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## CABINET

## FURTHER ACTION TO REDUCE THE SIZE OF THE CIVIL SERVICE

Memorandum by the Lord President of the Council

## INTRODUCTION

1. At Cabinet on 31 May (CC(79) 4th Conclusions, Minute 6) I was asked to bring forward proposals for reducing the size and cost of the Civil Service by April 1982. Our intention was to do this by improving efficiency and dropping tasks. Departmental Ministers were accordingly invited to show what they would have to do by these methods to reduce their expenditure on Civil Service wages and salaries and related items by 10, 15 and 20 per cent below the present level. This interim report comments on the returns which colleagues have sent me, invites views on two main questions and proposes next steps.

## SUMMARY OF THE RETURNS

2. The returns varied widely. Not all Ministers identified options covering the full range of percentages. As requested, they categorised their options by degree of difficulty. This is what the categories amount to:-

		Savings in 1982-83		
		£m	% of Total	Staff
i.	Improved efficiency and less waste	24	0.5	4,900
plus ii.	Positively desirable or relatively painless	175	4.1	37,900
plus iii.	Some adverse effect on policy and level of service	331	7.7	65,000
plus iv.	Requiring major and difficult political decisions*	695	16.2	124,400

\*Some options were presented as both requiring major and difficult decisions and being positively desirable. They are here included in category ii. only.



But that table by itself gives too optimistic a picture. All Ministers sent covering letters indicating limits on what they felt able to do. These limits were more restrictive than the table suggests; in particular many items in category iii. were regarded as very difficult indeed. Annex 1 sets out the basic figures for each Department with a brief summary of what my colleagues said about them.

3. Looking at the total picture, the best assessment I can make at this stage of what is said to be achievable without too great pain is an overall saving of between 6 and 7 per cent, and by no means the whole of that comes from improved efficiency and dropping tasks. Efficiency accounts for about  $\frac{1}{2}$  per cent and dropping tasks for about  $4\frac{1}{2}$  per cent. The other  $1\frac{1}{2}$  per cent or so comes from retaining tasks but locating them outside the Civil Service - in the private sector or elsewhere in the public sector, eg by using contractors or consultants to do work now done by civil servants. The best offer among the major Departments in terms of improved efficiency and dropping tasks amounted to 15 per cent; the worst  $\frac{1}{4}$  per cent. The overall outcome is frankly disappointing; I find it hard to believe that, where tasks are concerned, we must regard as essential no less than 95 per cent of the work the last Labour Government thought fit to undertake.

#### THE AIM OF THE EXERCISE

4. The money savings shown in the table in paragraph 2 are gross and take no account of the offsetting costs, which come eg from putting work out and which were not included in the returns. This points up a general question about the aim of the exercise.

5. Our objective surely is to reduce not only the size of the Civil Service but also the cost of government. They do not necessarily go hand-in-hand. If we put work out (as opposed to dropping it), it still has to be paid for; it may then cost less, much the same, or more. If we drop or curtail work of which the cost is fully covered by fees and charges, we save staff but do not save money. We can also reduce both the size and the cost of the Civil Service, but in ways which result in less collected in revenue or more paid out in benefits. This problem is set out in greater detail in the note by officials at Annex 2. In effect, we can make a higher percentage saving in numbers than we can in money.

6. That is not necessarily wrong; a reduction in the weight of the bureaucracy is a legitimate objective in its own right. I do not regard the activities of revenue-collecting or benefit-paying, or those that wash their faces financially, as sacrosanct. Over-government can be as burdensome there as anywhere else; and my colleagues will recall that we explicitly undertook to seek economies in the cost of running the tax and social security systems in our Election Manifesto. I propose therefore that we should be prepared to accept some options which save numbers even if they do not produce equivalent savings in money. But it would not make



sense, in my view, to put work out where that costs more than having it done by civil servants; we should only do so where there is a reasonable prima facie expectation that it will cost less.

7. We must also bear in mind staff reactions and staff morale. Where putting work out is more economical, there is a convincing case for doing it which the staff may dislike but will have to accept. But where it costs more it largely loses its point where the Government is concerned, will look like dogma from outside, and will arouse resentment among staff. The phasing of some reductions will also be important here. Any large-scale redundancies will involve heavy payments which could, with other offsetting costs, turn profit into loss over the first few years. They will also exacerbate the problem of morale. So the more we proceed by using natural wastage, the better.

#### THE PROSPECTS FOR A LARGE REDUCTION

8. Even if we count all the options that involve putting work out, there is a wide gap between what Ministers have said they think feasible in their own Departments and what I think most of us would regard as an acceptable outcome generally. My judgment is that with a considerable further heave, and a good deal of pain and grief, the 6-7 per cent I have mentioned could be increased to somewhere around 10 per cent. I have little doubt that the Cabinet as a whole will find this disappointing. But if we feel that we must set our sights much above 10 per cent, I am bound to say now that the returns do not offer any reasonable prospect of getting there. If that is our objective, we shall all have to think again about our options in a much more radical way.

9. Let me illustrate the sort of change that colleagues tell me 10 per cent would mean, among other things, within their Departments:

a. In the Ministry of Defence, reducing or even abandoning Departmental procedures to ensure that goods purchased meet required quality standards.

b. In the Department of Employment, withdrawing the option of claimants to go on getting their unemployment benefit weekly rather than under the new fortnightly system.

c. In the Inland Revenue, lifting by 20 per cent the minimum income levels at which the various rates of tax become payable.

d. In the Department of Health and Social Security, making employers responsible for paying sick pay during the first six weeks of illness in place of sickness benefit from the State; and introducing a unified housing benefit scheme which brings together the housing benefits at present administered separately by the



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Department of Health and Social Security (under the supplementary benefits scheme) and by local authorities (in the form of rent and rate rebates).

I think we must be prepared to take decisions of this sort; if not, there is no choice but to lower our sights.

10. The numerical gearing of the big Departments is crucial. The Ministry of Defence (245,000), the Chancellor of the Exchequer's big Departments, Inland Revenue, Customs and Excise and the Department for National Savings (together 123,000) and the Department of Health and Social Security (98,000) account for 64 per cent of the Civil Service. The Secretary of State for Defence has felt unable to go beyond 3 per cent gross, pending longer-term studies to produce bigger savings; while the Chancellor of the Exchequer has offered staff savings of around 6 per cent. The Secretary of State for Social Services has made a notably higher offer of 11 per cent. But even with this, the aggregate score for the three "giants" together is only 5.5 per cent.

11. The effect of this gearing is that it is clearly not possible for the other Departments in aggregate to raise the percentage for the Service as a whole much above the percentage the "giants" produce. These other Departments, moreover, include some areas of especial difficulty, eg prisons and special hospitals, though some others can see their way to making savings in excess of 10 per cent.

12. We should not therefore underestimate the size of the task. I cannot yet say firmly that 10 per cent is on. But I do not believe that my colleagues will regard a lower figure as an acceptable outcome, and I recommend that we should aim to put together a package of this size. But colleagues must be in no doubt about what that requires. If the Home Secretary and perhaps one or two others have to offer less than 10 per cent the rest must find more, and a heavy responsibility will rest on those in charge of large Departments. It will mean a determined commitment on the part of each of us to find the very most he can.

#### NEXT STEPS

13. If that is agreed I suggest that I and my Minister of State, together with a Treasury Minister, should now hold bilateral discussions with colleagues to agree with them the maximum contribution they can make. I will then make a further report to Cabinet next month.

#### LEGISLATION

14. A number of the options which may be adopted would require legislation. This could affect the pace at which we achieve the savings. I shall be in a better position to report what is involved when the bilaterals have been completed.



#### EXPENDITURE IN 1980-81

15. We agreed on 23 July (CC(79) 11th Conclusions) to begin these discussions on Civil Service manpower on the assumption that a sizable first tranche would be found in 1980-81. It will be helpful therefore if colleagues can indicate how much of their total saving will be achievable next year. In this context it is essential that all Departments should carry through into 1980-81 the reduction in staff costs which have been made in adjusting this year's cash limits - and they will need to do better than that.

#### PROPOSALS FOR INCREASED EXPENDITURE

16. For some Departments, the existing plans provide for increased manpower expenditure between 1979-80 and 1982-83. Since the purpose of the present exercise is to secure reductions in manpower below the 1979-80 level, it will be necessary for Departments to forgo these increases. Apart from the few additional bids already approved by Cabinet, we may exceptionally have to allow some margin for demand-led increases, eg as a result of higher unemployment. But these increases must be kept to an absolute minimum and I propose that they should be subject to the specific approval of Civil Service Department Ministers. We shall have to find room for anything else by dropping work of lower priority.

#### STAFF MORALE AND STAFF SIDE ATTITUDES

17. We must have a care for staff morale. The points I have referred to in paragraph 7 will be among the more important here. I am seeing the National Staff Side before the Cabinet meets so that they cannot accuse us of taking decisions before giving them a hearing.

#### RECOMMENDATIONS

18. I invite my colleagues to agree that:
- a. Less than 10 per cent would not be an acceptable outcome, and we should aim at a package of cuts amounting to 10 per cent in aggregate (paragraphs 8 and 12).
  - b. To achieve this Ministers in charge of the largest Departments must contribute their full share of this 10 per cent package, and each of us must make a determined effort to find more (paragraph 12).
  - c. A sizable first tranche should be found in 1980-81 (paragraph 15).
  - d. Plans for further increases in staff expenditure must be forgone save exceptionally where the specific approval of Civil Service Department Ministers has been sought and obtained (paragraph 16).



- e. We should go for savings from putting work out only where there is a reasonable expectation that it will cost less (paragraph 6).
- f. We should seek so to phase reductions as to minimise redundancy (paragraph 7).
- g. My Minister of State and I, with the help of a Treasury Minister, should conduct bilateral discussions with certain colleagues on the lines set out above, after which I should report to the Cabinet again in October (paragraph 13).

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Civil Service Department

7 September 1979

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NOTES

Options for savings identified by Ministers have been summarised in the lead table to each text, and classified as agreed by Cabinet as follows:

- Efficiency, etc: measures which would improve efficiency and reduce waste
- Category A: positively desirable or relatively painless
- Category B: some adverse effect on policy and level of service
- Category C: require major and difficult political decisions

2. The tables show cumulatively for each category the total savings which would be achieved.

3. All expenditure figures rounded to nearest £0.1 million.

4. Commentaries on options have been agreed with the relevant departments.

5. All options involving increased efficiency or decreased waste have been categorised under 'efficiency'. Except where departments have agreed otherwise, options originally given a joint categorisation have been included under the category of lesser difficulty.



