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## CABINET

FURTHER ACTION TO REDUCE THE SIZE OF THE  
CIVIL SERVICE

Memorandum by the Lord President of the Council

1. On 1 November (CC(79) 19th Conclusions, Minute 8) I was invited to bring before Cabinet two revised lists, the first to show a complete and comprehensive account of the savings offered and agreed by departmental Ministers where decisions had been taken or could be taken without further ado; and the second to show those which still required policy decisions; indicating in each case where legislation is required. I was asked also to circulate a text of the announcement to be made at the conclusion of the exercise.

## FIRM SAVINGS

2. Annex 1 (which is not for public announcement) lists the savings offered and agreed by departmental Ministers. It shows for each Department the total savings in this category, and the principal component items. In each case the total has been accepted by the Minister concerned as a firm commitment. The Annex specifies all individual savings which require primary legislation, and shows the value of savings requiring secondary legislation, larger items being shown individually.

3. Several colleagues have indicated that, while the total savings shown for their Departments can be regarded as firm, they cannot at this stage commit themselves to the precise way in which these savings will be achieved. In other cases they point out that the savings shown for particular items must be regarded as approximate at this stage. In a few instances, the savings include particular options (listed in the Appendix to Annex 1) which would, if pursued, require further discussion or consultation. But these are not crucial to achieving the total savings listed in Annex 1, since the Ministers concerned have undertaken to find equivalent savings elsewhere if necessary.

4. The total savings listed in Annex 1 amount to £212 million (5 per cent). I recommend that we agree to accept these as a firm commitment for each Department.



## SAVINGS REQUIRING POLICY DECISIONS

5. I regret that these savings are smaller than the earlier estimate of 6 per cent (£250 million) I told my colleagues on 1 November (C(79) 51). The greater part of this reduction is accounted for as follows:

- a. Options which the Chancellor of the Exchequer says require budgetary decisions or collective agreement because they are controversial. Together with some smaller items he regards as uncertain, these amount to about £28 million, and account for about three-quarters of the reduction.
- b. Thirteen options which the Secretary of State for Social Services says cannot be regarded as firm and two which he has dropped. These amount to about £6 million.
- c. Several options which the Secretary of State for Employment says depend upon controversial primary or secondary legislation. They cannot yet count as firm though some of the legislation will be introduced before the end of the year. They amount to about £2.5 million.

None of these options is included in Annex 1. Where appropriate, they are shown in Annex 2.

6. Annex 2, which lists the potential savings which still require policy decisions or further consultations, now comprises the five major items listed in Annex 4 of C(79) 51 together with the options referred to in paragraph 5 above and other minor options to which similar considerations apply. The total potential savings here amount to £111 million or 2.6 per cent.

## OUTCOME OF THE REVIEW

7. This is even more disappointing than I reported earlier. But it is crucial that we now make an announcement about the outcome of the Review. The House of Commons has been promised an announcement in the autumn. The longer it is put off, the greater will expectations be, and the greater the disappointment to our supporters. Relations with the staff and unions will come under even greater strain if we delay.

8. I understand the feelings of some of my colleagues who think that for reasons of staff relations we should now say that this exercise is over. I do not think we can do that. Unless our supporters believe that there is more to come, this operation will be considered a failure. We must find more and I believe it is possible. The main burden now must fall on the three largest Departments. I have repeatedly told my colleagues that if we were to have a respectable outcome to this exercise these Departments would have to provide their full share. But the contributions of the



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Chancellor of the Exchequer's Departments so far are 4.2 per cent, of the Ministry of Defence 3 per cent and of the Department of Health and Social Security 1.8 per cent. There are good reasons why they need more time. But it will be essential to press ahead in these three areas and with the reviews which some other Ministers have in train; and to make clear publicly that while this is the end of this Service-wide operation, there is more to come from specific areas of our operations.

**ANNOUNCEMENT**

9. A draft of an announcement, and of the framework of the supporting detail to appear in the Official Report, is attached as Annex 3. I propose to make the announcement in the House of Lords on Tuesday, 27 November; my Minister of State will repeat it in the House of Commons on the same day. I propose to hold a press conference immediately afterwards and then to see the National Staff Side and (for industrial civil servants) the Joint Consultative Committee. Colleagues will no doubt make arrangements to inform their Departmental staff representatives similarly. I am already in touch with colleagues about general descriptions of the savings for inclusion in the table to be published in the Official Report.

