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C(83) 24

COPY NO 84

18 July 1983

CABINET

CIVIL SERVICE NUMBERS AFTER 1984

Memorandum by the Chief Secretary, Treasury

In the last Parliament the Government decided to make a substantial reduction in the size of the Civil Service. Today, we are on course for the target of 630,000 by 1 April 1984, a reduction of over 100,000 since the Government came into office in 1979.

2. It would not in my view be realistic to aim for another reduction of that magnitude (14 per cent) in our second term of office, but I do believe we should maintain a firm downward pressure. It will be a small but useful contribution to achieving the public expenditure levels which I propose in my separate paper C(83) 23.
3. Last December, Cabinet agreed that further target figures should be set for April 1988. The total was to be built up from individual figures agreed for each Department, not the other way round as in 1980, so that the numbers matched more closely the needs of the work. There was to be some flexibility so that Departments were not committed to targets which depended on policy decisions whose timing or even acceptability could not be guaranteed, realistic allowance was also to be made for contingencies. I do not propose any variation from those conclusions.
4. As Cabinet also agreed, my predecessor asked all Departments for a statement of their likely manpower needs from 1984 to 1988 and of the scope for further reductions.
5. Because of the General Election, there has not yet been any Ministerial discussion of the results. But the figures which colleagues reported amount to the prospect of a total of around 610,00 by 1 April 1988 on the basis of present policies. This would be improved to just under 605,000 after new initiatives which they hoped to set in hand. Colleagues were also asked to say what they would do if it were necessary to reduce these figures further by 5 per cent or 10 per cent. The possible options identified under this heading came to some 35,000. Some of the options look impracticable; others would require difficult policy decisions. About 5,000 posts might be saved by contracting work out. Further work is needed to establish what can be done.

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6. The 605,000 figure includes one large hiving-off: the Royal Ordnance Factories with some 18,000 staff. If that is put to one side, the net reduction which colleagues propose is small. This is because some quite sizeable reductions (eg 4,000 from the computerisation of Pay As You Earn in the Inland Revenue) are offset by proposals for increases (eg 6,500 for the Prison Service and 2,000 from the Department of Health and Social Security for their social security offices).

In order to prepare firm proposals for collective decision, I shall need the help of my colleagues to:

- a. assess the scope for greater savings from improved efficiency and productivity. I doubt whether all colleagues have set themselves sufficiently stiff hurdles here;
- b. reduce any proposed additions to the essential minimum;
- c. establish the extent to which additional options, especially for contracting work out, can be decided upon at this stage.

By these means I think it should be possible to reduce the overall target figure below 600,000 though I cannot yet say how much further it will be practicable to go.

8. I propose to pursue these questions with colleagues at the same time as the main Expenditure Survey. The timing is convenient and it will be useful to consider other expenditure and manpower together.

9. I invite Cabinet:

- a. to agree that the general aim should be rather larger reductions than those so far on offer, but consistently with the conclusions reached last December;
- b. to note that I will seek agreement to such reductions in the bilateral discussions on the Survey and report back to Cabinet in the autumn.

P R

Treasury Chambers

18 July 1983

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