## MINISTRY OF DEFENCE

BASE FOR REDUCTIONS    ✓ M STAFF  
1361.0 236625

## SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
EFFICIENCY CATEGORY	✓ M STAFF		✓ M STAFF		✓ M STAFF		
A	16.5	3480	28.4	5505	28.4	5505	2.1
B	28.4	5710	50.5	9960	62.5	12410	4.6
C	64.2	10290	117.2	18855	146.2	24155	10.7
TOTALS	109.1	19480	196.1	34320	237.1	42070	17.4

(AFTER 1982-83 TOTAL SAVINGS RISE TO 18.6%)

The Secretary of State has proposed cuts amounting to 3% which could be achieved without undue difficulty by 1983 from a combination of economies and placing work currently done in-house out to contract.

2. To achieve larger savings than this the Secretary of State identifies a range of items, but the dominant feature is putting more work out to various forms of contract. Two other significant features are, firstly, abandoning tasks and lowering standards of service; and secondly, switching work from civilian to service personnel (which, however, the Secretary of State does not regard as realistic on any appreciable scale). Studies, taking from 3 to 12 months, are to be put in hand to validate, in particular, the scope for savings in three major areas:-

- a. The work of the R&D establishments (29,000 staff in 12 establishments);
- b. Armed Forces provisioning - an extension of a current Rayner study;
- c. The future role, organisation and structure of the Royal Dockyards, in the light of future needs of the Navy and the capacity of UK industry.

3. In advance of the outcome of these, and other studies of proposals for abandoning tasks and lowering standards of service, the Secretary of State cannot forecast with certainty what savings might be secured in these areas.



FCO

BASE FOR REDUCTIONS      £ M    STAFF  
    143.3    8348

## SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
EFFICIENCY	.1	0	.1	0	.1	0	.1
CATEGORY A	0.0	0	2.2	70	2.2	70	1.5
B	2.2	140	6.8	315	7.4	415	5.2
C	0.0	0	11.9	355	18.6	695	13.0
TOTALS	2.3	140	21.0	740	28.3	1180	19.7

Cuts amounting to £2.3 million (resulting in a staff cut of 120 in the Diplomatic Service Headquarters and closure of about 25 consulates) have already been agreed in the PES exercise for 1980-81.

2. Measures to achieve the balance of some £12 million to reach the 10% target would include the closure of 13 Embassies/High Commissions and a further 15 consular posts primarily engaged in export promotion; a reduction of 15% in the staff of the Passport Office; abolition of jobs overseas filled by civilian attaches (eg Home Civil Servants engaged on Labour Attaché work, inward investment, agriculture, civil aviation and defence research and supply) and their support staff unless financed by their parent home departments; and reduction in the Far East communications network. The total manpower reduction would amount to some 560 UK-based and 700 locally engaged staff.

3. Reductions of 15% and 20% would require further major cuts in Headquarters, the Passport Office and the closure of overseas posts with a consequent reduction in export promotion work overseas and consular protection for UK citizens. At the upper end of the scale a total of 20 Embassies and 70 subordinate posts would have to be closed.

4. Many of the options would have policy implications for other Government departments, relying on the services of the Diplomatic Service overseas, and for the BBC and the British Council. There would be offsetting costs in the short term amounting to around £4 million for redundancy payments etc to locally engaged staff; other costs, eg cancellation charges on overseas property leases and redundancy payments to UK-based staff would also offset the gross savings shown.

5. The Diplomatic Service has been subject to a number of reviews in recent years, the latest by the CPRS. This and the rigorous Diplomatic Service Inspection system has resulted in staff reductions of 10% since 1969, increasing to 13% with the 1979-80 cuts. In the view of the Foreign Secretary, cuts beyond the level already agreed for 1980/81 would have very serious repercussions. The inevitable closure of posts and the need to opt out completely in some areas of the world would be regarded internationally as an abnegation of our worldwide responsibilities and interests; and would be in striking contrast to the policies of our major European counterparts. The Passport Office reductions would lead to a deterioration in service, increased delays to the public and a loss of revenue.



## FCO(OVERSEAS DEVELOPMENT)

BASE FOR REDUCTIONS      £ M    STAFF  
                                  23.0    2495

## SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
EFFICIENCY	.1	17	.3	42	.3	42	1.3
CATEGORY A							
B	.7	66	1.8	185	3.0	288	13.0
C	.1	11	.3	21	.5	47	2.2
TOTALS	.9	94	2.4	248	3.8	377	16.5

(AFTER 1982-83 TOTAL SAVINGS RISE TO 20.0%)

### A Headquarters and Development Divisions

The aid administration vote is about £13m. Within this, a little over £2m goes to the Crown Agents for administering overseas pensions. The sum is fixed, has nothing to do with the cost of present ODA staff and the Minister proposes to transfer it to the Pensions Vote. 10% of the adjusted figure is £1.1m, 15% is £1.6m and 20% is £2.2m.

2. There is little or no scope for eliminating whole functions. A reduction of 10% would require a shift in the emphasis of the Aid Programme; reductions and withdrawals in the (overseas) Development Divisions and reductions in recruitment resettlement and development education. The shift in the emphasis of the aid programme would be from bilateral towards multilateral and (for individual countries) from projects to programmes and from technical assistance to capital aid.

3. Reductions of 15% and 20% would require similar cuts, but of greater severity.

4. In the Minister's view, reductions of 10% or more would disproportionately reduce the ability to deploy the aid programme of over £700m to the advantage of both ourselves and the developing countries. Our international standing would suffer. The speed of any reduction would have to take account of expenditure already committed.

5. The Minister has also pointed out that the dispersal of part of ODA to East Kilbride will entail additional costs and would, together with cuts, make many surplus staff in London redundant.



**B The scientific units**

6. These cost £10m. They are part of the aid programme and financed from it. In the Minister's view, reducing them would save money but redeploy it to less advantage, and would be inconsistent with international relationships and undertakings: it would also involve redundancy. Subject to the findings of the policy review, he would have it in mind to continue to finance the units at about their present level at any level of aid programme that can realistically be foreseen.



MAFF

BASE FOR REDUCTIONS      £ M STAFF  
 101.1      14754

SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	£	M STAFF	£	M STAFF	£	M STAFF	
A	0.0	5	0.0	5	.3	66	.3
B	0.0	5	.2	34	5.5	718	5.4
C	0.0	0	.5	103	9.9	1669	9.8
TOTALS	.1	10	.7	142	15.6	2453	15.4

(AFTER 1982-83 TOTAL SAVINGS RISE TO 18.3%)

At the 10% level, savings would have to be made in a wide variety of ways, including the closure of Experimental Husbandry Farms and Veterinary Investigation Centres, reduced inspection and research and changes in the Farm and Horticultural Capital Grant, and Development, Schemes. These schemes would need to be terminated in order to achieve a 15% saving (the termination of the development scheme requiring EEC agreement). A 20% reduction could be reached only by repealing the statutory obligation to provide free technical advice to agriculture.

2. Reductions of no more than about 0.3% are regarded by the Minister as desirable or relatively painless. He considers that more substantial cuts would affect adversely the performance of British agriculture and thus defeat the overall objective of the enlargement of production by the private sector. In any event, full savings of 18% from the options proposed would not be obtained until 1984-85.



IBAP

BASE FOR REDUCTIONS      / M    STAFF  
                                      7.5    588

SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	/ M	STAFF	/ M	STAFF	/ M	STAFF	
A	1.2	2	2.1	4	2.1	4	28.0
B							
C							
TOTALS	1.2	2	2.1	4	2.1	4	28.0

The Minister emphasises that the department is purely executive with mandatory functions under Community law. He proposes however the abolition of the non-mandatory beef premium scheme which, although providing a negligible reduction in staff numbers, would enable a saving of £2.1m to be made in administrative costs, mainly in payment for agency work in the Meat and Livestock Corporation.



## FORESTRY COMMISSION

BASE FOR REDUCTIONS      £ M    STAFF  
                                  43.1    8271

## SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
EFFICIENCY	.2	24	.6	89	.8	129	1.9
CATEGORY A							
B	.5	114	2.1	405	3.2	580	7.4
C	.7	150	2.4	520	3.3	739	7.7
TOTALS	1.4	288	5.1	1014	7.3	1448	16.9

(AFTER 1982-83 TOTAL SAVINGS RISE TO 20.2%)

A high proportion of Forestry Commission staff are directly engaged on productive activities that are improving the value of the national forestry investment or earning revenue for the Exchequer by harvesting the product. There has been a 20% reduction in staff over the past decade despite an increase in plantations and in timber harvested.

Forestry Ministers believe that a 5% reduction can be achieved but that savings above this would have serious implications for forestry policy and should not be considered without a prior comprehensive review.



## DEPARTMENT OF INDUSTRY

BASE FOR REDUCTIONS      £ M    STAFF  
    58.7    9716

## SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
A	.6	91	1.6	232	2.1	325	3.6
B	1.6	252	3.8	613	6.6	1100	11.2
C	.2	27	.7	99	2.8	469	4.8
TOTALS	2.4	370	6.1	944	11.5	1894	19.6

The Secretary of State for Industry expects to achieve savings of 10% (more than 950 staff) mainly as a consequence of the revised regional package and of the decision to alter the pattern of financial assistance to industry, by a reduction in sponsorship of industry and by the phasing out of useful but medium priority work in the Research Establishments. Savings would also be made in statistical work and the provision of economic advice, and by proportionate reductions in common services staff.

2. To achieve a 15% saving it would be necessary to convert the National Maritime Institute into a largely self-financing Research Association and for further reductions to be made in supporting "establishment" and statistical services (depending on the results of Sir Derek Rayner's studies and EEC requirements).

3. In the Secretary of State's view to go beyond 15% would make serious inroads into the Department's ability to do its basic job and could involve unpicking the package of proposals for regional and other financial assistance just announced.