**CIVIL SERVICE NUMBERS**

10. Departments have had to reduce their numbers drastically in order to keep within their adjusted cash limits in 1979-80. The phasing of the savings we are now planning means that staff numbers over the Service as a whole may temporarily rise again in 1980-81 after account is taken of the growth agreed for that year. We must expect sharp criticism if this happens, and I therefore ask all my colleagues to ensure personally that the staff numbers in their 1980-81 Estimates bids are reduced to the essential minimum. I cannot stress the importance of this too strongly. The results of our manpower review will otherwise not appear credible.

**RECOMMENDATIONS**

11. I invite my colleagues to agree that:
- a. The total savings for each Department listed in Annex 1 should be confirmed, and that I should make the statement at Annex 3 on Tuesday, 27 November.
  - b. We should aim to secure the maximum possible savings from the policy issues listed in Annex 2 and from further reviews.
  - c. All Ministers should ensure personally that staff numbers in their 1980-81 Estimates bids are reduced to the essential minimum..

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Civil Service Department

19 November 1979



## FIRM SAVINGS BY DEPARTMENTS (NOT FOR PUBLIC ANNOUNCEMENT)

The total saving shown below for each department has been confirmed by the Minister responsible. Some Ministers have indicated that they wish to retain flexibility to change the detail of the savings offered. In other cases, the figures shown for the detailed savings are approximate but this does not affect the total amount of savings for the departments concerned.

Where legislation is required:

P = primary legislation

S = secondary legislation (followed, where this is known, by  
(a) for affirmative resolution  
(n) " negative " )

	Legislation Required	£m	Saving	Staff
<u>Ministry of Defence</u>		<u>41.0</u>		<u>7500</u>
Various economies and placing work currently done in-house out to contract-in particular changing to contract cleaning and contract catering where possible; further changes in arrangements for quality assurance to rely more on industry.				
<u>Foreign and Commonwealth Office</u>		<u>6.0</u>		<u>425*</u>
Closure of certain consulates		1.4		20*
10% reductions in 10 largest missions		1.5		35*
Reduction at home		1.3		220
Reduction in Passport Office		0.6		130
Savings in communications		0.5		10
Additional savings through inspections		0.3		10*
<u>Overseas Development Administration</u>		<u>2.1</u>		<u>235</u>

Apart from a reduction in the development education effort (saving £75,000), the Minister is not yet in a position to confirm the details of the savings.

✧ Amendment of the Truck Acts would be advantageous but not essential

\* UK Based Staff. Additional savings of 215 locally engaged staff overseas



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	<u>Legislation Required</u>	<u>£m</u>	<u>Saving</u>	<u>Staff</u>
<u>Ministry of Agriculture, Fisheries and Food</u>		<u>4.1</u>		470
Streamlining of capital grants schemes	S(a)	2.9		400
Savings on fees and expenses of Local Veterinary Inspectors		0.9		-
Financing Central Council for Agricultural and Horticultural Cooperation on a grant-in-aid basis	P	-		5
Other savings				
- Requiring secondary legislation	S(n)	0.1		40
- Not requiring legislation		0.2		25
<u>Intervention Board for Agricultural Produce</u>		<u>2.1</u>		
Abolition of Beef Premium Scheme				
<u>Department of Industry</u>		<u>7.9</u>		129
Conversion of National Maritime Institute into a Research Association	P	1.6		27
Reduction in statistical services		1.2		17
Programme cuts at Industrial Research Establishments		1.1		18
Reductions in Regional Offices and Regional Development Grants work as a result of revised regional package		1.0		19
Reductions in headquarters following expiry of industry schemes		1.0		12
Reductions in establishment and support services, and other savings		2.0		35
<u>Department of Trade</u>		<u>3.1</u>		45
Reductions in civil aviation and marine work not requiring legislation		0.7		6
Reductions in export promotion activity		0.7		18
Modifications to the arrangements for the search service and the maintenance of company files at the Companies Registration Office	P	0.4		8



