

PRIME MINISTER

Civil Service Manpower

Following last week's Cabinet discussion, Lord Soames now proposes to make a Statement next Tuesday, 4 December. Mr. Channon would repeat it in the Commons.

The draft of the Statement is at flag A. This takes account of the drafting points mentioned at Cabinet.

The revised draft still seems to me to be a little disjointed. The first half seems to presage the results of a completed review. The second half speaks of a stage in a continuous process. It would help to introduce this notion of continuous action in the third or fourth paragraph, and not leave it to the seventh one. Should we suggest a further amendment to bring this out?

Otherwise, content that the revised statement should be made on 4 December? Agree that you should be in the House, as Minister for the Civil Service, for the Statement?

MAD

*I agree with your
comments - have made
2 suggestions on the
text.*

28 November 1979

and

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DRAFT PARLIAMENTARY STATEMENT:

REDUCTIONS IN THE SIZE OF THE CIVIL SERVICE

My Lords, with the leave of the House, I should like to make a statement.

My hon Friend the Minister of State in the Civil Service Department announced on 11 June that the Government intended to make major savings in the size and cost of the Civil Service over the next few years and that our decisions would be announced in the autumn.

*Just decisions
early decisions*

We ought to withdraw here that this is (consequently) an interim report.

The Government has carried out a review for three main reasons. First, we believe that it is in the national interest to reduce the role of Government. Secondly, at a time when public expenditure as a whole has to be restrained, it is right that there should be a contribution from central Government administration. Thirdly, it is a good thing to examine any large organisation, public or private, from time to time and prune those activities which may have been undertaken for good reasons but which are now less essential.

All Ministers have examined the activities of their departments to identify the savings which can be made, whether by increased efficiency or by the abolition or curtailment of functions. As a result, we will be making savings right across the Civil Service. The scope for this varies between departments. At one end of the scale, the Department of Transport has identified savings amounting to 17%. In other Departments the scope is much smaller, but even in the fields of law and order and defence, to which as the House knows the Government attaches a particularly high priority, some reductions can be made.

This review will lead to annual savings in Civil Service staff costs of about £212m, most of which will be achieved by the

financial year 1982-83. The net effect on public expenditure will be rather less because some of the savings will come from putting work out to the private sector, and this work will have to be paid for. In terms of staff numbers, the savings total some 40,000. This is in addition to the steps we have already taken to reduce expenditure on Civil Service manpower this year by the equivalent of some 20,000 posts - 60,000 in all. The Government's aim will be as far as practicable to secure the reductions by natural wastage.

*Can we find some
indicators of the
the state of the
92 p.a.*

The savings by Departments resulting from the present decisions will be shown in general terms in a table in the Official Report, and copies are available in the Vote Office. Details of the savings are of course the responsibility of the Departmental Ministers concerned.

What I am announcing today is an interim report. The savings are those which it has been possible to identify reasonably quickly by examining a series of options across the Civil Service as a whole. The next stage will be a number of policy studies in some Departments such as the Department of Health and Social Security, and operational reviews already set in progress, particularly in the Ministry of Defence and the Department of the Environment.

The search for greater economy and efficiency will of course go on throughout the life-time of this Parliament. All Ministers will continue to keep the activities of their Departments under close scrutiny and the House will be kept informed from time to time. Sir Derek Rayner will assist in particular projects to improve efficiency and value for money.

I will not try to predict the future size of the Civil Service, but we have reversed the major expansion which took place under the last Government. Our predecessors planned for a Civil Service of 748,000 by April next year. The numbers now stand

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at 712,000. As a result of our scrutiny, though there may be short term fluctuation, the general trend from now on will continue downwards.

The size of the Civil Service must always depend upon the duties the Government of the day asks it to undertake. The fact that this Government set out to identify areas in which the range of work can be narrowed and to improve the efficiency with which the rest of the work is done is no reflection on the conscientiousness and ability with which civil servants at all levels have carried out the tasks they have been given. I am glad to pay tribute to these qualities, as I am sure is the whole House.

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Civil Service

10 DOWNING STREET

From the Private Secretary

B/F 5-12-79
(statement being made on 6/12)

3 December, 1979.

As I told you on the telephone this morning, the Prime Minister has seen a copy of your Minister's letter of 28 November to the Home Secretary about the Parliamentary statement on reductions in the size of the Civil Service.

The Prime Minister would like the statement amended to ensure that it conveys the idea of a continuous process much earlier than is the case with the existing draft. She has suggested that this could best be done in the second paragraph of the draft, where the text refers to the decisions to be announced in the autumn. In the present text, it is only at paragraph 7 that the text first refers to the interim nature of the present report.

In paragraph 5, the Prime Minister would like to see a reference to the volume of annual wastage.

I would be grateful if you could let me know how your Minister proposes to incorporate these points in the final text.

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

M. A. PATTISON

G.E.T. Green, Esq.,
Civil Service Department.

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TOP
b.c. Mr. Ingham

10 DOWNING STREET

From the Private Secretary

B/F 7-12-79
in thousands of 6/12

5 December 1979

Thank you for your letter of 5 December, with which you enclosed a revised version of the draft statement on reductions in the size of the Civil Service which the Lord President intends to make in the Lords on 6 December, and which your Minister will repeat in the Commons on the same day.

The Prime Minister is satisfied that the statement now properly reflects the continuous nature of the exercise on Civil Service manpower and is content with your explanation of the problems with a specific reference to the volume of annual wastage.

The Prime Minister has noted the reference in paragraph 4 to the net effect on public expenditure. She considers that Mr. Channon will need to be armed with a figure that can be quoted in responding to supplementaries if not in the statement itself.

Subject to this point, the Prime Minister is content with the revised draft; it might be helpful for us to have a word about the public expenditure question early tomorrow morning.

I am sending copies of this letter to John Stevens (Chancellor of the Duchy of Lancaster's Office), Richard Prescott (Paymaster General's Office), Murdo MacLean (Chief Whip's Office) and Martin Vile (Cabinet Office).

M. A. PATTISON

SB.

G.E.T. Green, Esq.,
Civil Service Department.

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