## DEPARTMENT OF TRADE (INC OFT)

BASE FOR REDUCTIONS      £ M STAFF  
    51.2    8073

## SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
A	.8	121	1.7	264	1.8	290	3.5
B	1.0	145	2.5	415	2.6	430	5.1
C	.1	20	2.8	465	3.8	640	7.4
TOTALS	1.9	286	7.0	1144	8.2	1360	16.0

(AFTER 1982-83 TOTAL SAVINGS RISE TO 18.4%)

Department of Trade

The Secretary of State for Trade has identified manpower savings of 8.3% over his Department as a whole though many of the cuts are in services of long-standing for which the public pays fees so that the net financial saving will be of lesser value and there will also be a need for a good deal of primary and probably contentious legislation.

2. This could be advanced to a figure of 15% if bankruptcy were removed from the ambit of the Insolvency Service (a service which Scotland manages to do without). It would require consultation and contentious legislation, and could not take full effect by April 1982. There would be substantial and expensive redundancies.

3. The Secretary of State would be opposed to any cuts in the coastguard service or beyond 15% since that would involve such radical changes as abandoning trade mark registration and instituting insolvency limits for companies winding up.

Office of Fair Trading

4. The OFT will achieve a staff saving of almost 15% by extending the validity of consumer credit licences from 3 to 10 years. The Secretary of State points out that further cuts would be difficult because of the new functions being given to the OFT under the Competition Bill, requiring an extra 45 staff.



ECGD

BASE FOR REDUCTIONS      £ M    STAFF  
                                  11.2    2041

## SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
EFFICIENCY CATEGORY A	.4	80	.5	110	.7	145	6.3
B	.3	57	.7	135	.8	155	7.1
C	.1	30	.5	100	.6	120	5.4
TOTALS	.8	167	1.7	345	2.1	420	18.8

ECGD's activities are demand-determined and wholly self-financing. If the Government's economic strategy calls for an increased export effort, particularly from smaller firms, then demands on ECGD can be expected to rise. For these reasons the Secretary of State for Trade considers a cut in facilities to be undesirable and likely to evoke sustained protests from the private sector. Nevertheless he has offered "good housekeeping" savings amounting to 6-7%, without reducing its range of services, as a consequence of computerisation and further procedural changes for short-term business.

2. To make up the balance of 10% the Department would need to raise buyer credit access limit from £1 million to £2 million for longer-term business. In securing 15% savings the present level of services could barely be maintained and at some risk to proper accountability, and 19% savings would involve considerable reduction of services and deterioration in the Department's financial viability.



## DEPARTMENT OF ENERGY

BASE FOR REDUCTIONS      £ M    STAFF  
                                     9.8    1350

## SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
A	0.0	6	0.0	6	0.0	6	.3
B	.1	14	.4	68	.9	130	9.6
C	0.0	0	0.0	5	.7	109	7.1
TOTALS	.1	20	.5	79	1.7	245	17.3

(AFTER 1982-83 TOTAL SAVINGS RISE TO 18.1%)

The Secretary of State for Energy has excluded from the exercise the Department's Petroleum Engineering Division because of its key role in North Sea Oil production. The cost of this Division has been restored to the baseline shown above against which the options put forward are measured.

2. With this adjustment, savings of 9-10% could be secured from reductions in the Offshore Supplies Office, and in the functions of the Gas Standards Branch (offset by a loss in fee-income and dependent upon the extent to which the British Gas Corporation could take over the functions), and by other minor changes such as the non-continuation of the electricity discount scheme.

3. Savings of up to 12-14% could be obtained by dropping electricity meter certification, reduction of effort on energy conservation and non-nuclear R & D etc; and of 17-19% by closing the Glasgow Offshore Supplies Office, abandonment of oil related defence support work and other selected reductions. The Secretary of State considers all of these to be incompatible with current energy policy.

4. The recent decision to curtail the functions of the BNOC will mean increased expenditure for the Department of Energy of up to £0.5m on staff and consultancies.



## DEPARTMENT OF EMPLOYMENT

BASE FOR REDUCTIONS      £ M    STAFF  
                                  105.2   25632

## SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
EFFICIENCY	1.6	410	2.3	610	2.3	610	2.2
CATEGORY A	5.3	1048	7.5	1543	8.1	1733	7.7
B	.3	46	.4	81	.7	131	.7
C	.3	45	5.2	1345	11.9	3095	11.3
TOTALS	7.5	1549	15.4	3579	23.0	5569	21.9

Some 75% (19,300) of the department's staff are employed in the Unemployment Benefit Service, administered on an agency basis for DHSS, where workloads are directly related to the level of unemployment. An additional 3000 staff would be needed to meet unemployment increases already forecast and provision for these has been included in PES for 1980-81. A further 900 staff, for which there is no provision and for which offsetting savings could not be found, would be needed if unemployment benefits were taxed.

2. In the Unemployment Benefit Service options to achieve a 10% reduction include restrictions to benefit eligibility for students and school leavers (the former already agreed and the latter being considered by DHSS), withdrawal by 1982-83 of the option for weekly payment of unemployment benefit after fortnightly arrangements are introduced this year. To achieve 15% savings unemployment benefit would have to be paid monthly in arrears and claimants would be required to attend only once a month, and at the 20% level important control checks (enquiries to last employers, regular attendance of claimants) would need to be abandoned.

3. The Secretary of State for Employment considers that it might be feasible to realise savings approaching 10% by 1982-83, although the actual level of savings achieved would vary with the level of unemployment existing at the time. At the 15% and 20% levels he takes the view that options would either involve an unacceptable degree of hardship for claimants or depend for their realisation on major relaxation in controls carrying risks of overpayments and fraud.

4. For the remainder of the department the Secretary of State considers that savings approaching 10% from a range of different measures could with some difficulty be achieved. A reduction of 15% would mean taking full account of staff savings from cancellation of the Short-time Working Compensation Scheme, and



severe cuts would need to be made in research and statistical work. This would leave, however, no provision for extending any of the special employment measures which end next year; some £1.0m (200 additional staff) would be needed if these, of which the Job Release Scheme is the most cost-effective, were continued. A full 20% cut would entail severe reductions in wages inspection work and in the race relations advisory service and dropping the licensing of employment agencies, all of which would be controversial.

Category	1982-83	1983-84	1984-85	1985-86
Staff	1.8	2.3	2.3	2.3
Expenditure	1.8	2.3	2.3	2.3
...	...	...	...	...
Total	5.2	12.4	12.4	12.4

of the department's staff are employed in the... and Benefit Service, administered on an agency basis for... workloads are already related to the level of... An additional 3000 staff would be needed to meet... provision for these... A further 900 staff, for which... provision and for which offsetting savings could not be... would be needed if unemployment benefits were raised.

the Unemployment Benefit Service options to achieve a 10%... includes restrictions on benefit eligibility for students... (the former already agreed and the latter being... withdrawal by 1982-83 of the option for weekly... unemployment benefits after fortnightly arrangements are... To achieve 1% savings unemployment benefits... to be paid monthly in arrears and claimants would be... attend only once a month, and at the 20% level... control checks (enquiries to last employers, regular... of claimants) would need to be abandoned.

Secretary of State for Employment considers that it might... to realise savings approaching 10% by 1982-83, although... level of savings achieved would vary with the level of... At the 1% and 20% levels he... view that options would either involve an unacceptable... flexibility for claimants or depend for their realisation on... relaxation in controls covering rates of overpayments and

the remainder of the department the Secretary of State... that savings approaching 10% from a range of different... could with some difficulty be achieved. A reduction of... mean taking full account of small savings from... tion of the Short-time Working Compensation Scheme, and



## MANPOWER SERVICES COMMISSION

BASE FOR REDUCTIONS      £ M    STAFF  
                                  156.8   26779

## SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
EFFICIENCY	.9	143	2.3	385	3.4	575	2.2
CATEGORY A	.1	9	1.4	230	1.8	306	1.1
B	4.1	677	9.9	1709	13.5	2321	8.6
C	1.1	183	5.2	911	8.4	1469	5.4
TOTALS	6.2	1012	18.8	3235	27.1	4671	17.3

(AFTER 1982-83 TOTAL SAVINGS RISE TO 20.0%)

Options to achieve a reduction of 10% are concentrated on two main areas: the staffing of the employment service and the TOPS programme. These entail further computerisation, reductions in advisory and placement services etc, the closure of some Skill-centres and a reduction in the capacity of Employment Rehabilitation Centres. Reductions of 15% and 20% would involve further reductions in services to the unemployed and disabled and in training activities under TOPS, cuts in fee-paid services to professional and executive jobseekers involving a net loss in revenue and phasing out the Special Temporary Employment Programme by 1981-82. Some of the options for manpower reductions (eg in the TOPS programme and Skill-centres) would also produce significant savings on grants and capital equipment.

2. An increase in expenditure on salaries and administration of nearly 12% (£18.6 million) between 1979-80 and 1982-83 is included in PES and this would fall to be absorbed in addition to savings from the selected options.

3. In making their submission the Commission have drawn attention to the worsening economic outlook and to the contribution of their programmes to reducing unemployment, equipping the labour force with essential skills and assisting people to find jobs. The Secretary of State accepts that there is a strong case for maintaining those programmes bearing directly on such intractable problems as skill shortages and youth unemployment, but considers that cuts approaching 10% might be achievable with difficulty but without inflicting major damage to the MSC's most valuable programmes (with absorption of growth this would represent a 22% cut on plans (£34.6m) by 1982-83). He believes that there would be major political difficulties and the risk of resignations from the Commission in going beyond 10%.



## HEALTH AND SAFETY COMMISSION / EXECUTIVE

BASE FOR REDUCTIONS      £ M      STAFF  
    37.1      4370

## SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
A							
B	.5	68	1.6	202	2.1	270	5.6
C	1.3	147	4.0	448	5.4	604	14.5
TOTALS	1.8	215	5.5	650	7.5	874	20.2

The Health and Safety Commission have been unable to identify specific functions which they consider could be shed, and their options take the form of describing the effect which cuts of 10%, 15% and 20% would have on the various parts of their organisation without ranking these in order of priority. They point out that most of HSE's staff are engaged on work arising from the HSC's statutory duties and on obligatory "reactive" work (investigation of accidents, etc).

2. A 10% cut would involve longer intervals between inspections and less field work generally, some cut-back in assessment of risks in high-hazard areas and reductions in policy developments, research and common services. A 15% cut would entail more severe cut-backs in these areas, while at the 20% level there would be an impairment of HSE's ability to discharge its statutory inspection and enforcement functions, withdrawal of advice to local authorities on planning applications, discontinuation of research functions and projects and an impairment of finance and audit work.