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	<u>Legislation Required</u>	<u>£m</u>	<u>Saving</u>	<u>Staff</u>
Progressive transfer of work to the European Patent Office		0.4		60
Abolition of the Metrication Board		0.4		45
Reduction in commercial relations and related work		0.2		30
Ceasing to examine and preservice ships documents	S(n)	0.1		15
Abolition of the discretionary power to allow companies to omit "Ltd" and the requirement to include directors names on business documents	P	0.1		10
Other savings		0.1		30
<u>Office of Fair Trading</u>		<u>0.3</u>		<u>70</u>
Extension of validity of Consumer Credit Licences and minor savings				
<u>Export Credits Guarantee Department</u>		<u>0.8</u>		<u>145</u>
Computerisation for short-term business and other procedural changes				
<u>Department of Energy</u>		<u>1.0</u>		<u>145</u>
Reductions in Offshore Supplies Office		0.3		35
Partial reductions in Gas Standards Branch (see Annex 2 for further savings)	S	0.2		30
Reduction in functions of Petroleum Production Division	P	-		5
Other savings		0.5		75
<u>Department of Employment</u>		<u>10.9</u>		<u>2,575</u>
Revision of procedures for payment of unemployment benefit, including completion of computerisation of benefit payments		4.8		1,295
Balance of savings from fortnightly payment of unemployment benefit		1.7		500
Dropping provision for permanent short-time working compensation scheme		1.3		250
Extending qualifying period for unfair dismissal cases to one year		0.7		100



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	<u>Legislation Required</u>	<u>£m</u>	<u>Saving</u>	<u>Staff</u>
Abolition of Royal Commission on Distribution of Income and Wealth		0.4		35
Conducting Annual Census of Employment on biennial basis		0.2		40
Reductions in statistical, research, advisory and common support services and other savings		1.8		355
<u>Manpower Services Commission</u>		<u>20.2</u>		<u>3,470</u>
Reductions in employment and training services				
<u>Health and Safety Executive</u>		<u>2.2</u>		<u>260</u>
Reduction in the activities of the general inspectorate and consequential savings				
<u>Advisory, Conciliation and Arbitration Service</u>		<u>1.0</u>		<u>100</u>
Extending qualifying period for unfair dismissal to one year		0.5		50
Other savings		0.5		50
<u>Department of Transport</u>		<u>13.1</u>		<u>2480</u>
Savings from the operation of Vehicle P Excise Duty and licensing arrangements		7.0		1150
Hiving-off heavy goods and public P service vehicle inspection		4.8		1050
Improvements in efficiency		1.1		230
Simplifying or abandoning various P licensing controls		0.2		50
<u>Department of the Environment and Ordnance Survey</u>		<u>9.9</u>		<u>1620</u>
Conversion of Hydraulics Research Station into a Research Association		1.7		290
Reductions in statistical, establishment and other support staff		1.6		350
Reduction in research programme		0.5		100
Streamlining of planning procedures, P, S cutting out some functions		0.5		80
Reduction in maintenance of Ancient Monuments		0.3		80
Disbanding Economic Planning Councils		0.3		50
Disbanding Water Planning Unit		0.2		30
Ceasing to maintain stock of cranes held for emergencies		0.2		30



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	<u>Legislation Required</u>	<u>£m</u>	<u>Saving</u>	<u>Staff</u>
Repealing of Community Land Act	P	0.2		30
Reductions in functions of Countryside and Recreation Division	P	-		10
Disbanding Clean Air Council	P	-		5
Other savings including savings in Ordnance Survey		4.4		550
<u>Property Services Agency</u>		<u>29.2</u>		<u>4,730</u>
Transfer of maintenance work to contractors		14.0		3,600
Reduced civil works expenditure		4.5		-
Cuts in office building		4.0		100
Reduction of work in Supplies Division		1.9		380
Staff reductions by streamlining and cuts in services, maintenance and new works		1.6		295
Cancellation of PSA's dispersal to Middlesborough		1.0		-
Consequential savings in postal, telecommunications costs etc		0.6		-
Reduction in Professional and Technology students		0.5		130
Savings in non-industrials as a result of cut in industrials		0.5		100
Reduction in office services, staff management, accounts, finance and contracts		0.4		75
Reduction in central professional support services		0.2		50
<u>Home Office</u>		<u>2.9</u>		<u>460</u>
Reductions in areas other than prisons, police support and immigration control		2.5		400
Improved efficiency in police support and immigration control		0.4		60
<u>Lord Chancellor's Department</u>		<u>0.6</u>		<u>150</u>
Improvements in efficiency				



