

CONFIDENTIAL



Prime Minister 2

To note - a
good outcome.

PRIME MINISTER

A handwritten signature in blue ink, appearing to be 'JL'.

JL
2/7

1979-80 CASH LIMITS: THE 3% CUT IN CIVIL SERVICE STAFF

We agreed at Cabinet on 14 June that we should come as close as possible to the 3% target for savings this year in Civil Service staff costs, and that I should agree and publish cash limits for the Department of Health & Social Security and Department of Employment in consultation with Patrick Jenkin, Jim Prior and John Biffen with this end in view.

2. I am glad to report that we have now reached agreement. The revised cash limits were published in a White Paper issued last Tuesday. Limited exemptions from the cut have been allowed for the DHSS and the Department of Employment in order to maintain essential benefit paying operations and these, together with the exemption for prisons outstation staff and some other small exceptions mainly in the field of law and order, produce an overall saving of $2\frac{3}{4}\%$.

3. Given all the difficulties of making cuts in the short term, I believe that this is as satisfactory an outcome as could be expected. I know this has not been an easy operation for certain of our colleagues and I am grateful for the efforts they have made and for the understanding which they have shown.

4. I am copying this note to Cabinet colleagues and to Sir John Hunt.

A large handwritten signature in blue ink, appearing to be 'S'.

SOAMES

29 June 1979

BRITISH
MUSEUM
1871

1871 JUL 22

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10 DOWNING STREET

From the Private Secretary

5 July 1979

Dear Jim.

1979-80 CASH LIMITS: THE 3 PER CENT
CUT IN CIVIL SERVICE STAFF

The Prime Minister was grateful for the Lord President's minute of 29 June on the above subject, and is glad to note that agreement has now been reached which will produce an overall saving in staff costs of 2½ per cent.

I am sending copies of this letter to the Private Secretaries to the members of Cabinet, including the Minister of Transport, and to Martin Vile (Cabinet Office).

Jim

Jim Buckley, Esq.,
Lord President's Office.

Jim Baker.

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