3. The Secretary of State for Employment's assessment is that, given the increasing workload confronting HSE and the extreme public sensitivity to safety and health standards, it would be unrealistic to do more than hold their staffing to its current level. This would mean a cut of 9% (£3.4m) in the present 1982-83 PES provision.



ADVISORY CONCILIATION AND ARBITRATION SERVICE

BASE FOR REDUCTIONS      £ M    STAFF  
                                      7.9    880

SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
A	.5	51	.7	78	1.1	112	13.9
B	.2	16	.4	48	.6	64	7.6
C							
TOTALS	.7	67	1.1	126	1.7	176	21.4

anticipates reductions in staff expenditure of £2.0m in later years. The reductions are included summarised above.

Changes in the statutory employment protection field already announced or proposed will enable ACAS to achieve staff cuts of 13% (£1.1m) which could be increased to 15% (£1.3m) with only a modest cut in advisory work.

As the majority of ACAS staff are engaged on conciliation and arbitration work of a demand determined nature further cuts to 20% would have to be found by severe pruning of advisory work. There would be strong opposition from the ACAS Council and in the department's view it would severely weaken the only instrument the Government has which can bring external influences to bear on the many areas of industry where the approach to industrial relations needs changing. The Secretary of State for Employment regards a 15% cut as the most that could realistically be achieved.

... be secured by discarding one or options and substituting certain smaller savings. ... of VED and possibilities for saving economies in ... are due to be further considered; precise savings ... the outcome of this review but the Minister is ... in one way or another it will be possible to save ... Routine inspection of buses and heavy goods ... be passed to the private sector with a possible ... 1,000 posts, although this would add to industry's ... further option is to hive-off the driving test organisation ... to the AA and the RAC or to local authorities. Some ... including the costs of some local authority staff as well ... posts borne by the Exchequer as part of the Roads ... also flow from changes in Road Construction Units, ... by making greater use of consultants; but a report on ... is awaited from Sir Derek Rayner.



## DEPARTMENT OF TRANSPORT

BASE FOR REDUCTIONS      £ M STAFF  
74.2    14476

## SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	£	M STAFF	£	M STAFF	£	M STAFF	
A	.2	75	.3	75	.5	75	.7
B	.8	100	1.1	250	.6	159	.8
C	0.0	0	0.0	0	18.2	4036	24.5
TOTALS	1.0	175	1.4	325	19.3	4270	26.0

The PES exercise anticipates reductions in staff expenditure of £1.0m rising to £2.0m in later years. The reductions are included in the options summarised above.

2. The Department proposes a saving of £1.9 million or 2.5% by:

- i. introducing 'till 70' provisional driving licences and procedural improvements in the DVLC;
- ii. abolishing Register of Approved Driving Instructors;
- iii. re-organisation and re-ordering of priorities of work in Roads and Local Transport Group;
- iv. simplifying/abandoning various licensing controls.

3. To increase reductions to the required range of 10-20% would mean tackling major areas of work chosen from Vehicle Excise Duty, the vehicle inspection system and the driving test organisation. Smaller percentage reductions could be secured by discarding one or more of these options and substituting certain smaller savings.

4. The future of VED and possibilities for making economies in its administration are due to be further considered; precise savings will depend on the outcome of this review but the Minister is confident that in one way or another it will be possible to save about 1,000 posts. Routine inspection of buses and heavy goods vehicles could be passed to the private sector with a possible saving of about 1,000 posts, although this could add to industry's costs. A further option is to hive-off the driving test organisation (1,800 posts) to the AA and the RAC or to local authorities. Some savings (including the costs of some local authority staff as well as Civil Service posts borne by the Exchequer as part of the Roads Vote) could also flow from changes in Road Construction Units, particularly by making greater use of consultants; but a report on these Units is awaited from Sir Derek Rayner.





## DEPARTMENT OF THE ENVIRONMENT

BASE FOR REDUCTIONS      £ M STAFF  
80.8      13041

## SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	£	M STAFF	£	M STAFF	£	M STAFF	
A	.9	161	1.1	205	1.1	205	1.4
B	2.1	450	4.6	669	6.3	938	7.8
C	0.0	5	.4	77	.7	127	.9
TOTALS	3.0	616	6.1	951	8.1	1270	10.0

The PES exercise anticipates reductions in staff expenditure of £3.0m rising to £6.0m in 1981-82 and to £8.0m in the remaining years. The reductions are included in the options summarised in the table above.

2. Detailed options for cuts have been restricted to 10% by the Secretary of State who says that additional options will have to await the result of further work in his Department. He indicates, however, two areas of activity where savings in excess of 10% might be achieved: a reduction in the scope of the District Audit Service by requiring local authorities to employ auditors from the private sector, and of work on the Royal Parks and Palaces, ancient monuments and perhaps conservation generally, although reductions on ancient monuments could entail a net loss of revenue to the Exchequer.

3. Proposals for a 10% reduction involve hiving-off to the private sector (Hydraulics Research Station), disbanding certain bodies (Economic Planning Councils, Central Water Planning Unit and Clean Air Council), various policy and other changes (repeal of Community Land Act, radical changes in building controls, reduced maintenance of ancient monuments, abandonment of work on local government superannuation scheme), and the streamlining or reduction of a number of marginal functions of which only 2 or 3 will require legislation. Overall the Department assesses that reductions at a level of about 9% can be achieved without major or difficult political decisions but the Secretary of State points out that proposed legislation, for example the new Housing Bill, will entail extra work and could make net savings at the desired level more difficult to achieve.



ORDNANCE SURVEY

BASE FOR REDUCTIONS      £ M    STAFF  
 17.9                      3610

1980-81	1981-82	1982-83	% OF BASE
1.5    180	1.5    370	4.3    300	1.4
3.0    200	1.0    300	22.0   4780	7.9
0.0    0	3.1    600	8.2    1634	2.9
0.0    0	3.9    760	10.5   2046	3.8
3.5    380	9.5   1930	45.2   9737	16.1

The Secretary of State proposes to examine the scope for manpower savings in the light of decisions on the recommendations of the Review Committee (Chairman Sir David Serpell) which are now being considered. He does not find it possible to put forward options for savings before consideration of the Serpell Report is completed towards the end of this year.

... activities by ... and of maintenance and ... Such measures could ... savings in both industrial and non-industrial ... would not be matched by equivalent savings in public ... the costs of contractors and private consultants ... net. There is also the possibility of stopping ... customers, particularly the Post Office, but ... would be no net savings and it could result in ... elsewhere in the public sector. On all these ... Secretary of State wishes to consult further with client ... and other Ministers concerned, and at this stage ... only indicative options for reductions in staff ... taking account of other administrative costs (eg costs ...

... to 23m on administrative costs have already been ... main PES examples for 1980/81 as a consequence of ... the programmes for major new works, dispersal and ... buildings. A 10% cut in staff costs (equivalent however ... in administrative expenditure as a whole) would entail ... reductions already allowed for in PES, cuts in ... activities and a substantial transfer of work to ... and contractors, 15% and 20% cuts in staff costs ... to cuts of 11.4% and 15.9% respectively in ... expenditure as a whole) would require the shedding of ... repayment clients except the USAF. In total about ... would need to be given up to achieve a 10% cut in staff, ... 23m in staff costs, but the net saving in administration ... be substantially less. Reductions of the order of 15% ... to involve about 6,100 posts (£29m) and 8,500 posts (£41m) ... and would demand a timescale extending beyond 1981/82. ... staff costs would be offset by additional fees and loss of



PSA

BASE FOR REDUCTIONS    £ M    STAFF  
279.9    47579

## SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
EFFICIENCY	.9	180	1.9	370	4.5	800	1.6
CATEGORY A	3.0	200	1.0	200	22.0	4780	7.9
B	0.0	0	3.1	600	8.2	1631	2.9
C	0.0	0	3.9	760	10.5	2046	3.8
TOTALS	3.9	380	9.9	1930	45.2	9257	16.1

The Secretary of State for the Environment states that further time is needed to arrive at the most sensible ways of achieving reductions. He has in mind, however, possibilities for a considerable measure of privatisation of the Agency's activities by increasing the proportions of design work and of maintenance and servicing put out to the private sector. Such measures could produce substantial savings in both industrial and non-industrial staff, but they would not be matched by equivalent savings in public expenditure since the costs of contractors and private consultants would have to be met. There is also the possibility of stopping work for repayment customers, particularly the Post Office, but here too there would be no net savings and it could result in creation of work elsewhere in the public sector. On all these matters the Secretary of State wishes to consult further with client departments and other Ministers concerned, and at this stage therefore submits only indicative options for reductions in staff costs but not taking account of other administrative costs (eg costs of consultancy).

2. Cuts amounting to £3m on administration costs have already been agreed in the main PES exercise for 1980/81 as a consequence of reductions in the programmes for major new works, dispersal and purchase of buildings. A 10% cut in staff costs (equivalent however to a 7.8% cut in administrative expenditure as a whole) would entail in addition to reductions already allowed for in PES, cuts in existing activities and a substantial transfer of work to consultants and contractors. 15% and 20% cuts in staff costs (equivalent to cuts of 11.4% and 15.9% respectively in administration expenditure as a whole) would require the shedding of all work for repayment clients except the USAF. In total about 4,200 posts would need to be given up to achieve a 10% cut in staff, saving some £20m in staff costs, but the net saving in administration costs would be substantially less. Reductions of the order of 15% and 20% would involve about 6,100 posts (£29m) and 8,500 posts (£41m) respectively and would demand a timescale extending beyond 1981/82. Savings in staff costs would be offset by additional fees and loss of receipts.



3. The staff reductions would be too large to be achieved by natural wastage and would therefore involve substantial redundancies. Strong Staff Side resistance is to be expected.

4. Separate options are put forward for PSA Supplies Division (a Trading Fund) involving the reduction of transport, engineering design, furnishing and purchasing services, with consequential reductions in finance and administrative staff.