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	<u>Legislation Required</u>	<u>Saving £m</u>	<u>Staff</u>
<u>Land Registry</u>		<u>0.8</u>	<u>195</u>
Improvements in efficiency			
<u>Public Record Office</u>		<u>0.2</u>	<u>40</u>
Closure of Chancery Lane Reading Rooms and other minor savings			
<u>Public Trustee Office</u>		<u>0.3</u>	<u>65</u>
Improved efficiency and computerisation			
<u>Department of Education and Science</u>		<u>1.0</u>	<u>155</u>
Reduced involvement in Local Education Authority matters	P	0.4	55
Improvements in efficiency, modification in internal procedures and other savings		0.6	100
<u>Office of Arts and Libraries</u>		<u>0.2</u>	<u>35</u>
Reduction in headquarters and Victoria and Albert and Science Museums (to match those in Trustee Institutions)			
<u>Department of Health and Social Security</u>		<u>8.3</u>	<u>1705</u>
Improved efficiency and less waste		3.6	800
Disengagement from and non-intervention in the NHS, local authorities and the medical supplies industry		1.4	145
Avoidance of duplication between unemployment and supplementary benefits		1.3	300
Abolition of postal reviews		1.0	250
Other savings		1.0	210
<u>Office of Population Censuses and Surveys</u>		<u>1.3</u>	<u>275</u>
Reductions in statistical, census and survey work and other small savings			
<u>Treasury</u>		<u>0.4*</u>	<u>40</u>
Abolition of a number of functions, including exchange control, and reductions in others			

\* Additional savings of £14m per annum will accrue from the reduction of work at the Bank of England following the abolition of Exchange Control



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	<u>Legislation Required</u>	<u>Saving £m</u>	<u>Staff</u>
<u>Customs and Excise</u>		<u>2.3</u>	<u>465</u>
Savings in general administration		2.1	425
Abolition of exchange control checks		0.2	40
<u>Inland Revenue</u>		<u>19.0</u>	<u>5515</u>
Items in 1979 Finance Act		4.8	1400
Dropping rating revaluation	P/S	4.4	1300
Reduced checking of repayments		0.3	100
Increase in assessing tolerances		0.4	120
Rayner Exercise		1.2	350
Reduction in District Information service		0.9	250
Reduction in statistical work		0.4	120
PAYE end of year review short cuts		0.8	250
Abolition of continuous referencing		1.7	500
Reduced spot checks on valuations in Local Authorities		0.3	75
Miscellaneous savings on training etc		0.5	150
Further savings on information slips		1.3	300
Operation of PAYE on NI Pensions		1.0	300
Increase in de minimis limit for interest on unpaid tax		0.3	90
Related staff		0.7	210
<u>Department for National Savings</u>		<u>4.4</u>	<u>1070</u>
Completion of National Savings Bank mechanisation		2.5	605
Discontinuation of British Savings Bonds		1.3	325
Discontinuation of industrial group savings		0.6	140
<u>Chancellor of the Exchequer's Other Departments</u>		<u>0.1</u>	<u>155</u>
Greater flexibility in working practices in the Royal Mint, merger of administrative functions of Public Works Loan Board and National Debt Office, and other savings			



