

SUBJECT



Civil Service 1

10 DOWNING STREET

THE PRIME MINISTER

Personal Minute

No. M5/80

THE HOME SECRETARYCivil Service Vote: Cash Limit

At Cabinet last week we agreed upon a cash limit for the Civil Service Vote; and we agreed that, in so far as the amount so provided fell short of what would be needed to finance the pay settlement to be negotiated by the Minister of State, Civil Service Department, the balance should be achieved by further reductions of Civil Service manpower. We agreed that we should all need to look for reductions which brought the costs of manpower in Departments down by something of the order of 2½%, if (after allowing for necessary exceptions such as prison officers) we were to achieve an average saving of at least 2% over the Civil Service as a whole.

The preliminary soundings that have now been taken confirm that what was agreed at Cabinet is the very least that we must achieve, if the Cabinet's decisions on the pay settlement and on the cash limit are to be met. I am in no doubt whatever that we have to look for an overall reduction as near to 2½% net as we can get; that means that we must look for a reduction of at least 2½%, from every Department; and that the exceptions must be very limited indeed. We are agreed that an exception should be made for prison officers, and there may need to be exceptions in a few very small Departments which are simply unable to accommodate a cut of as much as 2½%. Otherwise it will be possible to contemplate exceptions only to the extent that they can be offset by some Departments achieving reductions of more than 2½%.

/ The Minister

The Minister of State, Civil Service Department, will now be getting in touch with you and other colleagues with a view to confirming the necessary reductions as a basis of a further report to the Cabinet.

I am sending copies of this minute to all members of the Cabinet, the Minister of Transport, to the Minister of State, Civil Service Department, and to Sir Robert Armstrong.

MARGARET THATCHER

5 March 1980