1980-81	1981-82	1982-83
4.9	3.9	3.8
280	1930	43.1
0.0	0.0	0.8
0.0	0.0	2.9
3.0	2.0	25.0
180	1.9	4.2
1.0	1.0	7.9
3.0	1.0	1.0

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 to arrive at the most desirable way of achieving  
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 out out to the private sector. Such measures could  
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 they would not be reached by equivalent savings in public  
 since the costs of contractors and private consultants  
 to be met. There is also the possibility of stopping  
 engagement contracts, particularly the Post Office, but  
 there would be no net savings and it could result in  
 of work elsewhere in the public sector. On all these  
 Secretary of State wishes to consult further with officials  
 and other Ministers concerned, and at this stage  
 submit only indicative options for reductions in staff  
 not taking account of other administrative costs (eg costs  
 Agency).

... amounting to £30m on administrative costs have already been  
 the main PPS exercise for 1980/81 as a consequence of  
 in the programme for major new works, dispersed and  
 of buildings. A 10% cut in staff costs (equivalent however  
 out in administrative expenditure as a whole) would entail  
 on to reductions already allowed for in PPS cuts in  
 activities and a substantial transfer of work to  
 the and contractors. 15% and 20% cuts in staff costs  
 out to cuts of 11.5% and 15.5% respectively in  
 tion expenditure as a whole) would require the shedding of  
 for repayment clients except the BEA. In total about  
 it would need to be given up to achieve a 10% cut in staff  
 the £30m in staff costs, but the net saving in administration  
 would be substantially less. Reductions of the order of 15%  
 would involve about 6,100 posts (£22m) and 8,500 posts (£31m)  
 and would demand a timetable extending beyond 1981/82.  
 staff costs would be offset by additional loss and loss of



## HOME OFFICE

BASE FOR REDUCTIONS     £ M     STAFF  
    251.0     39645

## SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
A	.1	19	.4	58	.5	76	.2
B	1.2	311	5.4	802	7.2	1068	2.9
C	10.6	1696	31.9	5086	42.5	6781	16.9
TOTALS	11.9	2026	37.7	5946	50.2	7925	20.0

Almost all relevant Home Office expenditure (£249m out of £251m) is on Law, Order and Protective Services (LOPS). Prison outstations account for 65% of this. Savings here could only be made by closing establishments and minimising regimes. The former would depend on a reduction in the prison population through wholesale remission of sentences or unprecedented restrictions on the sentencing powers of courts. The May Inquiry could well recommend further increases in prison resources.

Police support accounts for nearly 15% of LOPS expenditure, and Immigration and Nationality Department accounts for a further 8%. To attain even a 10% reduction on the programme as a whole, it would be necessary to make cuts in all these services, including for instance new applications for the Police National Computer and forensic science work, and to abolish the statutory immigration appeals system and abandon embarkation control.

The Secretary of State considers that it would be impossible to make any substantial saving in Home Office staff which would not entail abandoning the Government's pledges to support and maintain the forces of law and order, let alone strengthen them.

A net increase of £3.9m in the PES provision for Programme 9 in 1980-81 has been agreed. In addition, an increase of £6.1m in 1982-83 was provided for in Cmnd 7439. The Secretary of State considers that these increases will need to be carried forward, and maintained, in the later years. The options submitted do not cover these additional sums.



## LORD CHANCELLOR'S DEPARTMENT

BASE FOR REDUCTIONS      £ M    STAFF  
                                      54.4    10516

## SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
EFFICIENCY	.2	50	.4	100	.4	100	.8
CATEGORY A	0.0	0	0.0	0	0.0	0	0.0
B							
C	0.0	0	.1	18	.1	18	.2
TOTALS	.2	50	.5	118	.5	118	.9

(AFTER 1982-83 TOTAL SAVINGS RISE TO 5.5%)

The Lord Chancellor has pointed out that more than half the staff costs of his Department (ie for civil work in the Supreme Court and for the county courts) are demand-determined and fee-earning, so that a reduction in costs would be accompanied by a fall in income and achieve no net saving. Although he has identified possible savings from reducing juries to 10 persons, payments to jurors are not "Civil Service staff and related costs", and have thus not been included in this exercise. Moreover the proposal is strongly opposed by the Home Secretary.

2. The Lord Chancellor has, however, proposed a general efficiency saving of 100 staff, and put forward for consideration the abolition of the Council on Tribunals and the Lay Observer as a further saving of up to £150,000.

3. The Lord Chancellor would regard any reduction of staff in the Crown Court as contrary to the "law and order" objectives of the Government; a staff cut of 10% would raise the average waiting time between committal and trial to about 30 weeks by March 1982 and to over a year by 1984 (with even longer delays in London and the South East). No immediate reduction is thought possible in the county courts but the introduction of computers should lead to savings of upwards of 600 staff by the mid-1980s.



LAND REGISTRY

BASE FOR REDUCTIONS      £ M    STAFF  
                                  27.1    5874

SUMMARY OF OPTIONS

	1980-81	1981-82	1982-83	% OF
	£ M STAFF	£ M STAFF	£ M STAFF	BASE
EFFICIENCY	.3    73	.5    134	.8    195	3.0
CATEGORY A				
B				
C				
TOTALS	.3    73	.5    134	.8    195	3.0

Apart from certain minor economies amounting to 1-1½%, the Lord Chancellor seeks to exempt the Land Registry from the reductions exercise on the grounds that (a) it is running at a profit so that cuts would represent a net charge on the Exchequer, and (b) the Government's own plans to encourage home ownership and accelerate the sale of council houses will add to its steadily growing workload. Even a 10% cut would have the effect of adding about 325,000 cases in 12 months to the present stocks of just under 250,000 cases (which are already causing grave concern). The backlog would increase cumulatively and would have a very serious effect on the purchase and sales of property.

The Lord Chancellor points out, however, that by the mid-1980's computerisation will offer the prospect of substantial savings (up to 1,000 staff, ie 17%).

PUBLIC TRUSTEE OFFICE

BASE FOR REDUCTIONS      £ M    STAFF  
    1.8      346

SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
EFFICIENCY CATEGORY	£ M	STAFF	£ M	STAFF	£ M	STAFF	
A	.1	23	.2	47	.3	63	17.9
B							
C							
TOTALS	.1	23	.2	47	.3	63	17.9

(AFTER 1982-83 TOTAL SAVINGS RISE TO 17.9%)

The Public Trustee has to charge fees to meet his costs. Even though a rigorous programme of good housekeeping has enabled the office to reduce from some 525 staff in the first half of 1975 to the present level of 346, a further extension of this process is forecast to produce additional savings of 6% in 1979/80, 5% in 1980/81 and 3% in 1981/82. The introduction of a computer, hopefully in 1982, will offer further savings (upwards of 20 staff) bringing the total reductions to nearly 18%.



PUBLIC RECORD OFFICE

BASE FOR REDUCTIONS      £ M    STAFF  
                                  2.2    436

SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	£	M STAFF	£	M STAFF	£	M STAFF	
A							
B	0.0	0	.3	58	.3	59	13.8
<u>or</u> C	0.0	0	0.0	0	.4	90	18.4

Staff savings of 10% would require the closing of the reading rooms and the museum in central London, and reduction in conservation and editorial work. Savings of 15% or 20% would virtually bring to an end the public inspection of PRO records.

2. The Lord Chancellor points out that reductions in PRO services would conflict with statutory rights of public access. As a partial offset to staff reductions, he suggests the possible imposition of search fees although these too would encounter powerful objections.

DEPARTMENT OF EDUCATION AND SCIENCE

BASE FOR REDUCTIONS      £ M    STAFF  
 19.5                      2706

SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
EFFICIENCY	.1	14	.1	23	.1	23	.5
CATEGORY A	0.0	4	0.0	4	0.0	4	0.0
B	1.1	179	1.7	292	1.7	293	8.7
C	.8	90	2.0	232	2.0	241	10.3
TOTALS	2.0	287	3.8	551	3.8	561	19.5

The Secretary of State holds firmly to the view that no reduction should be made in HM Inspectorate of Schools (staff cost £6.6m) because of the Government's commitment to maintain and improve educational standards. He considers that the remainder of DES (staff cost £12.9m including the University Grants Committee), if it is to remain viable, could only take a cut of about 5%, through less intervention, and a reduction in controls.



ARTS AND LIBRARIES

BASE FOR REDUCTIONS      £ M    STAFF  
                                     7.8    1266

SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
A	0.0	1	0.0	1	0.0	1	0.0
B	0.0	2	0.0	2	0.0	2	0.0
C	.8	127	1.6	239	1.6	239	20.4
TOTALS	.8	130	1.6	242	1.6	242	20.4

1. Small savings are offered in the £0.2m staff costs of the Office itself, but no reductions are put forward for the £7.6m staff costs of the Science and Victoria & Albert Museums.

2. The Chancellor of the Duchy of Lancaster points out that a cut of 10% applied to the two museums would involve closure and reduced opening times, and would result in a major public outcry. Moreover, it would also mean treating them differently from the other national museums. He considers that the only alternative to exemption would be to legislate to give them trustee status, notwithstanding the difficulties, and thus taking them outside the Civil Service.



DHSS

BASE FOR REDUCTIONS      £ M STAFF  
466.9 100020

## SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
EFFICIENCY	0.0	0	1.8	400	3.6	800	.8
CATEGORY A	2.1	281	41.8	9406	46.3	10585	9.9
B	1.9	412	4.5	824	4.7	865	1.0
C	8.4	1723	29.2	6308	29.6	6415	6.3
TOTALS	12.4	2416	77.3	16938	84.2	18665	18.0

NOTE. Some category A options, though desirable, involve difficult political decisions.

The Options cover both the Social Security (SS) and Health and Personal Social Services (HPSS) sides of the department. Proposals for the former (which accounts for much the larger proportion of DHSS expenditure) turn largely on changes in benefit policies and systems. Proposals on the latter turn largely on changing the department's role by reducing the scope and level of activity in the policy field and towards the National Health Service and local authorities.

2. The Options to achieve a 10% level of cuts include 2 major social security measures - the transfer to employers of responsibility for sick pay in the first 6 weeks, and the introduction of a Unified Housing Benefit. The balance is made up by a number of smaller SS simplifications, and measures to reduce headquarters staff dealing with the NHS and local authorities.

3. Options to achieve a 15% level of cut would involve the introduction of a simplified scheme for the first 13 weeks of Supplementary Benefit; making National Insurance Contributions from the self-employed voluntary; increasing Child Benefit to sufficient levels to enable national insurance short-term child dependency allowances to be phased out; and further disengagement from the NHS, local authorities and the medical supplies industry. Savings at the 18% level would include abolishing all Supplementary Benefit home visiting, abolishing married women's reserved rights to continue paying reduced national insurance contributions, and deferring all benefit upratings until 1983. A number of functions on the Health Side of the department would be abolished or transferred to the NHS.