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	<u>Legislation Required</u>	<u>Saving £m</u>	<u>Staff</u>
<u>Civil Service Department</u>		<u>2.3</u>	<u>280</u>
Reductions in Civil Service Commission		0.7	35
Reductions in Civil Service College and personnel management work		0.6	70
Reductions in management services		0.2	10
Reductions in pay and superannuation work P		0.1	20
Reductions in support staff and other savings		0.7	145
<u>Central Office of Information</u>		<u>0.8</u>	<u>125</u>
Computerisation and structural changes		0.3	50
Reductions in trade and export promotion work and other savings		0.5	75
<u>Her Majesty's Stationery Office</u>		<u>4.0</u>	<u>880</u>
Introduction of new Main Distribution Centre		0.9	215
Closure of warehouse		0.4	100
Reductions in demand, rationalisation and other savings		2.7	565
<u>Scottish Office</u>		<u>3.9</u>	<u>690</u>
Details of savings not yet determined by the Secretary of State	✓		
<u>Other Scottish Departments</u>		<u>0.2</u>	<u>45</u>
Reductions in statistical and census work, abolition of Saturday courts and other small savings P			
<u>Forestry Commission</u>		<u>1.5</u>	<u>240</u>
Improvements in efficiency combined with cutbacks in the planned planting programme and reduced provision for public recreation			
<u>Welsh Office</u>		<u>1.6</u>	<u>235</u>
Improvements in efficiency		0.4	55
Reductions in functions in line with corresponding Whitehall departments and other savings *		1.2	180

✓ Some savings may require legislation

\* Legislation where required will be sponsored by the appropriate Whitehall department

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	<u>Legislation Required</u>	<u>£m</u>	<u>Saving</u>	<u>Staff</u>
<u>Northern Ireland Office</u>		<u>0.7</u>		<u>120</u>
Savings in areas not vitally concerned with law and order				
<u>Other Legal Departments</u>		<u>0.2</u>		<u>40</u>
Completion of new edition of Statutes in Force and other small savings				
<u>Other Departments</u>		<u>0.3</u>		<u>45</u>
		<u>212.2</u>		<u>39000</u>
<b>GRAND TOTAL</b>				



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Appendix to  
ANNEX 1

Although all Ministers have confirmed the total savings shown in Annex 1 for their respective departments, not all the details of these savings are yet settled. In some cases Ministers have in mind individual savings which will require collective discussion or are otherwise uncertain. A list of these is given below. However if any of these items were to prove unacceptable or were not proceeded with the Ministers concerned would find compensating savings elsewhere

	<u>Legislation Required</u>	<u>£m</u>	<u>Saving</u>	<u>Staff</u>
<u>Department of the Environment</u>				
Modification of housing project controls	P	0.5		85
Changes in building controls	P?	0.2		30
<u>Civil Service Department</u>				
Change from weekly to monthly pay for all staff		0.3		75
<u>Scottish Office</u>				
Simplification of capital grants schemes and administration	S	0.180		36
Simplification of subsidies administration	S	0.048		9.5
Expiration of redmeat slaughterhouse industry scheme and other slaughterhouse work		0.012		2.5
Withdrawal from detailed control over exercise of functions by New Town Corporations		0.022		4.5
Reduce standards of storage, maintenance and issue of home defence and emergency equipment		0.010		2
Slow down maintenance and refitting of "green goddesses"		0.003		0.5
Simplification of management costs control and greater delegation of grading control to health boards		0.012		2.5
Reduce scale of project control over NHS capital projects		0.010		2.0

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## ANNEX 2

## POTENTIAL FURTHER SAVINGS STILL REQUIRING COLLECTIVE MINISTERIAL DISCUSSION OR CONSULTATION WITH OUTSIDE ORGANISATIONS

	<u>Legislation Required</u>	<u>£m</u>	<u>Saving</u>	<u>Staff</u>
<u>Department of Industry</u>		<u>0.3</u>		<u>50</u>
Reduction in common services consequent upon the Department of Trade savings identified below				
<u>Department of Trade</u>		<u>3.5</u>		<u>680</u>
Removal of bankruptcy from Insolvency Service	P	3.0		570
Abolition of the Registry of Business Names	P	0.3		65
Abolition of the discretionary power governing undesirable company names	P	0.1		25
Abolition of import surveillance licensing		0.1		20
<u>Department of Energy</u>		<u>0.1</u>		<u>30</u>
Further reductions in Gas Standards Branch (see Annex 1 for other savings)	P			
<u>Department of Employment</u>		<u>1.6</u>		<u>445</u>
Deferment of entitlement of school leavers to supplementary benefit in their own right	P	0.5		145
Withdrawal of claimants option for weekly signing and payment in fortnightly system	S(n)	1.1		300
<u>Manpower Services Commission</u>		<u>0.6</u>		<u>100</u>
Introduction of voluntary quota policy for the employment of disabled persons	P			
<u>Advisory, Conciliation and Arbitration Service</u>		<u>0.3</u>		<u>30</u>
Amendment of recognition provisions of Employment Protection Act 1975 Section 11	P			



