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Ref. A03229

MR. WHITMORE

Civil Service Manpower: GCHQ

We have a problem about the treatment of GCHQ for the purposes of the Civil Service manpower exercise.

2.

*Paragraph deleted and retained
under Section 3(4).*

*Wayland
17 June 2010*

3. For financial and manpower control purposes, GCHQ is part of the intelligence and security world, and is under the control of the Committee of Permanent Secretaries on the Intelligence Services (PSIS) which reports to the Prime Minister.

4. Departments, including the Ministry of Defence and the FCO, are being required to reduce staff by 8 to 10 per cent by 1st April 1984, in pursuit of the aim of reducing Civil Service numbers to 630,000 by that date. PSIS has asked the agencies (including GCHQ) to let it know what manpower savings they can offer by way of increased efficiency towards these targets; but they are not being called upon to cut out functions, and after the reductions they have made in the last six years it is not realistic to expect them to make reductions of the size being required of other Departments.

5. The problem is that, if the GCHQ components of the Ministry of Defence and the FCO are wholly or partly exempted from cuts, but each of the two Departments as a whole is expected to reach the required standard, each Department has to make larger cuts on the non-GCHQ parts of their staff. Both Departments find great difficulty about this: indeed Sir Frank Cooper says that he cannot any longer make compensating reductions in the rest of the Ministry of Defence to safeguard GCHQ numbers.

SECRET

SECRET

6. We are considering whether there is any scope for changing the status of GCHQ, so as to deal with this problem by taking GCHQ staff out of the Ministry of Defence and the FCO, without putting at risk the disclosure of information about the size of GCHQ which the present arrangements are designed to protect. But that review will not be completed in time to deal with the problem that will arise in presenting figures for the Cabinet's discussion of Civil Service manpower next week.

7. If GCHQ numbers were to be shown separately from those for the rest of the Ministry of Defence and the FCO in the figures that go to Cabinet, that would mean disclosing the total staff numbers of GCHQ to the whole of the Cabinet and to all those who see Cabinet papers. Apart from the security risk, this would draw the attention of other Ministers to GCHQ as a candidate for cutting. The Ministry of Defence would prefer that course; I cannot recommend it.

8. At the other extreme we could exclude GCHQ staff from the manpower exercise, or try to lose GCHQ staff figures, either in Ministry of Defence and FCO totals or elsewhere. Total exclusion - the solution preferred by the Foreign and Commonwealth Office - would mean that the Cabinet was working on different totals from those publicly announced. If GCHQ were included without being separately identified in Ministry of Defence and FCO figures, the performance of those Departments in reducing manpower would (measured in percentage terms) be made to look less good than it really was - a solution unlikely to be acceptable to them, since it would expose them to pressures to make bigger cuts. On the other hand GCHQ numbers are too great to be lost in a miscellaneous residual: they would swamp it.

9. The third course is to include GCHQ staff not separately identified in the totals for the Ministry of Defence and the ^{FCO} GCHQ, but to show the cuts for those Departments as a percentage of manpower net of GCHQ staff. It would be necessary to have a footnote to the effect that the percentages were calculated net of GCHQ staff (or conceivably net of certain staff not part of the Ministry of Defence/FCO but included in the published totals for those Departments) who are subject to separate review. This would give a true measure of the performance of the Ministry of Defence, without disclosing actual GCHQ numbers; but it would

SECRET

permit an interested investigator to make some estimate - not precise but not far off the mark - of total GCHQ numbers. This course would be acceptable to the Director, GCHQ, and seems to me to be likely to present the fewest difficulties.

10. I propose to negotiate an arrangement on the lines of paragraph ⁹8 with the Departments concerned; but the Prime Minister should be aware of the problem, and of the way in which it will (I hope) be dealt with, in case questions arise when the figures are considered in Cabinet.

REA

ROBERT ARMSTRONG

14th October, 1980

SECRET