4. The Social Services Secretary considers that cuts beyond about 11% would not be feasible, although it might be possible to go further on the HPSS side later. A number of social security options beyond 10% involve sizeable benefit costs. Some of these options, or variants of them, were also considered in the PES exercise for 1980/81 but none were then agreed. Certain HPSS options would transfer staff to other parts of the public sector and might not lead to net savings overall.

5. No savings are offered to off-set growth in the PES baseline which in 1982-83 amounts to some 5,000 man years (£16 million) above 1979-80 adjusted levels. The PES growth is largely due to forecast increases in demand for benefits, and the Secretary of State for Social Services is not prepared to find additional off-setting savings on this account. Ministers have also agreed in principle to net additional manpower bids of nearly 2,000 man years for 1980/81 in 1980/81. The extra staff are needed to cope with further growth in the demand for benefits, especially because of revised unemployment forecasts, and for additional fraud work.

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## OPCS

BASE FOR REDUCTIONS      / M STAFF  
    13.4    3061

## SUMMARY OF OPTIONS

EFFICIENCY CATEGORY A	1980-81		1981-82		1982-83		% OF BASE
	/ M	STAFF	/ M	STAFF	/ M	STAFF	
B	.5	93	1.7	344	2.5	538	18.7
C							
TOTALS	.5	93	1.7	344	2.5	538	18.7

(AFTER 1982-83 TOTAL SAVINGS RISE TO 20%)

The Secretary of State for Social Services considers that measures to achieve a 10% cut only would be feasible. These include general reductions in statistical, census development and social survey work although further discussions are needed on the latter, and in the standards of the Marriage and Registration Service. The Cervical Cytology recall scheme carried out on behalf of DHSS would be abolished. To secure the balance of 15% it would be necessary to cut further the Marriage and Registration Division which would adversely affect the service provided for the public. There would also have to be further reductions in the statistical and survey work and in the service to DHSS and the NHS. To complete a 20% cut there would be more severe reductions on the same lines.

2. The OPCS PES baseline includes additional provision for manpower and administrative expenses of £1.7m in 1980-81, £25.1m in 1981-82, and £2.5m in 1982-83 for the costs of the 1981 Census. The Secretary of State has put separate proposals to his colleagues for cuts of 16% in the costs of the Census; these are under discussion. Cancellation of the Census would be the only way to cut out the additional expenditure entirely, but the Secretary of State is satisfied that the Census should take place.



HM TREASURY

BASE FOR REDUCTIONS      £ M    STAFF  
 8.5                      1195

SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE	
	£ M	STAFF	£ M	STAFF	£ M	STAFF		
A	0.0	.1	14	.2	15	.4	42	4.6
B	1.2							
C	0.0	0	0	0.0	0	.6	64	7.4
TOTALS	1.2	.1	14	.2	15	1.0	106	11.8

The Chancellor of the Exchequer considers that the scope for reductions is small, given that the Department has few executive functions. Options are put forward to secure a reduction of 4½%, the most significant of which is the dismantling of exchange control, which would produce savings of £165,000 in the Treasury but very much larger savings in the Bank of England (which will be paid £14m in 1979/80 to cover the operation of exchange controls). Other options involve the abolition or reduction of work on a variety of specific functions.

2. Further options which could bring the overall saving up to 11½% are the abolition of the procurement section of UKTSD and of all but certain residual functions of the Rating of Government Property Department, but these are contingent on the outcome of studies which would be mounted as part of the Rayner exercise.



## CUSTOMS AND EXCISE

BASE FOR REDUCTIONS      £ M    STAFF  
                                  166.0   30476

## SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
A	0.0	0	.1	20	.4	85	.2
B	1.2	227	2.5	460	3.3	680	2.0
C	1.8	210	10.6	620	16.1	855	9.7
TOTALS	3.0	437	13.2	1100	19.8	1620	11.9

(AFTER 1982-83 TOTAL SAVINGS RISE TO 12.5%)

The Chancellor of the Exchequer has put forward options amounting to £6.2m) which would need to be absorbed.

2. Options to achieve a cut of 5% (£8.4m) involve cut backs in general administration, the compulsory deregistration of small VAT traders, restructuring excise control on alcoholic drinks, reductions in controls over imports from the EEC and in facilities available to importers and significant reduction in the content of trade statistics. Smaller savings would come from a number of other measures.

3. If port and airport authorities were charged for attendances in unsocial hours and smaller ports and airports were charged for all attendances, the additional receipts would raise the level of savings to 12.5% (£20.7m).

4. The VAT changes would have the greatest impact on small businesses and farmers, from whom there would be strong opposition. Changes in the Customs area also need to have regard to the payments received from the EEC in respect of customs activities which at present considerably exceed costs, and significant savings would depend on the department being released from its obligation to provide facilities almost wherever and whenever required. The option to charge the full cost of facilities at all but the largest ports and airports would provoke intense opposition from owners of smaller ones, many of whom are public or municipal authorities. Changes in the detail of trade statistics would reduce a service to Government and industry.

5. In the Chancellor's view options beyond those proposed would not be sensible; they would either cost more in lost revenue than they would save, or would unacceptably impair the effectiveness of the departments' law and order functions.



INLAND REVENUE

BASE FOR REDUCTIONS      £ M    STAFF  
 400.0    85174

SUMMARY OF OPTIONS

EFFICIENCY CATEGORY A B C	1980-81		1981-82		1982-83		% OF BASE
	£	M STAFF	£	M STAFF	£	M STAFF	
	16.1	4742	22.5	6599	26.3	7743	6.6
TOTALS	16.1	4742	22.5	6599	26.3	7743	6.6

The options fall into three groups. The first are changes reflecting the provisions of the 1979 Finance Bill and the cancellation of rating revaluation. The second are administrative changes which in some cases involve a lower standard of service to the public, but do not involve any substantial revenue loss. They include reduced checking of repayments of tax, short cuts in PAYE end of year work, curtailment of the system for recording taxpayers' changes of employment, and savings in rating work by the Valuation Office. The third group are more substantial changes in tax policy, and include ending overseas child tax allowances, operating PAYE on National Insurance pensions and certain fringe benefits, ending tax relief on overseas earnings, and abolishing the lower rate band. Some of these items would involve a small revenue cost or gain.

2. The Chancellor of the Exchequer does not present options for more than 6.6% of the base though when taken together with the absorption of projected real growth over the period they represent savings of 7.4% of the gross base (including DHSS expenditure) or 7.8% of the net base (excluding DHSS expenditure); he believes that to go further while retaining the present coverage of taxes would damage unduly the effectiveness of tax collection. He states that the possibility of additional staff savings will depend on the availability of funds for Budgetary changes, such as threshold increases which would remove large numbers of taxpayers from the system, and that he cannot commit himself in advance to such changes because the Budgetary position in 1980 and 1981 cannot be known beforehand.

3. It may be possible to make certain further reductions in work done by Inland Revenue on behalf of DHSS, particularly the collection of Class I and IV National Insurance contributions. Proposals are being discussed by officials of the two departments and CSD.



## DEPARTMENT OF NATIONAL SAVINGS

BASE FOR REDUCTIONS      / M STAFF  
44.1    10725

## SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	/ M STAFF		/ M STAFF		/ M STAFF		
EFFICIENCY CATEGORY A	1.2	304	2.2	535	2.5	603	5.6
B							
C	1.3	323	1.5	367	1.7	415	3.9
TOTALS	2.6	627	3.7	902	4.2	1018	9.5

1. Efficiency savings of about 5.6% are expected from completion of the National Savings Bank's mechanisation programme. In addition it is proposed that the sale of British Savings Bonds should be discontinued and existing investment repaid on maturity. This would result in the loss, over 5 years of some £700 million investment, but as compared with possibilities affecting other savings services is considered to be the least damaging to national savings' contribution to government financing. Together with the withdrawal of industrial group savings in the National Savings Bank and in Premium Savings Bonds, this would produce an overall reduction of about 9.5%.

2. Options are not offered beyond this level. The Chancellor points out that in general the withdrawal of national savings services is likely to lead to only relatively small savings in the early years, and that the effects on the public's attitude towards national savings as a whole is unpredictable.



ROYAL MINT

BASE FOR REDUCTIONS      £ M    STAFF  
    6.6    1546

SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
A	0.0	0	0.0	0	.3	60	3.8
B	0.0	0	0.0	0	.3	75	4.7
C	0.0	0	0.0	0	.7	167	11.1
TOTALS	0.0	0	0.0	0	1.3	302	19.8

1. The Royal Mint is a commercial organisation which recovers its expenditure from sales revenue plus a sufficient surplus to pay a dividend into the Consolidated Fund. For commercial reasons, savings in manpower of about 10% are already under consideration. These would involve: more economic manning of machines and greater flexibility in working practices (subject to negotiations with the unions which are likely to be difficult); possible transfer of mail order work from the Numismatic Bureau to the private sector; and possible closure of the medal shops.

2. Options to achieve further reductions of up to 20% would entail the running down of sales to foreign governments of circulating and proof coin, and of the production and sale of proof sets as collectors' items. This would mean sacrificing profitable business, particularly in export markets.

## TREASURY SOLICITOR

BASE FOR REDUCTIONS      £ M    STAFF  
                                     3.4    467

## SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
A	.1	9	.1	22	.2	31	6.0
B							
C	.1	12	.2	24	.3	38	9.0
TOTALS	.2	21	.3	46	.5	69	14.9

The Treasury Solicitor has identified cuts in his functions that will produce savings of £203,000 representing 6% of his expenditure on staff by the end of 1982-83. These cuts include ceasing to publish the bound Index to the Statutes and monthly lists of Statutory Instruments, on which the Statute Law Committee will need to be consulted. To achieve the balance necessary to make up a 10% reduction he would have to give up some of the legal work he is carrying out for departments. The cut would for example be achieved if he were to cease to act for OFT, no longer provided full legal services for the Departments of Industry and Trade and gave up conveyancing for the Home Office (Prisons etc) and all non-Exchequer bodies.

2. Reductions of 15% and 20% could, for example, be achieved by withdrawal from cases of unfair dismissal, racial and sex discrimination brought against the Crown, and a further reduction in, or complete withdrawal of, services provided for the Secretaries of State for Industry, Trade, Environment and Wales.