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	<u>Legislation Required</u>	<u>£m</u>	<u>Saving</u>	<u>Staff</u>
<u>Department of Transport</u>		<u>1.2</u>		445
First registration of vehicles by Post Office		-		200
Change to tax on possession of vehicles	P	1.0		200
Roads and local transport policy changes		0.2		45
<u>Department of Education and Science</u>		<u>0.3</u>		55
Reduced involvement in education building, abolition of youth service capital grants, transference of responsibility for certain expenditure to UGC and universities, reduced work on health and safety, and abolition of Computer Board	P, S(n)			
<u>Department of Health and Social Security</u>		<u>73.6</u>		10070
Changes in the method of paying social security payments	S	30.0		Not known
Employers' sick pay for first 6 weeks of benefit	P	21.0		5000
Unified Housing Benefit	P	12.5		2900
Simplification of supplementary benefit for first 13 weeks	P	4.0		1000
Replacement of supply of wheel- chairs by cash	P	1.8		350
Making maternity grant non- contributory	P	1.1		225
Transferring functions to the NHS and London University		0.7		120
Simplification of the legal aid scheme	S(a)	0.4		75
Pharmacopoeia Commission to the Pharmaceutical Society of GB	P	0.3		30
Abolition of injury benefit	P	0.2		50
Ceasing payment of special hardship allowance at pension age	P	0.4		100
Medical Practices Committee to the NHS	P	0.1		20
Reduction in level of Medicines Divisions work on the safety, quality and efficacy of medicines	P	0.1		1
Reduction in common services arising from above options		1.0		18



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		<u>Legislation Required</u>	<u>£m</u>	<u>Saving</u>	<u>Staff</u>
Office of Population Censuses and Surveys			0.2		70
Abolition/reduction of Cervical Cytology Recall Service					
Treasury			0.6		35
Abolition of the Procurement Section of UK Treasury and Supply Delegation, Washington			0.3		—*
Scaling down Rating of Govern- ment Property Department			0.3		35
Customs and Excise			6.1		1375
Compulsory de-registration of small VAT traders	P	2.0		400	
Restructuring excise control on wines and spirits	P, S	1.7		440	
Reduction in control of imports and facilities available to importers	S	1.0		235	
Production of main trade statistics only and reduction of service to industry		0.8		220	
Merger of functions of VAT tribunals and of Special Commissioners of Income Tax	P	0.2		20	
Abolition of VAT monthly returns	S ( n )	0.2		15	
Conversion of beer duty to an end product duty	P, S	0.2		45	
Land Revenue			20.9		5395
Ending Overseas Child Tax Allowances	P	0.2		50	
Paying all staff monthly by direct credit	P	0.5		100	
Abolition of overseas earnings relief	P	1.5		450	

\*UK based staff. Savings of 30 locally engaged staff overseas



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	<u>Legislation Required</u>	<u>£m</u>	<u>Savings</u>	<u>Start</u>
Abolition of lower rate band	P	4.4	1300	
End "averaging" for farmers' incomes	P	0.5	140	
Operation of PAYE on fringe benefits	P	0.9	250	
Operation of PAYE on holiday pay		0.4	100	
Related staff		0.3	95	
Budgeting measures (unspecified)	P	12.2	2910	
<u>Northern Ireland Office</u>		<u>0.4</u>	<u>35</u>	
Further savings in areas not vitally concerned with law and order				
<u>Forestry Commission</u>		<u>0.7</u>	<u>170</u>	
Discontinuation of agency work for the Department of Transport on motorways and trunk roads				
<u>Paymaster General's Office</u>		<u>0.8</u>	<u>30</u>	
Ending weekly payment of pensions		0.7	-	
Removing overlap of pensions administration with DHSS	P	0.1	30	
<b>GRAND TOTAL</b>		<b>111.2</b>	<b>19015</b>	

