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CABINET

CIVIL SERVICE MANPOWER: ESTIMATES 1981-82

Memorandum by the Lord President of the Council

INTRODUCTION

1. In my paper for Cabinet in October on Civil Service numbers (C(80)56) I said that present plans would produce a Service of 695,000 on 1 April 1981 and 685,000 on 1 April 1982. But the effects on staff numbers of rising unemployment could make the position much worse. So savings would have to be brought forward to the maximum extent and reflected in the Estimates for 1981-82.

MANPOWER BIDS FOR 1981-82

2. Departments' bids for Civil Service manpower for 1981-82 have now been received and assessed in the Civil Service Department. Colleagues have clearly made efforts to contain their bids, and I am grateful. But the fast growth in the provision to deal with unemployment (Department of Employment and Department of Health and Social Security) is throwing us off course; and some Departments (in particular the Chancellor of the Exchequer's, Defence and Transport) have not yet succeeded in bringing forward into 1981-82 sufficient savings to offset these rises and to keep the overall figures moving downwards at a defensible pace.

THE PROBLEM

3. The position has, therefore, deteriorated as I feared in October. The figures are as follows:-

Staff in post	1 October 1980	697,000
Estimate bids	1 April 1981	698,500
Estimate bids	1 April 1982	693,000

The actual numbers of staff in post may in the event be a little lower than these Estimates. But we cannot publish Estimates of this size for 1 April 1981; they must come down. Further, the proposed rate of reduction to 1 April 1982 is much too modest. And we cannot bank on even this in view of the uncertainties of the unemployment forecasts. Certainly we cannot be sure that every quarter's figures, as they are announced, will show a steady fall.

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4. In my statement in the House of Lords in December 1979 I recognised that "there may be short-term fluctuations" in the general downward trend. But a rise, however short-lived, would be politically very damaging, particularly in the changed climate of rapidly-rising private sector unemployment and increasing Parliamentary concern about our chances of achieving the 630,000 target. It will be expected that each quarter's figures should be lower than the previous quarter's, and we shall be in trouble if they are not.

RECRUITMENT RESTRICTIONS

5. So I fear I can see no alternative to severe restrictions on recruitment. These would be on the lines of those we imposed temporarily on coming into office. They would have to last until we had established a clear and strong downward trend in Civil Service numbers in the new circumstances of rapidly rising unemployment. I do not recommend this lightly - I am well aware of the real difficulties such restrictions cause for management. And it will be a further blow for the Civil Service Unions. But we must keep a clear downward trend and run no risk of numbers going up. We shall have to look at all possible sources of savings in the course of 1981-82 - I shall be in touch with colleagues.

CONCLUSIONS

6. I invite colleagues to agree that:-
- a. we must establish a clear and strong downward trend in Civil Service numbers towards the 630,000 target;
 - b. we should impose restrictions on recruitment from 1 January 1981 on the lines of those we imposed on taking office;
 - c. these restrictions should remain in force until a clear strong and downward trend has been established;
 - d. I should circulate guidelines on exceptions to colleagues.

S

Civil Service Department

5 December 1980