3. The implications of cuts above 6% are self evident. Recent government decisions have raised offsetting additional bids of £40,000 per year (4 staff) over at least 18 months to sell off BNO's North Sea Oil interests and of £85,000 per year (13 staff) for 3 years to speed up the disposal of Government holdings of land and property (mainly MOD).



## CIVIL SERVICE DEPARTMENT

BASE FOR REDUCTIONS      £ M    STAFF  
    21.8    5501

## SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
EFFICIENCY	.1	3	.1	4	.4	88	2.0
CATEGORY A	.2	23	.6	72	1.5	178	6.7
B	.4	44	1.1	133	1.8	201	8.3
C	.1	13	.2	27	.5	77	2.3
TOTALS	.7	83	2.0	236	4.2	544	19.3

(AFTER 1982-83 TOTAL SAVINGS RISE TO 20.0%)

In addition to efficiency savings of just under 2%, options are put forward to secure the balance necessary for reductions of 10%, 15%, and 20% which involve cuts in the Civil Service Commission, in pay and superannuation functions, in central personnel management, in the central effort to improve Civil Service efficiency, and in internal management and support services.

2. Given the nature of CSD's central management task it has not been possible to identify two or three functions of the required size which could be completely dropped without unacceptable damage to the requirement to maintain a unified Civil Service and without increasing disproportionately the burdens on other departments by leaving them to carry out functions which are more economically concentrated in CSD. CSD Ministers are concerned that the options selected for examination will reduce the drive for efficiency; curtail CSD's ability to develop policies to meet changing circumstances, particularly in personnel management, and cut the capacity to carry out central management. To mitigate the worst of these effects urgent studies are being made of the central catering organisation (CISCO) and the computerised personnel information system to see whether they can yield additional less damaging savings which would permit some re-ordering of the options. In the meantime, in order to avoid exaggeration of the further savings that may prove possible, the cost of CISCO has been included on a net basis.

3. Separate options are presented for the Central Computer Agency. In addition to efficiency savings of about 5%, options to secure the balance necessary for reductions of 10-20% involve abolition of CCA's Economy Programme Branch, reduction of technical and systems design studies, and delegation of authority to purchase computer equipment beyond what is safely within many users' technical competence. In the view of CSD Ministers such cuts would tend to frustrate Ministers' intentions to promote efficiency by the use of computers in Government.

4. The costs of the staff of No 10 and No 12 and of the Parliamentary Counsel's Office have been examined separately and are not included in the baseline.



COI

BASE FOR REDUCTIONS      £ M    STAFF  
                                     8.0    1350

## SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
EFFICIENCY	0.0	0	0.0	0	.1	26	1.2
CATEGORY A							
B	0.0	0	.3	39	1.0	156	12.5
C	0.0	0	.2	26	.5	67	6.2
TOTALS	0.0	0	.5	65	1.6	249	20.0

In addition to efficiency savings from computerisation, the balance to secure a 10% reduction would involve cutting the supply to home departments of films, publications, exhibition material etc, and ending the press cuttings service; overseas trade promotional publications and exhibitions, together with certain training for officials from 3rd world countries and facilities for overseas correspondents in London, would cease.

2. A 15% reduction would entail at home reducing advertising services to the Royal Mint and Ordnance Survey, further reductions in exhibitions and other services, and cuts in overseas TV and radio services; whilst to reach 20% a substantial area of home services would need to be eliminated (eg the Central Film Library or all exhibitions work), and overseas it would be necessary to stop nearly all remaining publications and to curtail severely reference and other services. Adoption of these options would result in additional savings of £1.5 million - £2.5 million in non-staff expenditure.

3. The larger options could not be met without withdrawing certain services to home departments, and the savings would be nullified if departments were to build up their own specialist staff or seek help elsewhere. In its overseas effort the COI has recently completed adjustments following a previous manpower review and the CPRS review of overseas representation, and further reductions would cut into information activities in support of the export drive and the projection of Britain and its policies abroad.



HMSO

BASE FOR REDUCTIONS      £ M      STAFF  
                                  40.6      7512

## SUMMARY OF OPTIONS

EFFICIENCY CATEGORY A	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
A	.7	200	1.1	300	1.6	430	3.9
B							
C	1.3	210	1.3	210	7.4	1210	18.2
TOTALS	2.0	410	2.4	510	9.0	1640	22.2

(AFTER 1982-83 TOTAL SAVINGS RISE TO 24.1%)

There is already provision in PES plans to introduce new distribution arrangements which will entail an administrative saving of about £0.5 million in 1982/83 and £0.75 million in 1983/84 and after. Further efficiency savings of about £1.1 million by 1981/82 are proposed, by the closure of an uneconomic warehouse and rationalisation of reprographic facilities.

2. Options at the 10% level are not considered to be feasible, but it is proposed that a 15% reduction, after taking account of the efficiency savings, could be achieved by ceasing to print (on repayment terms) telephone directories for the Post Office, thereby opening the way to the disposal of two presses and a gross administrative saving of £5.2 million. Options to achieve a 20% reduction would involve closure of the Security Press and transfer of its work to the trade, and the closure of all HMSO binding work, yielding a further gross administrative saving of £2.2 million.

3. HMSO is a common service department and significant real savings can only be made by reducing services to government departments: savings in gross expenditure can however be achieved by reducing work undertaken or repayment. Disposal of the telephone directory operations is unlikely to lead to any net saving in public expenditure, (possibly the reverse) since the whole cost is recovered from the Post Office. Similarly no real savings could be expected from disposal of the binderies, the costs of which are also recovered. In implementing such options HMSO faces an especially sensitive situation with the printing unions and expensive disruption would be likely. Consideration is being given to converting HMSO to a trading fund and this would have implications for the future pattern and level of its activities.



## SCOTTISH OFFICE

BASE FOR REDUCTIONS      £ M    STAFF  
                                  67.6    12632

## SUMMARY OF OPTIONS

EFFICIENCY CATEGORY	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
A	.6	102	1.8	307	2.4	409	3.6
B	1.1	204	3.4	612	4.5	816	6.7
C	1.4	273	4.4	820	5.8	1093	8.6
TOTALS	3.1	579	9.6	1739	12.7	2318	18.8

The Secretary of State seeks to exempt from the reductions expenditure (amounting to £18.5m) on prisons and the State Hospital, for the same reasons as caused these to be exempted from the 1979-80 cash limit adjustment. Options for reductions in the £49m expenditure for the remaining areas are widely distributed among nine PES programmes, and are individually very small.

2. The Secretary of State considers that, because of the relatively small units in which he operates, the savings from giving up functions are not proportionate to those which can be made in Whitehall departments. He considers that a 10% cut would produce unacceptable consequences both for efficient administration and for the Government's political standing in Scotland.

Water Office (Scotland)

To achieve a 10% reduction would involve reduced checking, reductions in statistical and census work and the transfer of the department's personnel and functions to the Scottish Office. To achieve the balance quality measures for archives would have to be reduced, to avoid inflation of doctors' lists of patients employed, and there would be further restrictions on other work. At the 20% level such restrictions would be greatly greater and there would also have to be reductions in surveys and work on population estimates. Services for people to record a change of name, divorce or other changes in the Registers would be ended.

The baseline includes additional provision of £0.7m in 1981-82, £0.9m in 1982-83 for the costs of the options described above would not affect this



## OTHER SCOTTISH DEPARTMENTS

BASE FOR REDUCTIONS      £ M    STAFF  
                                  14.9    2748

## SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
EFFICIENCY	0.0	0	.1	11	.1	11	.7
CATEGORY A	0.0	0	.1	21	.3	43	1.9
B	0.0	1	.3	56	.3	56	1.9
C	.3	45	.8	148	.8	150	5.0
TOTALS	.3	46	1.3	236	1.4	260	9.4

Scottish Courts Administration

The SCA has offered only minor savings, dependent mostly on legislation now before Parliament, amounting to a little over 1%. The Secretary of State for Scotland is unwilling to contemplate larger cuts since these could only mean a further disruption of the administration of justice in Scotland.

Scottish Record Office

2. The Secretary of State is willing to make savings of 10% in the staff cost of £0.5m. He pointed out that further savings from a reduction in publications and exhibition work, and from reduced accessibility of the records to the public, would have an adverse effect on the quantity and quality of the provision of the specific and narrowly defined functions for which the department was necessarily established.

General Register Office (Scotland)

3. Measures to achieve a 10% reduction would involve reduced supervision and checking, reductions in statistical and census development work and the transfer of the department's personnel and finance functions to the Scottish Office. To achieve the balance of 15%, security measures for archives would have to be reduced, special checks to avoid inflation of doctors' lists of patients would be abandoned, and there would be further restrictions on statistical and other work. At the 20% level such restrictions would be proportionately greater and there would also have to be reductions in medical surveys and work on population estimates. Services enabling people to record a change of name, divorce or other changes of status in the Registers would be ended.

4. The PES baseline includes additional provision of £0.7m in 1980-81, £4.3m in 1981-82, and £0.9m in 1982-83 for the costs of the 1981 Census. The options described above would not offset this



provision. Cancellation of the Census would be the only way to cut out the additional expenditure entirely. Because of the very serious difficulties which cancellation of the Census would cause in the financial and planning fields throughout the next decade GRO(S) do not consider this to be a realistic option for savings. Separate proposals are being put to Ministers on possible reductions in Census expenditure.

Department of the Registers of Scotland

5. No options for reductions have been submitted by the Secretary of State. Savings on the staff costs of £2.6m could only be obtained by amending the statutory requirement to register all land transactions in Scotland. This would have to be accompanied by abandoning plans to lay an Order under the Land Registration (Scotland) Act 1979, which would require the registration of land titles, and which will entail increases in staff above the 1979-80 level. Computerisation will, however, mean that by 1990, when the registration of title is well advanced, the Department will be 7% below its present level with further reductions for several years thereafter. It is a statutory requirement that the total cost of running the Department is covered by fees; the same would apply if there were registration of title.

Crown Office and Procurator Fiscal Service

6. The Lord Advocate has identified a group of savings which at most would yield 7%. The more significant are introduction of administrative fines and the decriminalisation of certain (mainly road traffic) offences. The latter would have to apply to the whole of the UK. Both would require legislation.