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DRAFT PARLIAMENTARY STATEMENT

## REDUCTIONS IN THE SIZE OF THE CIVIL SERVICE

1. [My Lords, with the leave of the House, I should like to make a statement on the future size and cost of the Civil Service.] [With permission, Mr Speaker, I should like to repeat a statement being made in another place by my Rt hon and Noble Friend the Lord President of the Council.] [My hon Friend the Minister of State in the Civil Service Department] [I] 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.
2. The Government has carried out this 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 are now less essential.
3. 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, there are large savings as high as 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 high priority, some savings are being made.

4. The exercise we have now carried out will lead to savings in Civil Service staff costs of about £212m, most of which will be achieved by April 1982. 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 Civil Service numbers, the savings we are announcing today amount to 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 possible to secure the reductions by natural wastage.

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

6. I am announcing today those savings that it has been possible to identify reasonably quickly, but further reviews are already under way in a number of departments, for example, in the Ministry of Defence, DHSS, MAFF and DOE. Now that the service-wide review of functions



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has been completed, these are the next steps. The House will be kept informed of progress from time to time. Ministers will continue the search for economy and efficiency in their departments throughout the lifetime of this Parliament. In addition they will be assisted in particular projects by Sir Derek Rayner.

7. I will not try to predict the exact size of the Civil Service that will result from these continuing activities. Obviously, circumstances are continuously changing. But we have reversed the major expansion which took place under the last Government. Our predecessors planned for a Civil Service of no less than 748,000 by April next year. The numbers now stand at 712,000. There are bound to be fluctuations from time to time, but the general trend from now on will be downwards.

8. The size of the Civil Service must always depend upon the duties the Government of the day asks it to undertake. This Government now requires from it a narrower range of work. This is no reflection whatsoever 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.

9. The reductions I have announced today, coupled with the further reviews now in progress, will produce a smaller Civil Service and one better adapted to the country's needs.

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The following table indicates the reductions in Civil Service staff costs and numbers it is intended to make (financial savings are expressed in 1979 survey prices):

<u>DEPARTMENT</u>	<u>£m</u>	<u>STAFF</u>
Ministry of Defence .....	41.0	7500
Foreign & Commonwealth Office .....	6.0	425
Overseas Development Administration .....	2.1	235
Ministry of Agriculture, Fisheries & Food (including Intervention Board for Agricultural Produce) .....	6.2	475
Department of Industry .....	7.9	1290
Department of Trade .....	3.1	455
Office of Fair Trading .....	0.3	70
Exports Credits Guarantee Department .....	0.8	145
Department of Energy .....	1.0	145
Department of Employment .....	10.9	2575
Manpower Services Commission .....	20.2	3470
Health & Safety Executive .....	2.2	260
Advisory, Conciliation & Arbitration Service .....	1.0	100
Department of Transport .....	13.1	2480
Department of the Environment & Ordnance Survey .....	9.9	1620
Property Services Agency .....	29.2	4730
Home Office (including Charity Commission) ..	2.9	460
Lord Chancellor's Departments .....	1.9	450
Department of Education & Science .....	1.0	155
Office of Arts & Libraries .....	0.2	35



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<u>DEPARTMENT</u>	<u>£m</u>	<u>STAFF</u>
Department of Health & Social Security .....	8.3	1705
Office of Population Censuses & Surveys ..	1.3	275
Treasury .....	0.4	40
Customs & Excise .....	2.3	465
Inland Revenue .....	19.0	5515
Department for National Savings .....	4.4	1070
Civil Service Department .....	2.3	280
Central Office of Information .....	0.8	125
HMSO .....	4.0	880
Scottish Office .....	3.9	690
Forestry Commission .....	1.5	240
Welsh Office .....	1.6	235
Northern Ireland Office .....	0.7	120
Other Departments .....	0.8	285
TOTAL	<u>212.2</u>	<u>39,000</u>

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