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4 pps



Minister of State

- 1. ✓ Mr Gaffin
- 2. Mr Whitmore to see O/R.
JW 14/3
- 3. na MAD
14/3.

Civil Service Department

Whitehall London SW1A 2AZ

Telephone 01-273 3000

13 March 1980

M Pattison Esq
 Private Secretary to the Prime Minister
 10 Downing Street
 LONDON SW1

Dear Madam

CIVIL SERVICE PAY AND CASH LIMITS: MANPOWER REDUCTIONS

We spoke on the telephone yesterday and today about the Minister of State's minute of 11 March to the Prime Minister. I have now seen your letter, of today's date, conveying the Prime Minister's approval of the arrangements which Mr Channon proposed.

I now attach the final version of the Parliamentary answer which the Minister of State will give tomorrow, and of a letter which will be sent (also tomorrow) to the Treasury and Civil Service Select Committee. The PQ will be answered at 10.30 tomorrow, so it should be regarded as confidential until then.

The other item referred to in paragraph 3 of Mr Channon's minute was the PQ to be answered yesterday by a Treasury Minister. That was sent to the Prime Minister yesterday by the Chief Secretary to the Treasury.

I am copying this letter, for information, to the Private Secretaries of members of the Cabinet, and of the Minister of Transport, and Sir Robert Armstrong.

Yours sincerely

G E T Green

G E T GREEN
 Private Secretary

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cc Mr. Coffin
Mr. Williams to Mr. R.
Mr. H. H. H.

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QUESTION

TO ASK THE MINISTER FOR THE CIVIL SERVICE IF HE WILL MAKE A STATEMENT ABOUT CIVIL SERVICE PAY AND CASH LIMITS

ANSWER

The Government will be presenting in 1980-81 Main Estimates a single Vote covering pay increases for civil servants and for related staff in certain other bodies, as proposed to the Public Accounts Committee and the Select Committee on the Treasury and Civil Service. The arrangement for subsequent years will be considered in the light of the Committee's comments, on which the Government's observations will be presented shortly.

In accordance with the announcement about cash limits made today by my Rt Hon Friend the Chief Secretary, Treasury, this Vote will provide for a 14% increase in the total pay bill from due settlement dates as a result of new pay awards. To help reconcile pay research and other pay bargaining arrangements with the cash limit, the Government has decided to make a further reduction in 1980-81 in the civil service manpower costs to which the Vote relates. Over most departments this reduction will be an average of 2½%, but prison staff and a few other very limited areas will be excepted. This decision is in line with the Government's general determination to reduce the size of the public service.

In the case of the non-industrial civil service, negotiations will now be undertaken to conclude a settlement on the basis of the pay research evidence consistently with the cash limit provision. The cash limit and the manpower squeeze will also have to be taken into account in the later negotiations with the industrial grades.

The other bodies referred to are as follows:-

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Northern Ireland Court Service
Forestry Commission
British Council
Agricultural Colleges, Scotland
Agricultural Research Institutes, Scotland
Meat and Livestock Commission
Home Grown Cereals Authority
National Institute of Agricultural Botany
Housing Corporation
Housing Corporation Office for Wales
British Library
National Library of Scotland
Agricultural Research Council
Medical Research Council
Natural Environment Research Council
Science Research Council
Social Science Research Council
British Museum (Natural History)
British Museum
Imperial War Museum
National Gallery
National Maritime Museum
National Portrait Gallery
Tate Gallery
Wallace Collection
National Galleries of Scotland
National Museum of Antiquities, Scotland
National Economic Development Council
The Royal Trustees
Legal Aid Fund
Legal Aid Scotland Fund

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PROVISION FOR CIVIL SERVICE PAY INCREASES
IN THE 1980-81 ESTIMATES

I am writing to let you know that the Minister of State, Civil Service Department, will today be announcing in reply to a Written Question the Government's decision that cash limits covering civil service pay in 1980-81 will be set to allow for an increase of 14% in the total pay bill from due settlement dates as a result of new pay awards. These increases will be provided for initially by means of a cash limited global sum, on the basis described in the Treasury and CSD memorandum on the provision for civil service pay increases in the 1980-81 Estimates, and subsequently discussed with the Committee.