7. The Lord Advocate points out that further cuts would lead to substantial backlogs in the courts, and that the increase in reported cases together with the higher incidence of defended cases and late pleas will increase further the work of his staff.

The Lord Advocate's Department

8. The Lord Advocate has pointed out that his own Department has only 23 staff who provide support to the Scottish Law Officers and legal advice to some Departments on Scots law, as well as drafting Scottish Parliamentary Bills and the Scottish provisions in UK Bills. Its work is thus demand-determined and he sees no possibility of any significant savings.

Exchequer Office, Scotland

9. The options put forward depend on changes in Companies Registration procedures at present under review by the Department of Trade, and involve reductions of up to 6.3% through abolition or reduction of certain functions. The Office states that further reductions can be made only if further reforms in procedures are put forward by the Department of Trade.



WELSH OFFICE

BASE FOR REDUCTIONS      £ M    STAFF  
    17.5    2747

SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
EFFICIENCY	.1	0	.1	0	.1	0	.6
CATEGORY A	1.0	145	1.0	145	1.0	145	5.7
B	.6	89	1.9	297	1.9	297	10.9
C	0.0	0	.4	53	.7	102	4.0
TOTALS	1.7	234	3.4	495	3.7	544	21.1

The Secretary of State's proposals cover a very wide range, affecting almost all of the functions of his Office. He emphasises that, apart from savings of 1% from improved efficiency and less waste and staffing savings amounting to less than 5%, cuts in staffing will be incompatible with the maintenance and development of distinctive policies for Wales.



## NORTHERN IRELAND OFFICE

BASE FOR REDUCTIONS      £ M    STAFF  
                                  43.0    4835

## SUMMARY OF OPTIONS

EFFICIENCY CATEGORY A	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
A	.2	13	.2	13	.2	13	.5
B	.3	39	.8	146	1.0	154	2.3
C	2.0	221	5.9	658	7.9	878	18.4
TOTALS	2.5	273	6.9	817	9.1	1045	21.2

The Secretary of State for Northern Ireland draws a distinction between, on the one hand, the hard core law and order services and, on the other, the functions closely related to the hard core services where staff serve in administrative or ancillary roles (staffing costs £10.5m).

2. The total staffing costs for the hard core law and order in Northern Ireland are £112m, but it has been accepted that police staffing costs (£79m) are not within the scope of the present exercise. The balance (£33m) covers prisons and other services directly involved in the security effort. For these staff, cuts would involve letting up in the fight against terrorism, which the Secretary of State considers would be clearly unacceptable in political and security terms. Good housekeeping savings of about £0.1m are, however, proposed in this area.

3. For the non hard core staff, the Secretary of State considers that without significant damage to the fight against terrorism he could achieve savings worth £1m (10% of the total staff costs involved). To go beyond that would begin to do damage to the effective achievement of the Government's security and political objectives.



## OTHER SMALL DEPARTMENTS

BASE FOR REDUCTIONS      £ M    STAFF  
                                  19.3    3172

## SUMMARY OF OPTIONS

	1980-81		1981-82		1982-83		% OF BASE
	£ M	STAFF	£ M	STAFF	£ M	STAFF	
EFFICIENCY	0.0	14	.1	30	.1	41	.7
CATEGORY A	.1	19	.1	21	.1	21	.4
B	.2	29	.4	58	.5	70	2.8
C	0.0	2	.6	24	3.5	413	18.4
TOTALS	.4	64	1.2	133	4.3	545	22.3

Cabinet Office

With the Prime Minister's approval, six options are put forward which would yield savings of about £300,000 (6-6½%). These would involve some reduction of secretariat staffing and in the number of CPRS Advisers (possibly leading to more use of outside consultants at greater cost), the abolition of economic assessments by the Assessments Staff and the OEIC which however might lead to additional work in other Departments, restriction of number of histories in preparation and a cut of 10% in the Central Statistical Office which would entail some cutting of statistical support services, series and publications.

Charity Commission

2. The only reduction identified (though not considered practical) is one of 10%. This would result from abolishing the registration of charities, but some increase in Inland Revenue staff would be necessary if this were implemented.

Crown Estate Office

3. The Commissioners have identified a 3% saving in the staff costs of £0.9m for improved efficiency. Some additional savings are possible through transferring work to other departments or to outside consultants. Further staff savings could only be achieved through reducing development and estate management functions: these would require legislation and would lead to significant loss of Exchequer receipts.

Registry of Friendly Societies

4. Options involving simplification of the arrangements for reporting to Parliament and withdrawal of the Chief Registrar's arbitration functions would amount to a reduction of about 4½%. Options for reductions above this level have not been put forward.



Government Actuary

5. The Department's options to achieve a 10% reduction, amounting to about £55,000, would involve the ending of work in connection with Isle of Man social security arrangements, reduction of advice to pension funds, the production of population projections every two years instead of annually, and the ending of Government supervision of Friendly Societies and of Occupational Pension Surveys after the current one. The first two items, however, would entail an increase in net costs since the costs are recovered including a contribution to overheads.

6. To make a 20% reduction (options for an intermediate cut at 15% are not considered feasible) would involve the termination of Government supervision of insurance companies. This, however, would conflict with an EEC directive and in the long term could carry a risk of bankruptcies.

National Debt Office

7. Efficiency savings are offered by way of some minor re-arrangements of the Vote for Irish Land Purchase Services, but these would involve amendments to primary legislation. To achieve the balance of savings necessary for a 10% reduction an administrative merger of the NDO with the Public Works Loan Board is proposed. A 20% reduction would be achieved by the run-down of work relating to the Trustee Savings Bank.

Public Works Loan Board

8. Efficiency savings of about 10% could be achieved by computerisation. No options are put forward at the 15% level but a 20% reduction could be achieved by an administrative merger of the PWLB with the National Debt Office.

Paymaster General's Office

9. In addition to efficiency savings of about 2%, it is proposed that the balance necessary for a 15% reduction might be achieved by abolishing weekly payment of some public service pensions at Post Offices. The Paymaster General considers that reductions beyond this level cannot be offered realistically, since they would involve transferring the task of paying certain categories of pensioners to individual departments with no net saving to the public purse and possibly some increases through the loss of economies of scale.

10. There are additional bids of £0.5m in 1980-81 and £0.2m in 1982/83 based on the need for an accounting adjustment with the National Insurance Fund and projected increases in numbers of pensioners.



Privy Council Office

11. This Office comprises only 45 posts spread between the private office staffs of the Chancellor of the Duchy of Lancaster and the Paymaster General and staff serving the functions of the Privy Council (including the Judicial Committee). Options for reductions of 10-20% involve the possible removal of private office and Judicial Committee functions. Below this level only a minimal reduction in expenditure (but not of staff) is considered to be feasible.

Northern Ireland Courts Service

12. The single fully-integrated court service was created only in April of this year and the Lord Chancellor seeks exemption from the current exercise on law and order grounds generally and conditions in the Province in particular.

Director of Public Prosecutions

13. The Attorney General seeks to exempt the DPP from the reduction on "law and order" grounds. He points out that any reductions would lead to a deterioration in the standards of both prosecuting and advisory functions, or the abandonment of some of the DPP's statutory duties; and also that increased police manpower should lead to an increase in the DPP's work.

14. To achieve savings of 10% (£154,000) would mean transfer of functions to other government departments or a cumulative backlog of pending cases. Savings of 15% and 20% would entail reducing the Department to an advisory function only, and would require legislation.

Law Officers Department

15. The Department has provision for only 25 staff. Nevertheless, economies enforced by persistent shortages of support staff plus the decisions of the present Attorney General to dispense with the Parliamentary Secretary post and to cancel the proposed move of his office from the Law Courts to Tufton Street amount to savings of almost 20%.



NUMBERS AND COSTS

(Note by Officials)

A number of the identified options for savings highlight a problem on which Ministers will need to reach a view. The options concerned are those which reduce Civil Service staff numbers but where there is no corresponding saving in Civil Service costs; or where, although there is a corresponding saving in Civil Service costs, a cost is transferred to some other part of the public sector. In such cases, the responses made by Ministers have generally shown the money saving accruing from stopping the payment of the wages and salaries of civil servants. They have not shown the offsetting costs.

2. This issue can take a number of different forms. The most important instance (because it appears to involve the most money and has significant industrial relations implications) relates to what has been called "privatisation", that is, transferring to the private sector work which is currently performed by civil servants. Such transfers reflect the Manifesto commitment to reduce bureaucracy and over-government. Where the function is transferred wholly to the private sector and the Government retains no further interest in it (for example, transferring some job placement to private employment agencies), the gain is clear cut. Civil Service numbers and costs are both reduced fully and there are no offsetting costs.

3. Different considerations arise, however, where a function must remain the full responsibility of a government department but it is proposed that the work required should be performed by outside contractors, consultants, etc instead of by civil servants - for example, by putting cleaning and maintenance of government offices out to contract. This will enable a reduction to be made in Civil Service staff, and their wages and salaries will be saved. But the outside contractor will have to be paid. Moreover, if the civil servants who previously performed the work had to be made redundant, there could be a substantial cost to the Superannuation Vote by way of



redundancy payments. The question is: as part of the Government of cutting back the public sector, should work be moved out even though it can be done no cheaper in the private sector, or should this be done only where it results in a net saving in public expenditure?

4. A rather different question arises where the cost of work performed by civil servants is met by fee income or receipts (for example, issue of passports, land registration, driving tests). In such cases, stopping the work or transferring it to the private sector would result in a saving of staff but a corresponding loss of receipts (which might be greater than the cost of the wages and salaries saved). In this area, it may be essential that the work should continue to be performed within government; but where this is not the case, the only constraints would seem to be the significance of any net loss of income from receipts and of any new costs which might arise from, for example, a need to monitor the effective performance by the private sector of the function transferred.

5. A further category relates to the stopping of work by civil servants which would then have to be done elsewhere in the public sector. Options of this kind would save Civil Service staff with a corresponding reduction in Civil Service costs and would generally mean that work would be located in the area which made direct use of it. There is a risk, however, that the work might not be done so economically and, to ensure that it was, the presumption might be made that no additional expenditure would be approved for the work which was taken on.

6. Finally, there are a few cases where a saving in Civil Service staff and staff costs could result in a reduction in revenue receipts or in higher payments (authorised or otherwise). There can be no general rule for such cases: the answer must depend both on the balance of savings and costs and on the particular merits of the proposed change.