

Ref: A01672

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MR. LANKESTER

PRIME MINISTER 28  
You agreed Mr Channon's proposals (below) subject to colleagues' views. I will wait until after Cabinet to write confirming this.

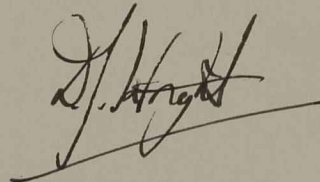
MA 12/3

Cash Limits, Civil Service Pay and the Manpower Squeeze

We know of no reason why the proposals about public announcements set out in Mr. Channon's minute of 11th March to the Prime Minister should not be acceptable. The only point to be made perhaps is that other Ministers, especially the big employers, may seek to use the circulation of these proposals as an occasion to re-open the impact of the manpower squeeze on them. If any such attempt is made in Cabinet tomorrow, the Prime Minister will no doubt wish to resist it on the grounds that the basic decisions have been taken by Cabinet and must stand.

2. Ministers may well want Mr. Channon's announcement to stress that the 2½ per cent squeeze is an overall average, which does not necessarily mean that the squeeze will be 2½ per cent in every Department: room should be left both for Mr. Jenkin's wish to be let off with less (in order to protect the benefit-paying operations) and Mr. Heseltine's readiness to volunteer more.

3. Finally it is important to stress that the 2½ per cent is a squeeze on costs of manpower in 1980-81, not on numbers: there will probably need to be a larger squeeze than 2½ per cent on numbers over the year in order to realise the 2½ per cent savings on costs.



(D. J. Wright)

12th March 1980

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