2. The Government has decided to make further reductions in the volume of civil service manpower expenditure amounting to 2½% in 1980-81, except that on prison staff and in a very few other limited areas. The cost of the pay settlements will be contained within the limit of 14% but the reduction in manpower costs will enable a higher pay settlement to be made than would otherwise be possible. The best way of bringing the pay settlement within the cash limit after account is taken of the reduction in manpower costs will be discussed with the civil service unions in the course of the pay negotiations.

3. A copy of the text of the Parliamentary Answer is attached at Annex A.

4. The global cash limit will be presented to Parliament as Class XIII, Vote 31, in the Main Estimates for 1980-81. It is to cover pay increases for UK civil servants included in the Departmental Estimates. Certain staff in other public service organisations also have pay links with the civil service. In those cases where the pay element is the major part of the total expenditure of the organisation, provision for pay increases for such staff is also included in the global sum.

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5. In paragraph 5(ii) of their First Report,⁽¹⁾ the Committee asked for full information to be published at the time the global Estimate was submitted, showing how the proposed cash limit had been calculated, in particular the assumptions taken about pay increases and about numbers of the main civil service grades.

6. The net amount for which Parliamentary authority will be sought is £537.4 million and is to cover increases in pay, related allowances, London Weighting and consequential additions to employers' national insurance contributions, after allowing for increases in receipts to be credited to Appropriation-in-Aid subheads. It is calculated from the provision for staff costs to be included in the departmental Main Estimates for 1980-81, amounting to £4327.2 million, and allows for an increase of 14% in new pay rates from due settlement dates. The sum of £4327.2 million, which already takes account of the carrying forward of the 3% savings made in 1979-80 and that part of the savings announced by the Lord President on 6 December 1979 which is to be implemented in 1980-81, will be the base from which the reductions in manpower costs will be made. The increased rates of pay will then be applied to this reduced amount.

7. The total number of civil servants provided for at 1 April 1980 in the 1980-81 departmental Estimates to which the global Vote relates is about 680,000 (the major exception is some 33,000 staff in Trading Funds which are not cash-limited); and the number of staff in other public organisations is about 25,000.

8. Annex B shows the numbers of civil servants in the main non-industrial groups and grades in post at 1 January 1980, the latest date for which a breakdown is available.

(1) First Report from the Treasury and Civil Service Committee 1979-80 (HC 371).

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Home Grown Cereals Authority
National Institute of Agricultural Botany
Housing Corporation
Housing Corporation Office for Wales
British Library
National Library of Scotland
Agricultural Research Council
Medical Research Council
Natural Environment Research Council
Science Research Council
Social Science Research Council
British Museum (Natural History)
British Museum
Imperial War Museum
National Gallery
National Maritime Museum
National Portrait Gallery
Tate Gallery
Wallace Collection
National Galleries of Scotland
National Museum of Antiquities, Scotland
National Economic Development Council
The Royal Trustees
Legal Aid Fund
Legal Aid Scotland Fund

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NON-INDUSTRIAL HOME CIVIL SERVICE
STAFF IN POST IN MAIN GROUPS,
CLASSES AND GRADES AT 1 JANUARY 1980

<u>Group, Class or Grade</u>	Staff in post at 1 January 1980 (full time equivalents)
<u>Open Structure</u>	
Permanent Secretary	36
Deputy Secretary	154
Under Secretary	593
<u>Administration Group</u>	
Assistant Secretary	1140
Senior Principal	719
Principal	4474
Senior Executive Officer	8080
Higher Executive Officer (A)	387
Higher Executive Officer	22760
Administration Trainee	403
Executive Officer	46668
Clerical Officer	84608
Clerical Assistant	70142
<u>Secretarial Category Group</u>	27557
<u>Science Category/Group</u>	
Principal Scientific Officer	2458
Senior Scientific Officer	3579
Higher Scientific Officer	4236
Scientific Officer	2867
Assistant Scientific Officer	3110
<u>Professional & Technology Category</u>	
Principal P&T Officer	2512
P&T Officer I	5733
P&T Officer II	8597
P&T Officer III	11753
P&T Officer IV	11011
<u>Social Security Category/Group</u>	
Local Officer I	14872
Local Officer II	31608
<u>General Service Classes</u>	
(Messengers, Office Keepers, Paperkeepers, Telephonists, Cleaners etc)	31898

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Departmental Classes

Home Office:

Prison governors and Prison Officers 15608

Immigration Service 1371

Inland Revenue grades: 49408

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