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FCS/79/16.

LORD PRESIDENT

Staff Cuts

Code 7.29.

1. When we met on 3 October I undertook to consider what further savings I might be able to find in response to the decision in Cabinet on 13 September asking all Departments to examine again what contributions they could make to your exercise.
2. As you know, I announced on 17 October my decision to close or substantially reduce 23 subordinate posts. In drawing up the list of closures we chose those where we thought closure would cause the least damage. Even this list, however, has led to objections. The Australians, at both Federal and State level, have already complained strongly about the closure of Adelaide, and the Austrian Government have made similar representations about the closure of Innsbruck. I hope that it will now be doubly evident that, as I have made clear all along, there is a serious price to pay for reductions of this kind abroad.
3. I should also like to repeat that I do not believe that it makes sense to reduce our overseas representation in an exercise which was targetted on over-government. Reductions in overseas representation not only hit the wrong target but cause serious damage to the only means we have in most of the world to protect our interests. This seems to me a nonsensical way of proceeding. In promoting our interests abroad we are not profligate in the use of staff. 43 of our posts have only one or two UK-based staff. 93 have 6 or fewer. Only 6 have more than 50 funded by the Diplomatic Service.
4. If, however, in spite of the merits of the case, I am called upon to provide further savings, then the next place I shall have to look is at the larger Missions. These Missions are large because they protect our interests in some of the most important capitals in the world and reductions in them will not be achieved without a significant loss of coverage of important issues. The scale of services they provide to Departments at home and to a whole range of visitors including Ministers, MPs and leading businessmen, would

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also have to decline. But these Missions are the only place where substantial savings could be found, and if I am required to provide such savings then it will have to be in the form of a 10% reduction in DS-funded staff (including seconded Home Civil Servants) in the 10 largest of them.

5. Some of the economies which will have to be made will require the amalgamation of some "single purpose" attache jobs (eg Labour Attaches) into one general purpose post. The remaining staff will only be able to handle the essential needs of the Home Civil Service Departments concerned. I shall need your support and assurance that this is understood and accepted by these Departments.

6. I have also considered to what extent we should transfer the cost of remaining "single purpose" attache jobs from the DS vote to the votes of the Home Departments which they serve. Given the present emphasis on immigration control it would not serve much purpose simply to transfer the cost of immigration staff abroad to the Home Office. Nor do I believe that it would be right to recommend the transfer of Home Civil Service staff where these are fully integrated in our Missions, eg in the commercial and economic field. But, in other cases, where it is accepted that a "single-purpose" attache is still required, I propose that the Home Departments concerned should in future themselves carry the cost. This would apply particularly but not exclusively to Labour, Scientific and Technology attaches. While the savings to our vote would not be large, it would be a useful discipline for the Home Departments to accept financial responsibility for such attaches.

7. As I have already explained, in a number of posts, and particularly in Washington, the majority of staff are not DS funded. It will have to be understood that commensurate reductions will have to be made in such staff in the major capitals funded by other Departments, eg the Ministry of Defence and the Treasury. The balance of our representation abroad will be totally upset if we keep reducing our effort without matching reductions by other Departments. You will no doubt be taking this up in your bilateral meetings with Francis Pym and Geoffrey Howe.



8. I undertook also to look at the staff in the Foreign Office itself. Here I have already offered a reduction of 120. I will add another 100 to make it 220, which means in effect 7½% of the Foreign Office staff, leaving aside Communications and other ancillary organisations to which special considerations apply. These additional 100 posts will save £0.6m. For good measure I will add in £300,000 to be found through staff savings at home and abroad, to be identified through our inspectorial system.

9. I have also reviewed our Communications system. One of the options covered in my July return concerned Communications in the Far East. To close the relay station at Darwin would seriously affect our communications network there. But I am prepared to find savings worth £500,000 from reductions in manning at home and abroad and other sources in our Communications budget.

10. On the Passport Office we have already commissioned a survey of how automatic data processing techniques could improve efficiency and reduce the level of staff required. I am therefore prepared to accept the target for savings of £600,000 in the Passport Office as soon as ADP techniques can be introduced to achieve it. But experience has shown that the lead times are long and I cannot therefore commit myself to achieving this target by 1 April 1982.

11. We shall not be able to achieve the reductions that I have outlined simply by natural wastage or lower recruitment. There are bound to be redundancies at all levels, with consequent costs. As soon as we know the scale of such redundancies, we shall be in touch again with your officials about what needs to be done.

12. In sum the savings which I can offer including the £2.5m already agreed are:

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| (a) Already agreed (23 posts closures etc and reductions in the FCO)                           | £ 2.5m |
| (b) 10% staff savings at our 10 largest posts (including savings on "single purpose" attaches) | £ 1.5m |
| (c) Saving of an additional 100 posts in the FCO   | £ 0.6m |
| (d) Additional staff savings to be identified through the inspectorial system                  | £ 0.3m |



(e) Savings in the communications area	£ 0.5m
(f) Passport Office (contingent on the introduction of ADP)	£ 0.6m
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	£ 6.0m

In total therefore we shall have found 4.2%.

13. I think it will be evident from what I have said above that savings at this level will cause damage to our diplomatic effort overseas, and I repeat again that the action which I am being called upon to take seems to me not only damaging but irrelevant to the objects of the exercise; but on that understanding the above is the best I can do.

*C*  
(CARRINGTON)

Foreign and Commonwealth Office

19 October 1979

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