clear idea of the workforce requirements they involve. It builds on the innovation in Spending Review 2025 that required departments to develop and submit their strategic workforce plans at the same time as their Spending Review spending bids.

13 HM Treasury should update the *Government Efficiency Framework* to include guidance to departments on how adopting digital technologies can reshape workforces to deliver significant efficiency savings. It should consult with the Cabinet Office and Department for Science, Innovation & Technology to develop this guidance. The additional guidance should cover how departments will be expected to calculate estimated workforce efficiencies and cost savings from digital adoption, and report realised efficiencies to HM Treasury.

The aim of this recommendation is to improve the robustness and consistency of estimated efficiencies from reshaping workforces in response to digital technologies. It is intended to supplement existing guidance in HM Treasury's *Government Efficiency Framework* and support the ongoing implementation of departmental efficiency plans. The proposed additions to efficiency guidance should enhance departments' ability to accurately estimate and track cost savings from workforce-related and digital efficiencies, particularly as departmental efficiencies will be revisited in Spending Review 2027.