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Ref. A03323

PRIME MINISTER

Prime Minister Civil Service
You have already seen
Lord Laming's note (A). This
has not been copied to others.
Mr Pym has now mentioned
colleagues (B) about points
made by his Trade Union
side.

MA 22/x

Civil Service Manpower: The 630,000 Target

(C(80) 56)

BACKGROUND

At its meeting on 1st May the Cabinet agreed (CC(80) 18th Conclusions, Minute 4) that:-

- (i) the Government should aim to reduce Civil Service manpower from 705,000 at April 1980 to 630,000 by April 1984; and
- (ii) provision should be made within this for a contingency margin, which might need to be greater than the 10,000 then proposed, to allow for unavoidable staff increases (e.g. to deal with rising unemployment).

You announced (i) on 13th May. (ii) is not public knowledge.

2. In C(80) 56 the Lord President proposes that, since he can already see claims of around 10,000 against the contingency margin, the aim should now be to reduce to 615,000, giving a contingency margin of 15,000 within the public target of 630,000.

3. Departmental Ministers have so far offered the Lord President savings sufficient to get down to 637,000. He therefore wants 22,000 more. He believes this is possible on the assumption that not less than 2 per cent a year overall can be achieved from greater efficiency.

4. The figures and proposals for each Department are set out in Annex A to C(80) 56. The column of new savings required lumps together savings already offered and the 22,000 extra which the Lord President is seeking. The Annex to this brief lists by department, and in round figures, the make-up of the 22,000. You will see that the main additional savings are sought from Defence, from the Chancellor of the Exchequer's Departments, and from DHSS.

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5. The Chief Secretary's paper proposing 2 per cent further cuts in money all round will take credit for gross savings from this staff exercise offset by the necessary costs of early retirement and redundancies - about £150 million in the next three years. (NB. The gross savings of £1,000 million between 1979 and 1984 and £675 million a year thereafter noted in paragraph 8 of C(80) 56 are to a considerable extent already assumed in the Public Expenditure White Paper.)

6. The Lord President notes that some of the savings discussed will require primary legislation, and suggests that firm places will have to be found for these Bills in the relevant legislative programmes. The measures noted in Annex C for the 1980-81 Session are already included in the programme, but the priorities for subsequent Sessions is a matter for The Queen's Speeches and Future Legislation Committee to consider in the first instance. If Cabinet decide now that space must be provided for a particular item in a given Session, that will inevitably restrict the scope for flexibility in arranging future programmes.

HANDLING

7. After the Lord President has introduced his paper you might ask the Secretary of State for Defence, the Chancellor of the Exchequer and the Secretary of State for Social Services to say, as the major contributors, whether the proposals are acceptable to them. You will probably not want to encourage every other Minister to parade his particular difficulties before Cabinet, but you will wish to ask whether any of them want to dissent from the Lord President's proposals.

8. There should not be any need to discuss at this stage the legislation required, although you will wish to note any difficulties which might be identified.

9. If agreement is reached on the overall target and on the Departmental targets, you might ask the Lord President when he proposes to announce them. This will be necessary at some stage since the Civil Service unions, Select Committees, and others, will be pressing for information on how the global target is to be achieved.

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CONCLUSIONS

10. In the light of the discussion you will wish to record conclusions:
- (i) that the public target of 630,000 should be maintained;
 - (ii) that within this total a basic working target of 615,000 should be adopted to allow for a contingency reserve of 15,000;
 - (iii) that the Departmental targets proposed in Annex A for April 1984 should be adopted, and
 - (iv) noting the need for legislation as set out in Annex C.
11. If agreement is reached on these points you will also wish to record how and when the decision should be announced.

RA

(Robert Armstrong)

22,
efficiency

22nd October, 1980

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FURTHER SAVINGS OF 22,000

Defence	10,000
Chancellor of the Exchequer's Departments	4,800
DHSS	3,500
MAFF	800
Employment	600 - 900
Environment)	200
PSA)	700
Transport	500
Foreign Office / ODA	250
Others	100 or less.